



Statement on principal adverse impacts of investment decisions on sustainability factors

OP-Fund Management Company
June 2024

Statement on principal adverse impacts of investment decisions on sustainability factors

Version history

Applied (date)	Version	Changes
30.6.2021	1.0	Consideration of Principal Adverse Sustainability Impacts in Investing and Insurance Operations
28.6.2023	2.0	Added a list of indicators (including indicators applied to investments in governments and supranational organisations and property investments).
22.12.2023	2.1	Updated reporting for Table 1 indicators 6, 8 and 9.
30.06.2024	3.0	The statement on principal adverse impacts of investment decisions on sustainability factors was changed from an OP Financial Group-level statement to a company-level statement.

Financial market participant: OP-Fund Management Company Ltd (743700Q37HR894VSGX56)

Summary

OP Fund Management Company Ltd (OP Fund Management Company) considers the principal adverse impacts of its investment decisions on sustainability factors. This statement on principal adverse impacts of investment decisions on sustainability factors applies to OP Fund Management Company. This statement on principal adverse sustainability impacts covers the reference period from 1 January 2023 to 31 December 2023.

This statement is issued in the manner required by the Sustainable Finance Disclosure Regulation, SFDR (2019/2088, Article 4). Reports related to the indicators of adverse impacts during the reference period are presented in Table 1 in Appendix I of the SFDR's Delegated Regulation (EU 2022/1288). The statement is reviewed annually.

This statement also describes the principles applied at OP Fund Management Company in relation to the identification and prioritisation of principal adverse sustainability impacts, and how these principles are kept up to date and applied.

The portfolio management of funds managed by OP Fund Management Company has been outsourced to OP Asset Management, OP Real Estate Asset Management and certain portfolio managers outside OP Financial Group.

The principal adverse impacts on sustainability factors are divided into the following themes:

Indicators applied to investments in companies as investment products:

- Greenhouse gas emissions
- Biological diversity
- Water
- Waste
- Social and employee matters

Indicators applied to investments in governments and supranational organisations:

- Greenhouse gas intensity

- Countries we invest in that have committed violations of social welfare legislation

Principal adverse impacts on sustainability are analysed by screening all investments for the metrics provided in Table 1 and reporting these once per year. For the time being, it is challenging to identify the principal adverse impacts of investments, since entities we invest in do not report them comprehensively. The available information is combined with the estimated information from external service providers in order to obtain an indicative picture of what kind of sustainability impacts different companies have. The adverse sustainability impacts of the entities we invest in are combined, and the combined figure is monitored on the level of the financial market participant. Comparing the investments is difficult since our investment portfolios contain different asset classes and industries. Depending on the size and asset class distribution of the investment portfolio, the sustainability indicator figures describing the adverse impacts may vary by financial market participant.

Because the indicators have only been analysed for two full calendar years, no significant changes have been observed so far. Carbon emissions have decreased, as these are calculated systematically according to the methods described in the table below. In addition, there have been changes to indicators related to biodiversity, emissions to water, and lack of processes and mechanisms to monitor compliance with the UN Global Compact principles or the OECD Guidelines for multinational enterprises. In these areas, the changes are due to improvements in the coverage and accuracy of data and analysis obtained from a third-party service provider.

Description of the principal adverse impacts on sustainability factors

Sustainability factors refer to environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters. Companies included in the portfolio may have adverse impacts on sustainability factors through their economic activities. OP Asset Management Ltd aims to make transparent the adverse sustainability impacts that the business operations may have on the environment or society. The principal adverse sustainability impacts are acknowledged by screening the investments using the key climate, environmental and social principal adverse impact (PAI) indicators (see Table 1). The table also includes a description of the current and planned measures and goals to prevent and/or reduce adverse sustainability impacts.

Table 1 *

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2023 ** ***	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
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Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1 352 813 tCO ₂ e (92%)	1 648 735 tCO ₂ e (93%)	<p>ESG analysis: OP Asset Management has monitored the carbon footprint of investments since 2015. The weighted average of the carbon intensity of OP funds' investments has decreased by 49% from the 2019 level. OP Asset Management is committed to promoting the Paris climate goals and achieving net zero emissions from investments by 2050, and it has announced its goal as part of the international Net Zero Asset Managers initiative. A concrete intermediary goal for equity and fixed income investment is to cut the combined carbon intensity of OP funds by half by the end of 2030 in comparison with the level of 2019.</p> <p>Climate metrics are used in investment operations as part of the corporate analysis. This contains indicators that allow us to model the Paris Agreement's warming goals for investment products, and information on the emissions reduction goals of the target companies.</p> <p>Exclusions: OP Asset Management excludes all direct, active investment in companies where over 20% of production's turnover is dependent on coal or coal-based energy. In addition to general exclusion rules Articles 8 and 9, the funds do not invest in companies whose principal business is in unconventional oil and gas</p>
		Scope 2 GHG emissions	394 411 tCO ₂ e (92%)	409 173 tCO ₂ e (93%)	
		Scope 3 GHG emissions	17 405 489 tCO ₂ e (78%)	19 171 143 tCO ₂ e (72%)	
		Total GHG emissions	19 152 714 tCO ₂ e	21 229 051 tCO ₂ e	
	2. Carbon footprint	Carbon footprint	978 tCO ₂ e/m€	1 495 tCO ₂ e/m€	
	3. GHG intensity of investee companies	GHG intensity of investee companies	814 tCO ₂ e/m€ (88%)	1 040 tCO ₂ e/m€ (87%)	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	6,5 % (89%)	8,1% (87%)	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	65,4% (64%)	71,7% (75%)		
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE NACE code A (Agriculture, forestry and fishing) 0,3	NACE NACE code A (Agriculture, forestry and fishing) 0,2 GWh /m€		

			(21%)	(92%)	extraction. The use of coal will be discontinued gradually by 2030
			NACE code B (Mining and quarrying) 1,2 GWh /m€ (78%)	NACE code B (Mining and quarrying) 2,0 GWh /m€ (86%)	<p>Active ownership: The goal is that by the end of 2025, all companies we have invested in, and that have been identified as having a high climate risk, are covered by tangible engagement measures. These include voting at shareholders' meetings, engaging in direct dialogue, and collective engagement initiatives in which OP Asset Management is actively involved for the company in question.</p>
			NACE code C (Manufacturing) 0,8 GWh /m€ (88%)	NACE code C (Manufacturing) 1,0 GWh /m€ (85%)	
			NACE code D (Electricity, gas, steam and air conditioning supply) 4,6 GWh /m€ (75%)	NACE code D (Electricity, gas, steam and air conditioning supply) 5,6 GWh /m€ (74%)	
			NACE code E (Water supply; sewerage, waste management and remediation activities) 1,3 GWh /m€ (91%)	NACE code E (Water supply; sewerage, waste management and remediation activities) 1,9 GWh /m€ (89%)	
			NACE code F (Construction) 0,2 GWh /m€ (70%)	NACE code F (Construction) 0,2 GWh /m€ (63%)	
			NACE code G (Wholesale and retail trade; repair of	NACE code G (Wholesale and retail trade; repair of	

			motor vehicles and motorcycles) 0,1 GWh /m€ (77%) NACE code H (Transportation and storage) 1,1 GWh /m€ (80%) NACE code L (Real estate activities) 0,5 GWh /m€ (81%)	motor vehicles and motorcycles) 0,1 GWh /m€ (79%) NACE code H (Transportation and storage) 1,4 GWh /m€ (85%) NACE code L (Real estate activities) 2,8 GWh /m€ (66%)		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	7,7% (89%)	0,08% (87%)	Due to improvements in the accuracy of data analysis by MSCI ESG Research, more companies with activities affecting biodiversity-sensitive areas have been identified.	ESG analysis: In the case of globally distributed investments, investors still have only limited possibilities to assess financial risks related to nature, because location-specific impacts on biodiversity can only be measured indirectly in most cases. We have conducted a preliminary analysis of the dependencies of our two funds on natural capital, and our goal is to continue and expand this analysis. Active ownership: OP Asset Management participates by supporting the cooperation initiative to mitigate deforestation and focus on biodiversity loss (IPDD – Investor Policy Dialogue on Deforestation).
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,003 t/m€ (1,7%)	2,6 t/m€ (0,9%)	The methodology used by MSCI ESG Research for analysing emissions to water has been changed slightly. For some	ESG analysis: In terms of water, we monitor the amount of waste water from industrial activities, and how the company's functions focus on areas of sparse water resources in the fields of operation where it is relevant.

					companies, the data for 2022 also includes emissions other than primary emissions.	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1,0 t/m€ (32%)	1,0 t/m€ (32%)		ESG analysis: The amount of hazardous waste caused by the companies' operations will be assessed as part of a portfolio-specific ESG analysis in those fields of operation where it is relevant.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,1% (89%)	0,3% (87%)		<p>ESG analysis: OP has signed the principles of the UN Global Compact initiative. Investment options are screened regularly for possible violations of international norms.</p> <p>Active ownership: If a norm violation is detected, we will begin a shareholder engagement process with the company. As a last resort, the company will be excluded from investment.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,5% (88%)	39,2% (87%)	The methodology of the metric used by MSCI ESG Research has been revised. Companies must have at least policy covering some of the principles of the UN Global Compact or OECD guidelines, as	<p>ESG analysis: OP has signed the principles of the UN Global Compact initiative. When screening for investments, we identify investment options that have problems with principles and/or are not in line with the principles.</p>

					well as a follow-up method or mechanism for addressing shortcomings.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	12,6% (14%)	13,3% (18%)		ESG analysis: At the moment, data coverage is too low. We have acquired an indicator from an external service provider who strives to improve the data coverage. The poor data coverage is due to the fact that only a few companies use the indicator in question in their reporting.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	35,1% (87%)	33,9% (87%)		ESG analysis. OP Asset Management monitors the gender distribution of companies we have invested in and if needed, reviews the company further if its Board does not acknowledge gender diversity. Voting at shareholders' meetings: Gender diversity improves a company's management, attracts talented people and develops human capital, which also creates value for stakeholders and society. Gender diversity is one of the main topics when using the right to vote in general meetings of both domestic and foreign listed companies.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,02% (89%)	0,02% (87%)		Exclusions: OP Asset Management excludes all controversial weapons entirely from its investment.

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	310 tCO2e/m€ (99%)	379 tCO2e/m€ (98%)		ESG analysis: OP Asset Management is committed to promoting the Paris climate goals and achieving

						net zero emissions from investments by 2050, and it has announced its goal as part of the international Net Zero Asset Managers initiative. As for government bond investments, we monitor the greenhouse gas intensity of governments.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	6 5,8% (99%)	6 5,9% (98%)		OP Asset Management complies with sanctions by different international bodies such as the EU, UN and USA. Investments are screened in accordance with these sanctions lists.

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Mittari	Vaikutus [vuosi n]	Vaikutus [vuosi n-1]	Selitys	Toteutetut toimet sekä seuraavalle viitekaudelle suunnitellut toimet ja asetetut tavoitteet
Fossil fuels	17.Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	The adverse impacts of real estate investments are reported in the statement by OP Real Estate Asset Management.	
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	The adverse impacts of real estate investments are reported in the statement by OP Real Estate Asset Management.	

ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Indicators applicable to investments in investee companies

Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	50,7% (88%)	59,5% (87%)		<p>ESG analysis: OP Asset Management is committed to promoting the Paris climate goals and achieving net zero emissions from investments by 2050. Climate metrics are used in investment operations as part of the corporate analysis. This contains indicators that allow us to model the Paris Agreement's warming goals for investment products, and information on the emissions reduction goals of the target companies.</p> <p>Active ownership: The goal is that by the end of 2025, all companies we have invested in, and that have been identified as having a high climate risk, are covered by tangible engagement measures. This includes either voting at shareholders' meetings, engaging in direct dialogue, and collective engagement initiatives in which OP Asset Management is actively involved for the company in question.</p>
ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Indicators applicable to investments in investee companies						
Human rights	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0,0 (84%)	0,0 (84%)		<p>ESG analysis: Investment screening seeks to identify investment options that have a significant number of identified cases related to human rights violations, and if necessary, we will start monitoring the company more closely</p>

* Data source MSCI

** The number in brackets indicates data coverage (%)

*** The results were calculated as an average of quarters

**** The impact has been calculated based on the owned investment products and current net values at the end of the reference period.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The operating principles for identifying and prioritising the principal adverse sustainability factors applied in OP Financial Group (including OP-Fund Management Company) are described below.

The Board of Directors of OP Fund Management Company Ltd has approved the operating principles for identifying and prioritising principal adverse sustainability factors as described in this document on 19.6.2023. The management of the funds of OP-Fund Management Company has been outsourced mostly to OP Asset Management Ltd. and OP Real Estate Asset Management Ltd. and partly to some external asset managers.

The need to update the principles is assessed annually.

Information on how the responsibility for the implementation of those policies within organisational strategies and procedures is allocated

OP Asset Management has organised responsible investment, including the implementation of these operating principles, in a way that allows appropriate decision-making, monitoring, management of risks and conflicts of interest and remuneration. These operating principles are approved by the Board of OP Asset Management and the governing bodies of the financial market participants mentioned in Appendix 1. Decisions in line with the priorities are made by the Committee for Responsible Investment of OP Asset Management and by ESG Specialists. The actual implementation of ESG strategies happens on a case-by-case basis by ESG Specialists or portfolio managers and as cooperation.

Methodologies

Regular screening of adverse sustainability impacts: Principal adverse sustainability impacts are analysed through regular screening by ESG Specialists using the indicators describing the level of harm presented in Table 1. If screening reveals investments with significant principal adverse impacts on sustainability in comparison to its peers and if the said PAI indicator is deemed material for the company, the company will be monitored more closely and excluded, if necessary. Also, an engagement process to influence the company's behaviour can be initiated. The funds' investments are also screened regularly for violations of international standards using an external service provider's analysis. If a violation is detected, the preferred option is to influence the company's behaviour. If that is impossible or unsuccessful, the company may be removed from the fund portfolio and placed on the list of exclusions. Identified standard violations and their related engagement processes are reported twice a year in connection with shareholder engagement reporting.

ESG analysis: Investment operations use ESG indicators and sector specific ESG analysis to help with prioritising and identifying which adverse sustainability impacts are the most relevant for each investment.

Exclusion: The funds exclude, from their active direct investments, controversial weapon manufacturers, tobacco producers, mining companies producing thermal coal, power companies using thermal coal, and firms that have violated international norms and where engagement has been unsuccessful. The list of exclusions is public and is available online at www.op.fi/responsible-investing.

General meetings of shareholders: OP Fund Management Company, OP Asset Management and OP Life Assurance Company participate in shareholders' meetings in Finland and abroad, in accordance with the shareholder engagement principles, which take into account the responsibility perspectives. Voting at the general meeting applies only to certain funds managed by OP Fund Management Company.

Violation of international norms: International norms, such as the UN Global Compact, define the minimum level for responsible business. In active direct investments in OP funds, OP Asset Management exercises influence on companies that are considered to have violated international norms. The aim is to make non-compliant companies change their practices and begin to comply with international standards in their operations.

External asset managers: OP Asset Management has established minimum criteria, which the external asset managers must comply with regarding the ESG factors. Additionally, the annual review of external asset managers analyses how the external asset managers take the adverse sustainability impacts into account in their investments.

Real estate: Adverse impacts on sustainability are regularly assessed by considering the PAI indicators applicable to investments in real estate assets. The indicators apply to risks related to fossil fuels and energy inefficiency, as well as greenhouse gas emissions and intensity of energy consumption. Each fund also has defined sustainability indicators (such as energy class of buildings or environmental certification) which are determined in connection to new investments and reported annually.

The error margin and margin description related to the above methodologies

Opportunities to identify and analyse the principal adverse impacts related to sustainability factors depend on the availability and quality of data. The information reported by the portfolio companies are the primary source, but companies do not yet publish data related to

many of the adverse sustainability impacts. In addition to the portfolio companies, the data also comes from third-party information service providers. We continuously try to improve the quality and coverage of information.

Data sources

At OP Asset Management, primary data sources are MSCI ESG Research and S&P Trucost, which provide data on topics such as the sustainability risks of the investment options, share of business operations with adverse impacts, climate risks and opportunities. The above service providers use both data reported by companies and estimates based on an assessment model developed by each service provider. Sustainalytics service provider is used for analysing and monitoring international norm violations. Institutional Shareholder Service (ISS) study is used to support voting at shareholders' meetings.

Shareholder engagement policies

The principles of shareholder engagement and responsible investment direct our engagement work. OP Fund Management Company has its own shareholder engagement principles, which are available online at www.op.fi/responsible-investing. Experts appointed by OP Fund Management Company Ltd implement shareholder engagement principles in the funds on behalf of OP Fund Management Company Ltd.

There are three primary methods of investor engagement with companies:

- dialogue with investee companies;
- participation in annual general meetings;
- participation in joint engagement initiatives by investors.

In addition to financial performance, in active and direct investment the environmental, social and governance issues of the investment options are taken into account. When meeting with representatives of the companies, we will find out, when necessary, how the company's strategy is implemented and what the relevant responsibility questions are. In investment activities, we also monitor companies' compliance with international norms, such as the UN Global Compact and OECD guidelines. International norms define the minimum level for responsible business. If this minimum level is not met, meaning that the company has violated international norms, we begin advocacy work with the company. This advocacy work is linked to item 10 in Table 1. The aim is to exercise influence on the companies' operation through owning shares or promissory notes so that non-compliant companies change their practices and begin to comply with international norms in their operations. Primarily, we try to influence the company that violated norms and only secondarily will we give up the investment if the advocacy work does not work. Any decision to give up an investment is made on a case-by-case basis, taking the severity and extent of the norm violation into account. The decision is approved/rejected in the Committee for Responsible Investment of OP Asset Management.

In addition to direct advocacy work, we exercise the right to vote in the general meetings of both Finnish and foreign listed companies. Typical items on the general meeting agenda include the composition of the Board, remuneration, changes in capital structure and reporting. In addition to these, the significance of environmental and social matters is continuously growing in general meetings. A significant mean of exerting influence is to use the right to vote in these matters. In principle, OP Fund Management Company has a positive view on proposals related to environmental and social topics and supports proposals related to climate change, energy efficiency, renewable energy, product safety and human rights, among other themes. The principles of shareholder engagement list examples of issues that OP Fund Management Company principally supports at general meetings. These particularly concern the indicators of adverse sustainability impacts, which are listed in Table 1.

OP Asset Management Ltd's ESG specialists may also strive to influence topical and material responsibility matters by participating in the cooperation initiatives of investors. They are used to motivate companies to promote climate action, set emissions reduction targets or improve reporting related to climate and the environment.

The adverse impacts are acknowledged strongly in advocacy work from the climate perspective. The goal is that by the end of 2025, all companies we have invested in, and that have been identified as having a high climate risk, are covered by tangible engagement measures. These include voting at shareholders' meetings, engaging in direct dialogue, and collective engagement initiatives in which OP Asset Management is actively involved for the company in question as a portfolio manager of OP funds. The target of exerting influence is to make sure that these investment options with a high risk of climate transition have an emissions reduction plan in line with the Paris Agreement. The goal of the engagement measures is to mitigate the adverse sustainability impacts listed in points 1–5 of Table 1.

Given that extensive reported data on the adverse sustainability impacts listed in Table 1 is unavailable for the time being, investor engagement measures currently focus only on the indicators and themes described above. As the availability of data and analysis improve, we will investigate opportunities for expanding our engagement activities to also cover other adverse sustainability impacts.

References to international standards

OP Asset Management agrees to comply with several international norms, and it uses international frameworks when screening investment options. The methods used take into account the following international standards and conventions:

- UN Global Compact principles (UNGC)
- UN Guiding Principles on Business and Human Rights (UNGPs)
- OECD Guidelines for multinational enterprises
- Conventions of the International Labour Organization (ILO)
- Partnership for Carbon Accounting Financials (PCAF)
- Net Zero Asset Managers Initiative (NZAM)

The companies we invest in are monitored for compliance with the UN's Global Compact initiative's principles and Guiding Principles on Business and Human Rights, as well as the OECD's Guidelines by using indicator 10 "Violations of the UN's Global Compact principles and the OECD Guidelines for multinational enterprises" in Table 1. OP Asset Management uses an external service provider Sustainalytics, which analyses companies' potential violations of international standards and determines the level and severity of the violations. Sustainalytics monitors and reports on companies that have been found to violate international norms, or that are on the company's watch-list due to suspected norm violations. The analysis covers more than 20,000 investee companies globally.

Greenhouse gas emissions (Scope 1, 2 and 3), carbon footprint and greenhouse gas intensity are indicators that support the analysis and calculation, taking into account the Partnership for Carbon Accounting Financials and Net Zero Asset Managers initiatives. In addition to these indicators, we use other metrics for identifying climate risk in the manner described below.

Paris Agreement

OP Asset Management is committed to promoting the Paris climate goals and achieve net zero emissions from investments by 2050. A tangible interim goal is our target to halve the total CO₂ intensity of OP funds by the end of 2030 compared to 2019. The key indicators for identifying the climate risk related to companies we invest in include greenhouse gas emissions (Scopes 1, 2 and 3), carbon footprint, and greenhouse gas intensity.

High-quality and extensive data is required for climate analysis in investment operations. Investment operations use their own ESG tool as part of company-specific or sectoral analysis. In addition to greenhouse gas emissions, this contains climate metrics and indicators from external service providers (MSCI, S&P Trucost), which allows the modelling of the warming goals of the Paris Agreement in investment portfolios, for example. The modelling uses the 1.5°C scenario of the Intergovernmental Panel on Climate Change (IPCC) and the NZE 2050 scenario of the International Energy Agency (IEA). To limit climate risks, OP Asset Management has currently excluded all direct, active investment in companies where over 20% of production's turnover is dependent of coal or coal-based energy. The use of coal will be discontinued gradually by 2030. Themed funds and funds under SFDR Article 8 have stricter exclusions, and they do not invest in companies involved full-time in unconventional oil or gas extraction.

Historical comparison

Because the indicators have only been analysed for two full calendar years, no significant changes have been observed so far. Carbon emissions have decreased, as these are decreased systematically according to the methods described in the table below. In addition, there have been changes to indicators related to biodiversity, emissions to water, and lack of processes and mechanisms to monitor compliance with the UN Global Compact principles or the OECD Guidelines for multinational enterprises. In these areas, the changes are due to improvements in the coverage and accuracy of data and analysis obtained from a third-party service provider.