

Ilmarinen Climate Plan 2026–2030

Contents

Foreword.....	3
Our targets	4
Actions	8
Climate plan for Ilmarinen's own operations	11
Governance	12

Foreword

Addressing climate risks and opportunities related to the low-carbon economy supports the long-term preservation and growth of pension assets. We integrate climate considerations into our operations to ensure we can pay pensions today and in the future.

Planetary boundaries are science-based limits that define safe conditions for life on Earth. Climate change is one of the identified planetary boundaries. It is caused by increased greenhouse gas emissions, which heat the atmosphere and cause extreme weather events and changes in ecosystems. When these boundaries are crossed, the consequences can be severe and irreversible for the environment, people and the economy. Our statutory duty is to invest pension assets productively and securely. In addition to our legal duty, we also integrate sustainability into our investment activities. Climate change affects the risk and return profile of our investments. We are a long-term investor, as our pension liabilities will last for decades. Climate change affects the operations and profitability of companies through e.g. increasing extreme weather event, depletion of natural resources and tightening environmental regulations.

Through our climate targets and actions, we seek to manage climate-related risks and opportunities in our investment activities and to support the transition to a low-carbon economy. At the same time, we recognise that this transition requires commitment from all market participants. Effective policy measures that steer markets, such as carbon pricing and other regulations, play a key role in enabling the transition. The shift to a low-carbon economy also requires capital and financing from investors, particularly to support companies in emission-intensive sectors. For this reason, our approach goes beyond minimising the carbon footprint of our portfolio. We invest across all sectors of the economy and actively seek to encourage high-emission companies to transition towards low-carbon business models.

We aim to increase the amount of funds we invest in climate solutions across all asset classes, while taking into account the need for diversification of investments in accordance with our mandate. Mitigating climate change and adapting to its impacts create opportunities for businesses and society to develop new industries and jobs. These opportunities include new energy production and storage technologies, circular economy solutions and resource efficiency improvements, carbon sequestration, capture and storage of carbon dioxide and other greenhouse gases, and solutions that increase the adaptability of society, some of which are nature-based. We manage the climate impacts of the real estate sector in our investment portfolio for by selecting fossil-free energy sources for buildings, improving energy efficiency, favoring circular economy solutions and low-emission materials, and ensuring the long life of properties.

In our view, there are significant synergies between efforts to mitigate and adapt to climate change and the promotion of the circular economy and biodiversity. On the other hand, we are aware that there may be conflicts between different objectives in individual investments. For more about our approach to taking biodiversity into account in our investment portfolio, read [Ilmarinen's Biodiversity Roadmap](#) (pdf) and the [Biodiversity Plan for Finnish Properties](#) (pdf, in Finnish). Ilmarinen's previous climate roadmaps for investments were prepared for 2016–2020 and 2021–2025. We have taken climate action in line with these set targets and achieved the targets we set ahead of time for 2025 and 2030. In this climate plan, we set new targets for 2026–2030.

Investment activities cover approximately 98 per cent (2024) of Ilmarinen's greenhouse gas emissions. In this climate plan, we also set climate targets for the emissions of our own operations, ensuring the consistency regardless of the source of the emissions.

Our targets

We aim to invest the pension assets we manage in line with the Paris Agreement, ensuring productive and secure asset management while contributing to the achievement of international climate goals.

The goal of the Paris Climate Agreement is to limit global warming to well below 2°C during the current century and to encourage actions that limit warming to 1.5°C. We are committed to pursuing a net zero portfolio in line with the Paris Aligned Asset Owner commitment by 2050. We aim to align our goals with the Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework (NZIF). In addition, we will set a science-based target (SBT) validated by an external party by the end of 2027. Through these actions, we support the low-carbon transition of the economy and the achievement of the goals of the Paris Agreement on climate change.

Direct listed equities and corporate bonds

In the listed investments, our goal is to reduce the weighted carbon intensity (WACI scope 1–2) by 35% and the financed emissions (scope 1–2) by 25% by 2030. By 2030, our goal is to increase investments in companies with science-based climate targets and increase investments in companies that produce climate solutions. Investments in fossil fuels and electricity generation from unlisted investments are included in the monitoring of the share of science-based climate targets.

Our targets are based on assumptions that involve significant uncertainty. The knowledge base used for setting climate targets and monitoring progress is partly incomplete. Furthermore, companies' ability and willingness to decarbonise their operations depend on a range of external factors, such as political decisions, the geopolitical situation and the impacts of climate change. No single actor alone can bring about a sufficiently large transformation of the global economy on its own. The achievement of our targets therefore depends not only on our own actions, but also on the climate actions of other market participants. We expect these actions to contribute to climate change mitigation and adaptation, enabling a well-managed and fair transition to a low-carbon economy for all economic actors.

Climate targets for 2026–2030

Target	Unit	Portfolio	Baseline 2024	Target 2030
Weighted average carbon intensity (scope 1–2)¹	tCO2e/1 million € revenue	Direct listed equities and corporate bonds	82	-35%
Financed emissions (scope 1–2)²	tCO2e	Direct listed equities and corporate bonds	1 201 121	-25%
Investments in climate solutions³	Share of portfolio value	Direct listed equities and corporate bonds	9%	13%
Science-based climate targets (SBT)⁴	Share of portfolio companies with science-based climate targets	Direct listed equities and corporate bonds and unlisted investments related to fossil fuels or electricity production	39%	62%

Emissions reductions do not occur in a linear manner, and changes in the portfolio's carbon footprint may be driven by several different factors. Emissions reductions by carbon-intensive companies undergoing transition will materialise only in the coming years. At the same time, increasing accuracy and coverage of data available on portfolio companies affect the carbon footprint of our investments. We seek to analyse what share of the annual change in emissions is attributable to emissions reductions by companies in our portfolio, what results from divestments from certain holdings and new investments, and what stems from changes in data availability and quality.

Real estate

In our real estate investments, we aim to reduce greenhouse gas emissions across the entire life cycle of buildings. The target pathway for operational emissions, that is, emissions arising from energy procurement and the use of refrigerants, is aligned with the Science Based Targets initiative (SBTi) 1.5-degree emissions reduction scenario. This requires a 44 per cent reduction in carbon intensity, calculated per gross floor area, for direct real estate investments and co-investments by 2030. We will also incorporate real

¹ The target corresponds to roughly a 70% reduction in carbon intensity compared to 2020. It has been tightened relative to the previous target period, during which we aimed for a 50% reduction by 2030 from the 2020 baseline.

² In 2023, the Intergovernmental Panel on Climate Change (IPCC) stated that global economy-wide emissions must decrease by almost 50% from 2019 to 2030. Our financed-emissions target takes the IPCC guidance into account.

³ Investments in climate solutions are calculated, for equities, using a service provider's metric that reflects the share of a company's revenue that contributes to climate-change mitigation. For corporate bonds, we use the value of green bonds held in the portfolio.

⁴ The baseline and the target level are currently preliminary values that will be refined during the validation process. The final figures will be updated in the plan once they are confirmed.

estate fund investments into the target in accordance with the SBTi framework requirements later during this target period.

In addition to operational phase emissions, we have also set a target for the carbon footprint of the construction phase of our domestic real estate portfolio, calculated relative to the buildings' floor area. For the construction phase carbon footprint, we assess emissions from the product stage, transportation and construction site activities, covering both above-ground and underground structures.

In our domestic real estate portfolio, we also take the promotion of the circular economy into account in the climate-aligned target-setting process, as circular solutions play a critical role in achieving emissions reductions throughout the entire life cycle of buildings. Our target is to increase the recycling rate of construction waste in new developments and major renovation projects to 90 per cent by 2030. In addition, we are committed to increasing the use of circular materials across all of our construction projects wherever feasible. We aim to set a measurable target for their share during this target period.

Our international real estate portfolio is primarily steered through influencing the practices of asset managers, as we do not participate in operational decision-making. In addition to an SBTi-aligned target covering operational emissions, we monitor and actively seek to improve the GRESB star rating of our international real estate investments. GRESB (Global Real Estate Sustainability Benchmark) is a global sustainability benchmark whose scoring, expressed as a star rating, measures our performance not only on climate but also across other sustainability themes. The GRESB star-rating target set for international real estate investments covers both co-investments and fund investments. Our aim is to achieve the highest possible rating, five stars, by 2030.

Real Estate Portfolio Climate Targets 2026–2030

Target	Unit	Portfolio	Baseline 2024	Target 2030
Operational-phase carbon intensity	kgCO ₂ e/brm ²	Direct domestic real estate investments and co-investments ⁵	18	-44 %
Construction-phase carbon intensity	kgCO ₂ e/htm ²	Direct domestic real estate investments	412 ⁶	-20 %
Construction and demolition waste recycling rate	Share of generated waste mass	Direct domestic real estate investments	77 %	90 %
GRESB star rating	1–5 stars	International co-investments and real estate funds ⁷	3 stars	5 stars

⁵ The target covered approximately 70 percent of Ilmarinen's direct real estate investments and co-investments by floor area in 2024. Parking facilities and properties under construction were not included in the calculation of the target or its coverage.

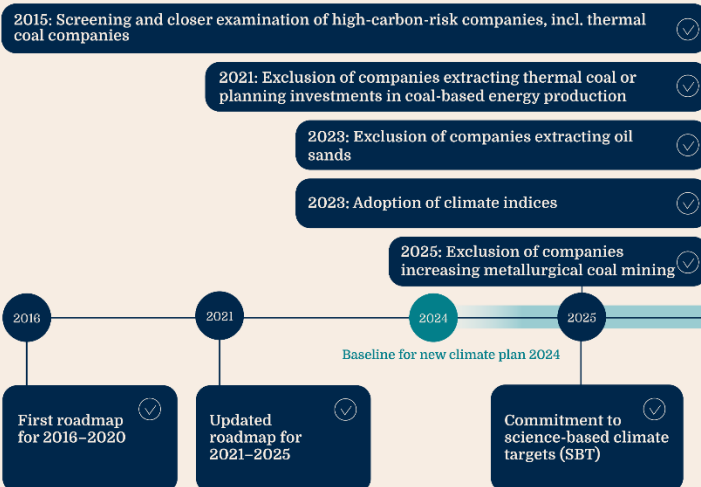
⁶ The baseline value is the floor-area-weighted average carbon intensity of projects that were ongoing and/or completed between 2022 and 2024.

⁷ In 2024, 93 percent of the net asset value of international co-investments and real estate private equity funds was included in the GRESB assessment.

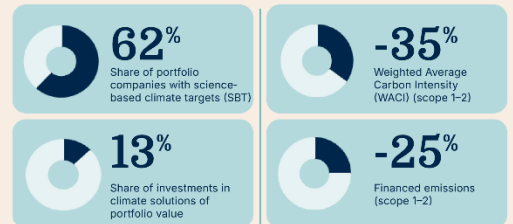
We base the monitoring of operational greenhouse gas emissions from properties on data on actual energy consumption whenever such data are available. We continuously seek to increase the coverage of measurement data generated by our energy management systems and, at the same time, to refine the estimates applied elsewhere in the portfolio in cooperation with our own and external experts. For the time being, the assessment and monitoring of the carbon footprint of construction are based on baseline data available at the design stage, and potential changes occurring during the project are not reflected in the calculations. We expect our capabilities in these areas to improve over the course of the target period, enabling the monitoring of the target pathway to increasingly reflect our performance during the actual implementation phase.

Ilmarinen's Investment Operations Climate Plan 2026–2030

Key climate actions

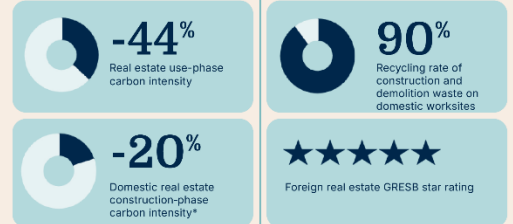


Listed equity and corporate bond investments



Target 2030

Real estate investments



*Baseline 2022–2024 average

Actions

Our key climate actions include capital allocation, specifically the selection of investment targets with due consideration to climate factors, engagement with investee companies, voting at general meetings, and collaboration with other market participants.

Direct listed equities and corporate bonds

Through our actions, we aim to contribute to emissions reductions in the real economy. This also entails investing in high-emitting sectors, as their transition is essential to enabling a shift to a low-carbon economy. In listed investments, we use climate-aware indices wherever possible, both for return benchmarking and for passive investments. Climate action in high-emitting sectors is critical to the decarbonisation of global value chains. For this reason, the climate indices we use do not exclude entire sectors of the economy, instead, they seek to select the best-performing companies within each sector, taking climate considerations into account.

In line with the Paris Aligned Investment Initiative's Net Zero Asset Owner commitment, we aim to identify and engage with the highest-emitting companies in our portfolio. A large share of our portfolio's emissions stems from a limited number of companies, which are therefore the focus of our engagement efforts and monitoring. We engage both directly and in collaboration with other investors through international initiatives. We are members of several international investor initiatives and collaboration platforms, including the IIGCC networks, the Climate Leadership Coalition, and the Climate Action 100+ initiative. Through these memberships, we also support various climate initiatives that encourage market participants to decarbonise their operations.

At general meetings, we support proposals that are relevant from a climate perspective. We use the voting services and guidelines of a service provider that take climate considerations and other sustainability factors into account. Our voting positions are available on [our website](https://www.ilmarinen.fi) (ilmarinen.fi, in Finnish).

Data providers and service providers have an important supporting role for us. We engage in dialogue and collaborate with providers of data, analytics and indices, credit rating agencies, consultants and other stakeholders to help improve the availability and quality of climate-related data and analytics in the market, and to ensure that we have access to the best possible tools and solutions to advance our climate work.

In listed direct investments, we continue exclusions related to certain fossil fuels as well as enhanced scrutiny of high-emitting companies. In line with our previous climate plans, we do not invest in companies that are planning new coal investments or that derive significant revenue from coal mining or oil sands.¹⁰ In 2025, we expanded our coal-related restrictions to also cover companies planning new investments in metallurgical coal mining. After 2030, we will not invest in companies that use thermal coal for energy production.

In unlisted investments, we seek to avoid being locked into the most polluting fossil fuels, such as coal and oil production, through illiquid investments. In addition, we aim to monitor the share of investments directed towards climate solutions, such as renewable energy, in unlisted investments.

We take climate considerations into account in the selection of asset managers. We monitor the achievement of the climate targets of asset managers and engage with the lowest performing asset managers in our portfolio. If we consider an asset manager's

climate actions to be insufficient, we may reduce our investments with that manager and reallocate capital to asset managers whose climate actions better support our objectives.

We monitor the carbon footprint of our sovereign bond investments. We use a climate-aware tool to support the management of our sovereign bond portfolio.

Through our actions, we seek to:

- select the best-performing companies within each sector, those that have already implemented, or are actively implementing, measures related to the transition to a low-carbon economy—in order to reduce the carbon footprint of our portfolio
- increase investments in climate solutions, thereby safeguarding the return potential of pension assets by capturing opportunities arising from climate change mitigation and adaptation-related products and services
- selectively reduce exposure to fossil fuel production in our investments, including restrictions on certain forms of production such as coal and oil sands
- engage with companies and other market participants to support the transition of economic actors towards low-carbon business models
- take climate change risks and opportunities into account in solvency- and return-related scenario models and in our investment strategy.

We continuously develop and align our approach with international investor best practices. We assess and further develop our climate plan on an ongoing basis as climate science, international best practices among investors, and our own knowledge continue to evolve.

Real estate

Our climate actions in real estate investments focus on reducing life-cycle emissions of buildings and strengthening climate resilience, areas where we can have an impact in our roles as a developer, property owner, and a key stakeholder across the real estate market. We aim to implement effective climate actions in a systematic manner across our entire real estate portfolio, although our approach varies depending on our ownership structure. In domestic real estate, we are directly involved in designing and implementing concrete climate actions, whereas our international real estate portfolio is primarily steered through influencing the practices of asset managers. The climate actions we undertake are a prerequisite for achieving both our own climate targets and sector-wide climate objectives. At their best, these actions also enhance the value of our properties and improve user satisfaction.

Climate actions are an integral part of our day-to-day operations in real estate. In addition, wherever possible, we develop and pilot new solutions that go beyond our established practices. We have identified the following sets of measures as the most important levers for guiding our own portfolio:

- In choice of construction materials and the energy source during use phase, climate perspectives are key criteria, and the calculation of the project-specific carbon footprint is part of all of our new construction. Our real estates are designed to be long-lasting, adaptable and climate-resistant. A comprehensive climate risk assessment will be made for each of our new sites.
- Utilizing and maximizing the reuse of circular economy materials is the starting point for all construction. In each renovation project, we examine the possibilities for local utilisation of the site's demolition waste. We currently require a recycling rate of at least 80% of the construction and demolition waste generated on our sites. With our actions, we want to promote the development of the market for circular economy products, for example by utilizing various platform solutions.
- We always map out the opportunities for introducing local renewable energy production solutions in connection with new and renovation projects. Our property electricity has

been CO₂-free since 2021. We are currently looking at the possibility of switching to CO₂-free district heating in the medium term.

- During the use phase, we are actively developing the energy efficiency of our properties, where advanced property automation plays a key role. We also seek to improve our visibility in and influence purchases under tenant-managed energy contracts through dialogue.
- When selecting asset managers, we take into account their climate-related action plans and objectives, which are expected to be in line with the goals of the Ilmarinen Climate Plan. We regularly discuss responsibility themes with asset managers and require them to provide up-to-date reporting on climate-related indicators at sites.
- The certification and reporting frameworks maintained by a third party are one of our important tools. Their role is particularly highlighted outside our direct real estate investment portfolio. Ilmarinen utilizes the Global Real Estate Sustainability Benchmark (GRESB) framework for monitoring and analytics of the international real estate portfolio, and we have worked to increase the number of asset managers participating in the assessment since 2021. We expect new asset managers to participate in the GRESB assessment.

The nature work and activities of the Finnish real estate portfolio are described in the [Biodiversity Plan for Finnish Real Estate](#) (pdf, in Finnish), which also presents concrete examples of how our actions are implemented across our properties.

Our actions include allocating capital to the best-performing companies within each sector, taking companies' climate actions into account, engaging with companies and other market participants, continuous learning and the development of our expertise, and collaboration through international initiatives.

Climate plan for Ilmarinen's own operations

The objective of Ilmarinen's climate plan for its own operations is to reduce emissions from our operational activities through measures that take into account the nature of our business and focus on the most significant sources of emissions.

Although the climate impacts of our own operations are small when compared with the carbon footprint of our investment portfolio, we want to ensure that all of our activities are consistently aligned with the principles of responsible investment. We believe that developing our own operating practices strengthens our role as a forerunner in climate action and enhances our credibility in engagement with our investee companies.

We have selected three priority areas for climate work in our own operations, each of which has been created with a detailed action plan covering the target period:

1. Emissions reductions in procurement, which we achieve by increasing cooperation with suppliers and introducing climate as part of our procurement criteria. Acquisitions with their international value chains are the most significant source of emissions from Ilmarinen's own operations.
2. Engage staff through effective internal communication, sharing responsibilities for implementing the climate plan, and increasing the range of incentives.
3. The further development of carbon footprint calculation, enabling more precise targeting of measures and more detailed assessment of their impacts.

The implementation of the climate plan for our own operations is monitored by measuring the development of the carbon footprint of our operations as well as the commitment of our partners to science-based climate targets. Targets for both indicators have been set for 2030.

Climate targets for our own operational activities 2026–2030

Target	Unit	Baseline 2024	Target 2030
Own operational emissions	tCO ₂ e	19 490	-25 %
Partners' science-based climate targets	The share of the parent company's total procurement that comes from partners who have committed to science-based climate targets or to setting such targets	48 %	70 %

We monitor the development of emissions from our own operations on an annual basis and publish the data as part of Ilmarinen's sustainability reporting during the target period. The development of calculation methodologies may affect the comparability of data between reporting years. We report on key changes in calculation methods in connection with our annual reporting.

Governance

This climate plan is part of our environmental principles embedded in the Principles for Responsible Investment. The Principles for Responsible Investment (pdf) guide all our investment decisions. We strive to take climate action wherever possible across all asset classes. The availability of climate-related information and tools is most advanced in listed investments, which include direct and indirect equity investments and corporate bond investments. In our direct real estate investments, our influence is also extensive.

We continuously assess, revise and develop our climate plan as climate science, international investor best practices and our own knowledge evolve. In 2025, Ilmarinen's Board of Directors decided that Ilmarinen will set science-based targets. Should the calculation models be adjusted during the target validation process, we will make corresponding changes to the target pathways defined in this plan.

Ilmarinen's Board of Directors monitors the implementation of our climate plan. We report on our progress annually.