Impact and sustainable development goals in Ilmarinen investments

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Executive summary

Our global economy is undergoing a significant transformation as previously disregarded environmental and social externalities are gradually integrated to economic decision making. Examples of this transformation include increasing activities by regulators, standards setters, companies, and investors that aim to increase the integration of climate, natural capital, and human rights related issues to reporting, standards and corporate practices.

Responsible investing has been an integral part of our investment approach for over two decades. Going forward, we foresee that in addition to ESG risk management, there is an increasing need to better understand and measure the positive outcomes and sustainable development solutions our investments can generate. The operational context of companies is changing e.g., in terms of advancing climate change, loss of biodiversity and natural capital and an increasing focus on labor conditions and human rights globally. It is important from an investor perspective to understand this changing context, to manage potential risks and capitalize on the upside opportunities.

Impact is fundamentally about measurable change against a baseline. Based on various impact frameworks, impact should be intentional, measurable, additional, and attributable. Our investment activities as a diversified asset owner would seldom meet all the above-described conditions for impact investing. From an institutional investor perspective, in line with the fiduciary duties, our goal is investing with impact rather than investing for impact. Investing with impact in our view is investing with financial return matching the level of risk of the asset and with the intention to generate positive and measurable outcomes for people and the planet. However, while it is easier to measure if an investment did well in financial terms, measuring beyond financial impacts can be challenging.

Based on research papers on investor impact, we have identified at least two empirically evidenced impact pathways that an institutional investor can have: engagement and capital allocation. There are other pathways as well, but empirical evidence is inconclusive. To note, investors influence companies that in turn have impact in terms of social and environmental parameters. Institutional investor actions, which potentially lead to company impacts can potentially be intentional and measurable, depending e.g., on investor action and asset class.

In this paper we determine our understanding of impact in investment context as there is no single globally uniform definition. Further, we lay the groundwork for our impact framework on how we currently define, and in the future plan and measure impact in context of our investment activities. Based on the identified impact pathways and our focus on climate and biodiversity and natural capital through our Roadmaps we have identified SDGs 7, 9, 11, 12, 13, 14 and 15 currently most meaningful for our activities.

We continue to report our direct listed equity portfolio SDG contribution started in 2017 and develop our reporting further. We have also been piloting impact data solutions. Going forward as data and analytical capabilities advance, we aim to work towards gradually integrating impact consideration alongside, and as an expansion, to ESG integration in our investment decision making and portfolio management across asset classes. This is likely a long journey. The financial industry from institutional investor viewpoint is still in early development phase with no standard commonly agreed approaches on integrating impact across asset classes and instruments.

Based on continuous development we try to test, learn, and improve our approaches using industry networks and partnerships. We have participated, for example, to Global Impact Investing Network (GIIN) Asset Owner Roundtable venturing into impact approaches suitable for institutional investors. We also believe that sharing openly our thinking on impact as an institutional investor and participating to industry efforts to develop impact approaches across asset classes can help us further on this journey.

We foresee that in addition to ESG risk management, there is an increasing need to better understand and measure the positive outcomes and sustainable development solutions our investments can generate.

Why are we at Ilmarinen interested in impact and SDGs?

The global economic system is undergoing a transformation. Examples of this transformation includes increasing activities by regulators, organizational standard setters, companies, and investors increasingly integrating previously disregarded environmental and social externalities into economic decision making. These externalities include for example climate, natural capital, and human rights related issues. In practice this means for example regulation and measuring and reporting requirements addressing these themes.

As a mutual pension insurance company, we serve as part of the Finnish social insurance system ensuring pension payments for the current and future generations. Responsible investing has been an integral part of our investment approach for over two decades. ESG integration typically focuses on environmental, social and governance related features of an investment with a view on improved risk return profile of an investment. In our view ESG integration improves our investment decision making and companies managing their ESG risks have better potential to protect and generate long term investor value.

Going forward, we foresee that in addition to ESG risk management, there is an increasing need to better understand and measure the positive outcomes and sustainable development solutions our investments can generate. According to Principles for Responsible Investment (PRI) [1], issues such as changing climate and inequitable social structures seriously threaten the long-term performance of economies and investors' portfolios. According to PRI, driven by an increased visibility and urgency around many of the SDGs, the stakeholder expectation for investor responses have changed.

In addition to ESG risks and negative impacts, focusing on opportunities has upside potential from investor perspective considering the changing operational context of companies e.g., in terms of advancing climate change, loss of biodiversity and natural capital and an increasing focus on labor conditions and human rights globally.

Number of system level risks, such as climate change and biodiversity loss, cause risks to our investment portfolio. As a pension insurance company with diversification requirements, we are investing across global value chains. Thus, we cannot fully avoid the risks but need to address them along with other market participants. The financial system participants collectively shape the outcomes on economic growth, human prosperity and sustainability.

The Agenda 2030 is a global plan of action for people, planet and prosperity and established that our economic system urgently needs to transform to align with a more sustainable pathway. It was adopted by all United Nations Member States in 2015. We are committed to the Agenda 2030. It is actioned through the 17 Sustainable Development Goals (SDG) which aim to create a more sustainable and equitable world by 2030. The SDGs can be used as a set of overall global umbrella goals and as a guiding element in building more actionable approaches from investor perspective. They are relevant for investors aiming to understand and measure their contributions to Agenda 2030.

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[1] PRI Investing with SDG outcomes: a five-part framework. 2020 download (unpri.org)

What is impact and impact investing?

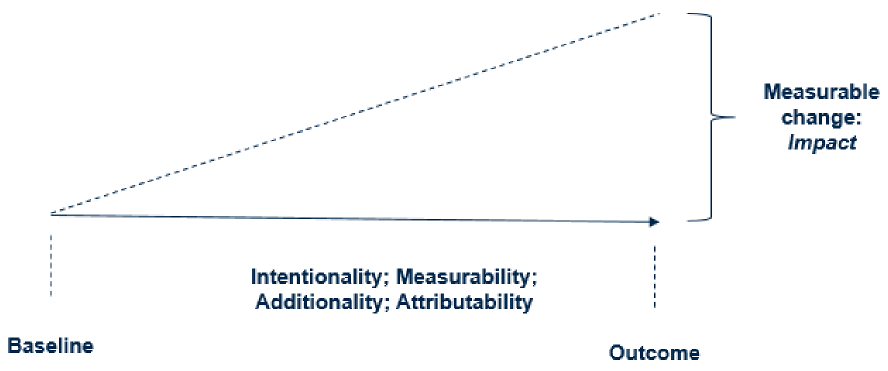
There is no globally unified understanding of what impact in investment context is. In our view impact is fundamentally about measurable change against a baseline, see Figure 1. Based on the existing frameworks, see Box 1, for impact investing we conclude that impact investing includes at least four features:

- *Intentionality*: Investor has defined impact objectives for the investment/portfolio/fund to achieve positive and measurable social or environmental effects.
- *Measurability*: The intended change i.e. impact can be measured, preferably upfront, advancement can be monitored during investment life cycle and results can be measured at the end of the investment.
- *Additionality*: It can be plausibly evidenced that the impact does not take place without investor action.
- *Attributability*: The impact can be evidenced to have plausibly originated from investor action.

Depending on asset class and investment instrument, a diversified asset owner could meet intentionality and to some degree measurability aspects above. However, additionality and attributability aspects are more challenging to meet across asset classes and instruments.

At Ilmarinen, we define impact as the change our investments generate on society and the environment. Our investment activities would rarely (e.g. potentially in some private equity investment cases or in certain funds) meet the above described conditions for impact investing. Rather, we consider the term investing with impact to be more suitable to our investment activities.

Figure 1 Impact is measurable change against baseline



Box 1 Examples of existing frameworks related to impact investing

The Global Impact Investing Network (GIIN) denotes that "*impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending on investors' strategic goals.*" This includes intentionality for a predetermined outcome, using evidence and impact data in investment design and managing impact performance, and establishing contribution to impact.

For more information see: The GIIN

The International Finance Corporation (IFC) in collaboration with number of financial institutions established Operating Principles for Impact Management in 2019. The Secretariat of the Principles is now hosted by the GIIN. The 9 Principles aim to provide a reference point for assessment of the impact management systems of funds and institutions. According to the Principles include 1) defining strategic objective 2) managing for impact, 3) establishing contribution to impact, 4) assessing impact, 5) assessing, addressing, monitoring, and managing potential negative impacts, 6) monitoring progress against expectations, 7) conducting exists in consideration of sustained impact, 8) reviewing, documenting and improving based on results and lessons learned, 9) disclosing publicly with independent verification.

164 signatories of the Impact Principles include variety of investors including for example Blackrock, Amundi, AXA, and Credit Suisse. The signatories define the assets under management that are managed under the Operating Principles for Impact Management.

For more information see: The 9 Principles | Operating Principles for Impact Management (impactprinciples.org)

The investment process matters when looking at impact. Before the investment decision, possible targets can be viewed through impact data, if it is available. The availability of information depends, for example, on the asset class. After the investment decision, the portfolio can possibly be monitored and reported with impact data. For example, Ilmarinen monitors and reports on the contribution of its investment portfolio to sustainable development goals, and our reporting is externally verified. We have also tested data on impact and will continue to test impact solutions. However, there is still no uniform international market practice to address impact of a broadly diversified investment portfolio.

Definitions "in a nutshell"

Impact: we determine impact as measurable change against a baseline

Impact investing is defined relatively similarly by various organizations:

GIIN definition: Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. For more information see: The GIIN

Impact Principles definition: Impact Investing is investing into companies and organizations with the intent to contribute to measurable positive social or environmental impact alongside financial returns. For more information see: Invest for Impact | Operating Principles for Impact Management (impactprinciples.org)

Robeco defines impact investing as the process of intentionally making investments with the aim of creating a measurable beneficial impact on the environment or society, as well as earning a positive financial return. For more information see: www.robeco.com

Zurich Insurance Group defines impact investing as investment opportunities that allow to intentionally target a specific social or environmental impact, provide a measurable impact, and generate a financial return commensurate with their risk. For more information see: Impact investment | Zurich Insurance

Examples of frameworks for impact and investor approaches

There are several approaches, standards, practices, and data providers for impact currently in the market. Many providers use SDG-based framework when approaching impact. Examples in Box 2.

Box 2. Examples of approaches on impact and SDGs

SASB has mapped which SDGs and underlying targets map to financially material topics based on SASB framework. The SASB standards provide a tool to connect material topic as defined through the SASB framework and SDG targets. SASB approach notes that it is not designed to measure the progress towards SDG achievement or the company's contribution to that achievement.

Principles for Responsible Investing (PRI) has in 2020 established a five-part framework to help investing with SDG outcomes. The framework helps investors to understand their investments' outcomes and how to make those outcomes aligning with SDGs. The framework consists of identifying outcomes, setting policies and targets, investors efforts in shaping outcomes, financial system efforts in collective outcomes and lastly global stakeholders' collaboration to achieve SDG aligned outcomes.

The Robeco SDG Framework aims to provide an objective and replicable approach to measuring impact via the SDG contributions of equity and credit issuers. The framework consists of three steps: products, procedure, and controversies. The first step considers both positive and negative contributions on each SDGs and uses sector specific baselines. The second step assesses how the company produces its products and the third step identifies any controversial issues and litigation. Finally, the analysis comes up with a final SDG score varying from worst grade -3 and the best score +3.

Sustainable Developments Investments Asset Owner Platform (SDI AOP) approaches SDGs with a standardized taxonomy aiming to helping investors invest sustainably. SDI AOP was set up by four large assets owners (APG, PGGM, BCI & AustralianSuper). SDI stands for solutions that contribute SDGs, classifying if company's products and services and transformational leadership that support positive environmental or social impact. SDI taxonomy consists of solutions that contribute to the SDGs and makes the rules for identifying SDIs.

SDG Industry matrix by UN Global Compact and KPMG consists of six industry matrices with industry-specific action ideas and examples to contribute towards each SDG. The matrix for Financial Services industry especially focuses on highlighting opportunities to create value for both shareholders and society and to increase market potential and reacting to demands of society and policies, to align with the SDGs. For example, the matrix aims to encourage investing, financing and insuring renewable energy projects, assess risks and developing pricing models that incentivize sustainable living and production.

GIIN IRIS+ is a system for measuring, managing, and optimizing impact. It enables investors to account for the positive and negative effects of their investments with link also to the SDGs. The metrics contained in the IRIS+ system align with the Global Reporting Initiative (GRI) Standards and various other standards and tools. Currently work is on-going to enable connecting IRIS+ to listed equity investments.

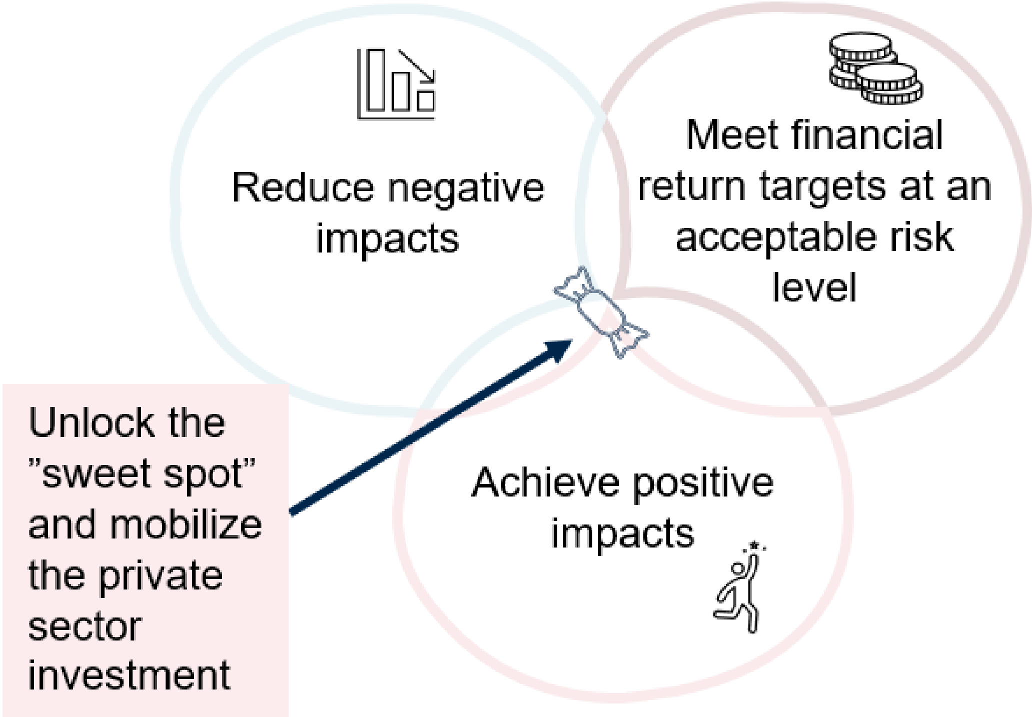
In addition, there is high number of impact data provides. Each has their own proprietary methodology. Data providers include e.g. Impact Cubed, Upright, Impaakt, MSCI, Matter, Clarity AI, Truevaluelabs etc.

Sustainability Accounting Standards Board (SASB) is widely used as one of investment industry best practices in understanding financial materiality of environmental, social and governance issues. SASB has also developed Industry Guide to the Sustainable Development Goals in 2020. It includes an overview for investors how to build understanding and interconnections between SASB standards and SDGs. It defines SASB's view of Theory of Change and maps SDGs to current SASB standards based on the financial materiality.

Capital market is a strong tool to connect financing with opportunity. To achieve SDGs, identifying the business incentive is necessary to unlock solutions at scale to ensure, in an optimal scenario, an alignment of business, environmental and societal wellbeing. ESG issues are many times considered as business risks, but they also include the aspect of potential opportunities. However, the opportunities are typically less well understood through existing data and the challenging aspect of predicting the optimal technology-policy mix that increases the probability of unlocking such opportunities. Every opportunity is not available to every company in portfolio, and many goals might be highly relevant to value-creation for certain industries or business models – at the same time highly irrelevant for others. (SASB, 2020.)

Companies and investors can accelerate progress by aligning business and financial objectives with SDGs. In theory, there is a "sweet spot", where multiple objectives can be achieved at the same time, see Figure 2. Therefore, according to SASB, an SDG approach unlocking this "sweet spot" is needed to help companies and investors to efficiently and effectively allocate capital and other resources. Companies can influence the SDGs through their business operations and products and services. An organization can more readily identify the SDGs it is best positioned to contribute to and benefit from by identifying the links between specific SDG targets and its business operations and/or products and services. SASB standards already identify the industry specific ESG risks and opportunities and how to unlock value – mutually beneficial to company, shareholders & society. (SASB, 2020.)

Figure 2. The sweet spot. Reproduced from SASB (2020).



See Box 3 for examples of impact approaches by different types of financial institutions. As there is no single global framework for defining and measuring impact, the approaches vary based on institution.

Box 3. Examples of impact approaches and strategies by different types of financial institutions

PGGM is a Dutch pension investor. PGGM has been focusing on impact since 2014 by investing in solutions for challenges like climate change to create both financial and social and/or environmental returns. PGGM has deepened its impact approach by mapping its portfolio to the SDGs first time in 2018 and has increased its SDG contributions to 18% by 2021. PGGM has developed a Sustainable Development Investments (SDI) taxonomy together with SDI AOP co-operation to standardize SDG and impact investing and to recognize investments that have a substantial contribution to the SDGs. The largest proportion of investments is focusing on climate-related SDGs (SDG 7, 11 and 13). With SDIs, PGGM views its portfolio's alignment to SDGs and calls it "inside-out impact". PGGM aims to explain the real-world utility of its investments through the SDI volume in euros first, but later also on companies' actual outputs, outcomes, and impact.

AXA IM is global asset manager. They launched their first impact strategy in 2013. In 2021 AXA described that its impact strategy has an aim to generate measurable outcomes addressing the needs of a specified groups, while also delivering financial returns. AXA highlights managing, monitoring, and measuring performance to be the crucial parts of the impact process. AXA uses SDGs as an overreaching guide and selects the goals and targets that are relevant to their impact mission, rather than assessing all 17 goals in their strategy. In AXA IM paper "Driving impact in listed assets investments" they note "*There is intense debate over how impact investing can be effective when implemented via listed assets. Challenges do remain, such as the low availability of clearly defined key performance indicators and the lack of industry-agreed impact investing standards."* For impactful approaches AXA IM proposes *"Allocating capital to 'impact leaders' and 'impact contributors'; and effecting change in companies through focused investor engagement*". One example of AXA's impact investment strategy in practice is their Impact Fund focusing on climate and biodiversity. The fund addresses six UN SDGs related on climate change and environment and the success of the fund is measured both in financial and impact criteria. The fund has key performance indicators, e.g., climate change mitigation measured by tonnes of CO2 avoided.

Zurich Insurance Group is a global insurer. They evaluate impact investments within the context of specific asset classes and create dedicated strategies for impact investments within those classes. According to Zurich Integrating environmental, social and governance (ESG) factors and excluding certain assets from portfolios manages the risks while impact investing goes one step further and covers a broad range of complex social and environmental objectives that aim to build a brighter future. Zurich has a dedicated impact investment portfolio of USD 5 billion and aims to avoid 5 million metric tonnes of CO2-equivalent emissions and improve the lives of 5 million people every year. We will build the diversified and profitable impact investment portfolio needed to meet these targets.

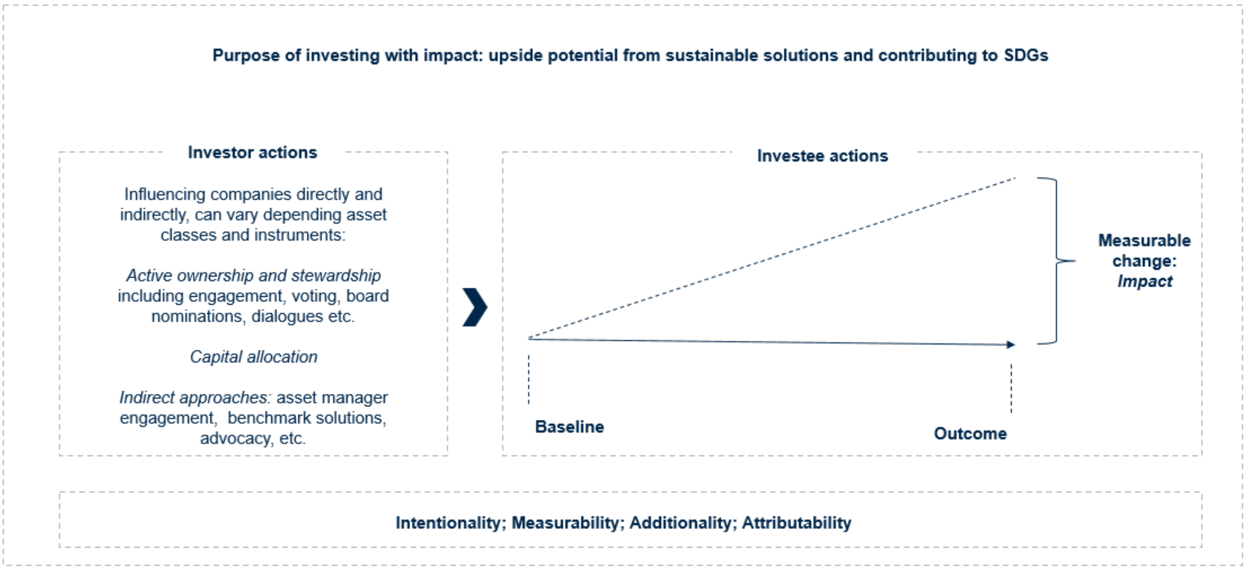
PGB is a Dutch pension fund. They have released an integrated SRI policy in 2020, which defines its strategy on socially responsible investments including framework, objectives, implementation, and reporting. PGB wants to apply its SRI policy to the whole portfolio as it believes in an integral approach and aims its investments to be responsible (ESG viewpoint, do no harm) and possibly have a positive impact on society (impact viewpoint, do good). The implementation of SRI happens via three pillars: restriction, reinforcement, and utilization. PGB has identified five main SDGs as their key objectives based on the survey conducted for its participants and is co-operating with SDI AOP platform.

Impact pathways from institutional investor perspective

From an institutional investor perspective, in line with the fiduciary duties, the goal is not investing solely for impact but with impact and increasingly trying to understand what the negative and positive impacts are, and how to measure and report them. Our goal is to manage pension assets profitably, securely and with positive impact to people and planet. However, while it is easier to measure if an investment did well in financial terms, measuring beyond financial impacts can be challenging.

According to Kölbel et al (2020[2]) investors do not have a direct impact on social and environmental parameters. Instead, investors have an impact on the companies they invest in, see Figure 3. In understanding how investors can generate impact, it can be useful to try to identify the impact pathways, i.e. how investor action potentially links to investee action that results with change in social and environmental variables. Impact pathways can be defined through identifying underlying action, the related output, outcome that follows and finally potential impact, see example in Figure 4.

Figure 3. Impact process by investors



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[2] Kölbel, J. F., Heeb, F., Paetzold, F., & Busch, T. (2020). Can Sustainable Investing Save the World? Reviewing the Mechanisms of Investor Impact. Organization & Environment 2020, Vol. 33(4) 554–574

Figure 4. Example impact pathway

Kölbel et al (2020) further note that there are two fundamentally different ways for investors to achieve investor impact:

i) by growing the level of company activity and
ii) by improving the quality of company activity.

In the same study three mechanisms for impact were identified:

i) shareholder engagement,
ii) capital allocation, and
iii) indirect impacts.

The study concluded that the impact of shareholder engagement is well supported in the literature, and the impact of capital allocation only partially, while empirical support is inconclusive. Regarding engagement, the study found that there is a reasonable probability for successful engagement requests, ranging from 18% to 60%. Going into more detail, Barko et al. (2017) and Dyck et al. (2019) show that shareholder proposals are associated with subsequent increases in the ESG ratings of targeted companies. Thus, there is some evidence that shareholder engagement is an effective mechanism through which investors can trigger reforms that improve the quality of company activities. To note, they also conclude in general that there is a gap in sustainable investing academic literature on investor impact.

Potential impact pathways for an institutional investor can be thought through investor activities and some are more applicable in certain asset classes. Some asset class specific examples in Table 1.

Table 1. Possible impact pathways and examples from different asset classes

Potential investor impact pathways	Examples in different asset classes of an institutional asset owner
Engagement	In listed equities influencing through engagement, voting, nomination committees to increasingly integrate sustainability into economic decision making at company level. Investor can also engage with index providers and managers with the view to indirectly, via these parties, influence underlying companies. Currently at Ilmarinen we use the above engagement methods. Engagement can be carried out typically directly with listed or non-listed domestic companies, and with international companies typically in collaboration with other investors or via service provider. Ilmarinen reports annually on engagement processes.

Capital allocation	Capital allocation via bonds to companies that provide positive contribution to global sustainability challenges e.g. via labelled (e.g. green, blue) or sustainability linked bonds. Sustainability linked conditions in private loans with potential to increase sustainability outcomes at company level. This has the potential to have a baseline and measure outcome to quantify and potentially attribute the change to the investors of the activity. In listed equity possible capital allocation is related to share issuance. The approaches on how to identify companies that provide products and services with positive impact on people and the planet can be based on mass data. However, there is high number of impact data providers with vastly different methodologies and it can be challenging to identify most optimal data source. In real estate the impact approaches can be built on contextual understanding, e.g., on energy efficiency or renewable energy generation on sites, or affordable housing. Investor can allocate capital to thematic funds (climate, natural capital, SDGs, etc.) or impact funds. The fund level impact frameworks need to be assessed on a case-by-case basis as there is no globally agreed definitions of measuring impact. As pension fund and legislation point of view, we must consider the secure and profitable return of our investments, thus, any thematic allocation needs to meet normal risk adjusted return targets while providing intentional and measurable impact. In our view, we aim to integrate impact into all asset class specific approaches rather than one portfolio, which might be a small fraction of the total investments. Currently our climate and biodiversity roadmaps guide our approaches. Currently SDG contribution can be assessed based on economic activities invested in the portfolio and based on company revenues linked to products and service that contribute to SDGs. At Ilmarinen we have been measuring and reporting SDG contribution of direct listed securities since 2017 and will continue reporting with aim to develop our reporting further as impact related reporting methods evolve.

SDGs – how do they link to impact?

Sustainable development goals (SDGs) were established in 2015 by the 193 member states of the United Nations to demonstrate the scale and ambition of the Agenda 2030. The SDGs provide a set of economic, social and environmental outcomes that governments, non-profits, companies and investors can work together to achieve by 2030. The SDGs involve 17 global goals, see Figure 5. The goals are divided into 169 associated targets and 247 indicators to measure the progress, you can find more detailed information here [THE 17 GOALS | Sustainable Development (un.org)].

Figure 5. 17 Sustainable Development Goals as established by United Nations.

"Capital markets can play a significant role in global efforts to achieve the SDGs. Given the scale and urgency of many of the challenges embedded in the goals, private-sector capital is needed to transform global ambition into global action." (SASB, 2020.)

Albeit SDGs are originally designed for governments, companies, investors, and other capital market participants play an important role as they can be both provider of capital and sources of innovative and collaborative solutions. According to Dutch Association of Investors for Sustainable Development (VBDO) achievement of SDGs is also the interest of the private sector. When a company aligns its business strategy with the SDGs, it is more likely that it understands its effects on the environment and societies it operates in, which enables anticipating market development, risk mitigation and opportunity identification. (VBDO, 2018)

The SDGs can be described as "shorthand for impact" (GS, 2021), since SDGs have been adopted as a common global framework for understanding relevant problems and possible solutions by many actors, including investors (MSCI, 2017) and contextualize the environmental and social impacts of business activities (GS, 2021).

SDGs in Ilmarinen investments

The SDGs are relevant for investors aiming to understand and measure their contributions to Agenda 2030. Our overall understanding on impact is aligned with UN SDG framework. The SDGs are chosen as one applicable framework at this time since they seek to address, the most pressing challenges societies and economies face to date, are commonly understood, and have legitimacy through UN.

Currently, there is no single common approach to SDGs that an institutional investor should or could use. On one hand, all the SDGs are important, but on the other hand, all the SDGs cannot be achieved by one company. As SASB SDG approach defines, a company can view SDGs via strategic lens and narrow its focus on the most important SDGs. This enables an approach where companies can utilize the relevant SDGs that best suit their business models and ultimately their wider strategic and future objectives. Thereby, the relevant first step is that the key SDGs are recognized. By identifying the most material SDGs we don't seek to rank or valuate importance of different goals. The simple reasoning is that some of the goals are potentially more suitable to be addressed by other actors (like nations or NGOs) rather than investors.

An institutional investor with diversified portfolio likely contributes to variety of SDGs. However, ex-post contribution is not sufficient to identify most meaningful SDGs from an institutional investor perspective. From impact perspective intentionality needs to be a consideration. Based on our climate and biodiversity roadmaps that aim to address significant sustainability risks and opportunities, we have determined the SDGs that are most crucial for our investment activities.

We define our climate action in our climate roadmaps. Our approach focuses on decarbonization and investing in climate solutions. In climate context SDG 13 Climate Change and SDG 7 Clean Energy are highly relevant. We invest also in real estate and infrastructure and consider that SDG 9 Industry, Innovation, and Infrastructure and SDG 11 Sustainable Cities and Communities are meaningful to us through these investments both in climate and biodiversity context.

We have established our biodiversity and natural capital related approaches in our Biodiversity Roadmap. In context of the biodiversity action the SDG 12: Responsible Consumption and Production, SDG 14: Life Below Water, and SDG 15: Life on Land are meaningful to us.

Table 2 SDGs most meaningful to Ilmarinen linked to examples of potential impact pathways

SDG	*Target*	*Indicator*	*Examples of potential impact pathways*
7 Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	7.2.1 Renewable energy share in the total final energy consumption	Engagement to increase transition to clean energy Capital allocation to renewable energy and energy infrastructure investments. Linked to Ilmarinen climate action described in Climate Roadmaps and target on renewable energy investments.
9 Industry, Innovation, and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable	9.4.1 CO2 emission per unit of value added	Engagement and capital allocation linked to climate action described in Ilmarinen Climate Roadmaps
11 Sustainable Cities and Communities	Target not directly applicable for institutional investor	Indicator not directly applicable for institutional investor	In real estate investments capital allocation to construction and management of sustainable buildings. Engagement on policy makers on climate and built environment.
12 Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	12.2.1 Material footprint, material footprint per capita, and material footprint per GDP	Capital allocation to companies providing solutions on climate and natural capital, including circular economy solutions. Engagement with companies to increasingly measure, manage and report on climate and natural capital. Linked to Ilmarinen Roadmaps on Climate and Biodiversity.

13 Climate Action	13.2 Integrate climate change measures	13.2.2 Total greenhouse gas emissions per year	Capital allocation to companies providing solutions on climate mitigation and adaptation. Engagement with companies to increasingly measure, manage and report on climate action to reduce emissions. Linked to Ilmarinen climate action described in Climate Roadmaps.
14 Life below Water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds	Indicator not directly applicable for institutional investor	Capital allocation to companies providing solutions on biodiversity and natural capital. Engagement with companies to increasingly measure, manage and report on biodiversity and natural capital. Linked to Ilmarinen Biodiversity Roadmap.
15 Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally 15.9 By 2020, integrate ecosystem and biodiversity values	15.2.1 Progress towards sustainable forest management	Capital allocation to companies providing solutions on biodiversity and natural capital. Engagement with companies to increasingly measure, manage and report on natural capital. Linked to Ilmarinen Biodiversity Roadmap.

For further reading and resources

AXA Investments Managers, Impact Investing Report 2021. view (axa-im.com)

AXA Impact Fund. Case Study 2019. AXA-Impact-Case-Study-Climate-Biodiversity-2019.pdf (inrev.org)

Global Impact Investing Network: The GIIN (thegiin.org)

Impact management Platform Impact Management Platform — Manage sustainability impacts (impactmanagementplatform.org)

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Robeco 2022. The SDGs at half-time – we need to score (with) more goals (robeco.com)

Robeco's SDG Framework 46b2a4b697dd4ab51f93cd9e9a7e5d07_202109-capturing-sdg-impact-robeco-sdg-framework_tcm17-31594.pdf

UN Global Compact and KPMG. 2015. SDG Industry Matrix SDG Industry Matrix | UN Global Compact

PGGM Impact investing Impact investment | PGGM (unglobalcompact.org)

PGGM Report 2021 integrated-report-pggm-vermogensbeheer-b-v-2021.pdf

Pensionfonds PGB integrated SRI policy 2020 PGB (pensioenfondspgb.nl)