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Report of the Board
of Directors and
Financial Statements



VARMA

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Report of the Board of Directors 2023

Varma's solvency was on a strong level throughout the year, and solvency capital stood at EUR 14.0 (13.3) billion at year-end. At year-end, the market value of the investments was EUR 59.1 (56.2) billion. The return on investments was 6.0 (-4.9) per cent. Administrative costs totalled 0.34 per cent of total TyEL payroll and YEL income.

Value of investments

€ **59.1** bn

Return on investments

6.0%



Solvency capital

€ **14.0** bn

Pensions paid

€ **7.1** bn

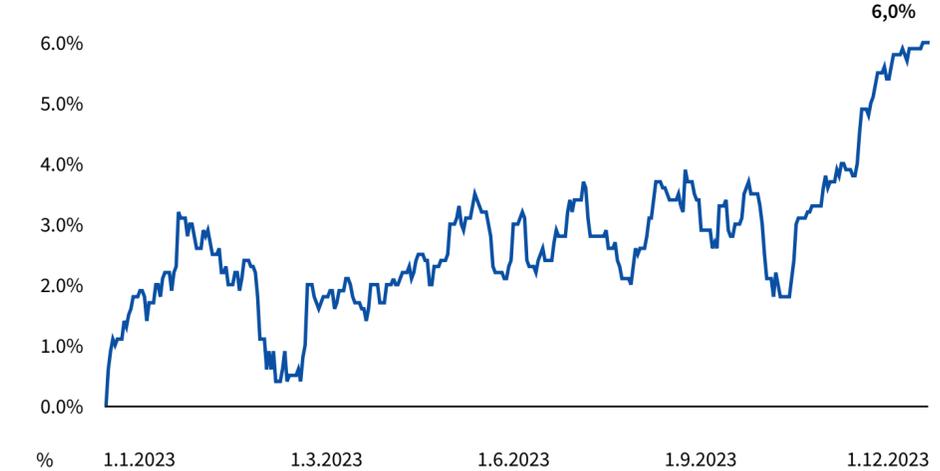
Premiums written

€ **6.5** bn

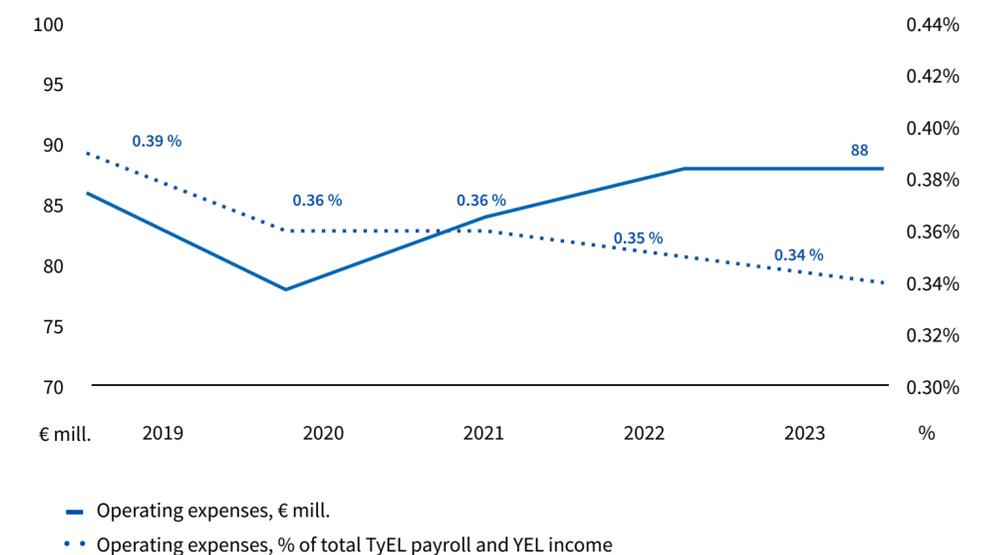
Insured customers

607,500

Investment return



Efficiency (Operating expenses of total TyEL payroll and YEL income)



Report of the Board of Directors 2023

The economic operating environment

The world economy grew faster than predicted in 2023, but the differences in economic performance between geographical areas and business sectors were great. Growth was largely driven by private consumption, while industry all but stagnated and construction contracted heavily across many countries. Employment developed rather favourably in spite of the problems in cyclical industries, and slowing inflation and increasing salaries supported households' purchasing power. Geographically, the USA was a bright spot for the global economy while Europe hit the brakes and growth in China fell clearly short of expectations. Although many economic indicators remained weak, global recession was avoided.

In 2023, the global economic performance was characterised by adapting to higher interest rates. Many central banks continued to tighten their monetary policies, but the resulting impact on economic growth was less than feared. Fixed-rate loans curbed the rise in debt service costs especially in the USA and in many countries of continental Europe. Global inflation took a sharp downward turn as the year progressed, and, for example, the Fed indicated possible interest rate cuts in 2024. As a result, the fixed income markets started to price

in aggressive easing of monetary policies, despite the clearly more moderate message by the central banks, and inflation remained above the central banks' target level.

The economic outlook is somewhat clearer, but tighter fiscal policies combined with the delayed impacts of higher interest rates continues to hinder economic growth. The clear slowdown in inflation is a relief for central banks, but the continued high wage inflation may slow down interest rate cuts. The geopolitical situation is also unstable, although tensions between the world's two biggest economies, the USA and China, seem to have eased at least temporarily. Large public deficits continue to put debt sustainability at risk, thus limiting fiscal policy leeway.

Earnings-related pension system

In 2023, the Ministry of Social Affairs and Health and the Ministry of Finance set up a working group to look into reforming the earnings-related pension system. The objective of the working group is to identify the changes that are needed to ensure the financial sustainability of the earnings-related pension system, secure an adequate level of benefits and stabilise the pension insurance contribution level through a rule-based stabilisation mechanism in the long term. The objective is also to strengthen

Varma's solvency was on a strong level throughout the year.

public finances in the long term by approximately 0.4 percentage points in relation to the GDP. The working group is expected to draw up a proposal of the measures by 31 January 2025, after which the proposal will be compiled into a government proposal. The key labour market organisations have also established a bipartite pension negotiation group to prepare the pension reform.

The Ministry of Social Affairs and Health confirmed the earnings-related pension contributions for 2024. The average pension insurance contribution according to the Employees Pensions Act (TyEL) is on average 24.81 per cent of wages and salaries, whereas in 2023 it was 24.84 per cent. In 2024, the employer contribution includes a 0.41 percentage point increment, which is used to cover the impacts of the temporary reduction in the employer contribution in 2020 due to the Covid-19 pandemic. The increment will be included in the employer contribution for the last time in 2025. The pension contributions of the self-employed will remain at the same level in 2024 as they were in 2023.

The earnings-related pension insurance companies proposed changes to the contribution category model used to finance disability pensions. The Ministry of Social Affairs and Health confirmed the changes at the end of 2023. The changes aim to, among other things, promote the employment of older workers and those with partial disability and encourage companies to adopt timely and effective rehabilitation practices. The changes are effective as of the beginning of 2024, but they include a long transition period.

An earnings-related pension index is used to adjust pensions in payment annually in January to

ensure pensions' purchasing power. The Ministry of Social Affairs and Health confirmed that the earnings-related pension index for 2024 will rise by 5.7 per cent.

Pension contributions and return requirement on technical provisions

The average TyEL contribution in 2023 was 24.84 per cent of the wages and salaries. Of this, the employee contribution was 7.15 per cent for those under 53 and over 62, and 8.65 per cent for those between the ages of 53 and 62. The average contribution included a 0.44 percentage point increase, which was used to cover the impacts of the temporary reduction in the employer contribution in 2020 due to the Covid-19 pandemic. In 2023, entrepreneurs' YEL contribution was 24.1 per cent of the confirmed earnings for those under the age of 53 and over the age of 62, and 25.6 per cent for those aged 53–62.

The return requirement on technical provisions in 2023 was 6.02 per cent, which consisted of a 3.00 per cent fund rate, a pension liability supplementary factor and the return on equity component. The supplementary factor was 0.68 per cent on average in 2023. The return on equity component in 2023 was 11.7 per cent, and its effect on the return requirement was approximately 2.34 percentage units (a fifth of the return on equity component).

The insurance contribution interest rate, used to calculate pension contributions, stood at 2.45 per cent until 30 June, and at 3.85 per cent for the second half of the year. As a result of the general rise in interest rates, the insurance contribution interest rate rose in 2023 above the minimum level of 2.00

per cent for the first time in years. The technical rate of interest, which is used to determine the interest rate of the oldest pension loans to Varma's customers and a number of other items, was 5.0 per cent throughout the year.

Varma's economic development

Varma's total result at fair value stood at EUR 815 (-3,466) million.

Varma's solvency was on a strong level throughout the year. Solvency capital totalled EUR 14,010 (13,344) million at the end of the financial year. Varma's pension assets in relation to technical provisions (solvency ratio) were 130.4 (130.5) per cent. Solvency capital was at a secure level, i.e. at 1.6 (1.8) times the solvency limit. The solvency limit is changed in accordance with the risk level of the investments. Varma's strategic goal is to maintain the company's strong solvency through stable returns.

The return on investments was EUR 3,363 (-2,868) million at fair value, which was 6.0 (-4.9) per cent of the invested capital. The return credited on the technical provisions was EUR 2,624 (768) million. Thus, the investment result for 2023 totalled EUR 739 (-3,636) million. Varma's total operating expenses were EUR 137 (136) million. The loading profit was EUR 4 (38) million. Following the introduction of the company-specific administrative cost component, the administrative cost component included in the insurance contribution has been adjusted to reflect Varma's costs in 2023. The underwriting result was EUR 70 (115) million and other result was EUR 2 (16) million. The underwriting result is explained by the increased mortality, lower than expected disability pension expenditure and stron-

ger than expected increase in the payroll.

As client bonuses, Varma will pay one per cent of its solvency capital. At the end of 2023, EUR 142 (173) million was transferred to the provision for current bonuses reserved for client bonuses. The transfer represents roughly 0.6 (0.7) per cent of the payroll of the insured. Until 2022, loading profit was also included in the transfer. Varma's strong solvency ensures competitive client bonuses, and good operational efficiency lowers the administrative cost component included in the pension contribution. Thus, strong solvency and operational efficiency benefit Varma's clients.

The TyEL payroll of those insured by Varma totalled roughly EUR 25.4 (24.1) billion in 2023. The total payroll increased 5.2 per cent from the previous year. Varma's premiums written totalled EUR 6,466 (6,119) million, of which TyEL insurance accounted for EUR 6,254 (5,919) million and YEL insurance for EUR 213 (199) million.

At the end of the financial year, 607,535 (590,218) individuals were insured by Varma. At the end of 2023, the number of valid insurance policies totalled 77,797 (72,427), covering 43,955 (42,494) self-employed persons and 563,580 (547,724) employees.

In 2023, a total of 4,651 (4,197) new TyEL insurance policies and 7,011 (7,517) YEL insurance policies came into force at Varma.

During the year, Varma reviewed the incomes of 12,000 self-employed persons in accordance with the Self-employed Persons Pensions Act (YEL), which requires the reviews to be performed every three years. In the first phase, the income of self-employed persons whose YEL income was less than 15,000 euros and whose income had not been significantly adjusted in the past three years was

reviewed. In 2024, the incomes of self-employed people whose income is not more than EUR 25,000 will be reviewed.

During the 2023 account transfers, EUR 21 (35) million in net TyEL income was transferred to Varma from other earnings-related pension companies, and EUR 77 (59) million in new TyEL policies were sold. The corresponding impact on YEL premiums written was EUR 33 million.

Varma received 10.1 (9.8) million income and employment notifications from the Incomes Register during 2023. Income data is reported to the Incomes Register regularly after earnings are paid.

Varma provides policyholders with services through its own service channels and through the service networks of If P&C Insurance and the Nordea Group.

In 2023, a total gross amount of EUR 7,073 (6,492) million in pensions was paid out. The number of pension recipients slightly decreased, and at year-end, Varma was paying pensions to 350,000 (352,000) people.

Varma's total processing time for pension applications in 2023 was 15 days, which was 5 days shorter than the average processing time in other earnings-related pension companies.

A total of 24,825 (28,472) new pension decisions were made in 2023. The number of new pension decisions decreased 12.8 per cent compared to 2022, and the total number of all pension decisions was 10.8 per cent lower than in 2022. Of the new decisions, old-age pension decisions numbered 10,134 (11,812), disability pension decisions 6,295 (5,821) and partial early old-age pension decisions 4,317 (7,011). Continuation decisions on temporary pensions totalled 4,941 (4,667), and other decisions

numbered 22,259 (25,165). These include rehabilitation benefit decisions, preliminary decisions and other decisions required as a consequence of the changes in pension rights. The share of rejected new disability pension applications was 41.1 (40.4) per cent. Pension applications filed online accounted for 69 (71) per cent of all pension applications.

The number of disability pension applications continued to increase in 2023. The number of disability pension applications received by Varma stood at 13,252, which is 3.8 per cent more than in the previous year. New disability pension applications numbered 5,644, up 5.4 per cent. In keeping with 2022, the majority of the growth stemmed from the older age groups. The average starting age of new full disability pensions was 52.5 years. Men accounted for 63.7 per cent of the granted disability pensions, which reflects Varma's insurance portfolio. Preliminary applications for partial disability pension took an upward turn (3.1 per cent) in 2023. Women in particular applied more often for a preliminary decision concerning partial disability pension than in the previous year, up 7.7 per cent.

At 34.8 per cent, mental health disorders were the main reason for new disability pensions. Among women, their share was as high as 43.2 per cent, whereas among men the figure was much lower, at 30.0 per cent. The second most common reason for disability pension was musculoskeletal diseases, at 26.1 per cent. The largest number of disability pensions was granted to employees in the construction and transport sectors. The dominant reason was musculoskeletal diseases. The second-largest number of disability pensions was granted to employees in the care and social services sectors. These numbers reflect not only the strenuous nature of

these sectors but also their significant proportion in Varma's insurance portfolio. As in previous years, the share of rejected new disability pension applications was very high, at around 41 per cent. Reasons behind the high rejection rate are the higher-than-average rejection rates of young people's applications and applications for mental health reasons.

The number of rehabilitation applications took an upward trajectory in 2023 after a decline in the previous two years. The number of applications received by Varma stood at 2,268, which is 10.9 per cent more than in the previous year. Among women, the increase was as high as 19.1 per cent, among men 4.1 per cent. However, the number of positive rehabilitation decisions fell 7.0 per cent as a result of the higher rejection rate. The average age of new rehabilitants was 48. Men account for 59 per cent of the new rehabilitants. Rehabilitation's effectiveness, which was already high, further improved in 2023. More than 86 per cent of the rehabilitants who participated in a rehabilitation programme returned to the labour market. Among our rehabilitation customers, the greatest disability threat was caused by musculoskeletal diseases, and the second most common cause was mental health disorders.

Varma has for years been a forerunner in vocational rehabilitation, and the company actively steers those with a work ability risk to rehabilitation. Varma piloted the Individual Placement and Support (IPS) model in vocational rehabilitation during 2020–2023, and based on the results, the model will be introduced nationwide in 2024. Of the rehabilitants participating in the pilot project, 64 per cent were gainfully employed, which clearly exceeds the results of the reference group (38). The pilot pro-

ved that the IPS approach is useful in vocational rehabilitation and an effective means of supporting mental health rehabilitants in returning to gainful employment.

Our corporate customers' digital services for managing disability risks were integrated in a single system in the Varma Online Service. Our analytics now provide more detailed disability risk assessments and thus better effectiveness. Varma's researchers continued to publish sector-specific research reports on disability risks and the management thereof. These were utilised to a great extent in service development and customer work. We also expanded and actively developed other services related to disability risk management in response to the change in working life and disability risks. Varma also continued active co-development with customers and other stakeholders and partners.

In terms of customer service, the Varma Online Service is a key service channel. Through Varma's online services, the insured can obtain the most recent estimate of their pension amount at their planned retirement age. Of these estimates, 98.1 (98.2) per cent were calculated online. Pensions and rehabilitation can also be applied for, and the status of the application can be tracked, online. A total of 20,856 (24,505) applications were submitted electronically during the year.

The insured can see the development of their earnings-related pension in their pension record. Altogether 168,615 (142,275) people checked their pension records online. Varma sends a pension record to those insured who want to have their information on paper once every three years. In 2023, Varma sent out a total of 180,890 (197,000) pension records.

	31 Dec 2023	31 Dec 2022	Change
Number of insured			
TyEL	563,580	547,724	15,856
YEL	43,955	42,494	1,461
Total	607,535	590,218	17,317
Number of insurance policies			
TyEL	33,842	29,933	3,909
Number of pensioners			
Part-time pension		3	-3
Partial disability pension	3,066	3,144	-78
Partial early old-age pension	11,663	10,430	1,233
Survivors' pension	50,255	50,429	-174
Disability pension	15,165	15,679	-514
Old-age pension	260,393	261,930	-1,537
Early old-age pension	9,894	10,549	-655
Years-of-service pension	52	33	19
Total ¹⁾	350,488	352,197	-1,709
¹⁾ Those receiving YEL pension	28,425	28,709	-284
Those receiving TEL/YEL supplementary pension	40,814	41,747	-933

Technical provisions

Varma's technical provisions grew 3.5 (0.3) per cent to EUR 46,966 (45,373) million. In addition to the increased actual provisions for unearned premiums and outstanding claims, the technical provisions contain a provision of EUR 142 (174) million for current bonuses reserved for client bonuses, a provision of EUR 892 (1,573) million for future bonuses contained in the solvency capital, and EUR -17 (-950) million in an equity-linked buffer.

Changes in the insurance portfolio

During the financial year, no insurance portfolio transfers to Varma took place, nor did Varma make portfolio transfers to others.

Investments

In 2023, the return on Varma's investments reached 6.0 (-4.9) per cent, and at year-end, the fair value of investments amounted to EUR 59,078 (56,204) million. At year-end, Varma's solvency ratio was 130.4 (130.5) per cent.

The returns increased as the year progressed, and performance especially in the last quarter was strong. The return differences between asset classes levelled out during the year, but the returns on real estate were clearly in negative territory. Risk sentiment was driven by dissipating fears of a recession and a downward turn in inflation, and towards the end of the year, the markets no longer believed the central banks' assertions of prolonged tight mone-

tary policy. Interest rates took a clear downward turn in the final quarter of the year. The returns on most asset classes strengthened.

Equity investments yielded 8.6 (-8.7) per cent. The return on listed equities was as high as 10.3 (-16.8) per cent, but the differences between geographical areas and business sectors were great. Of Varma's listed equity investments, American equities yielded 18.5 per cent, while Finnish equities returned less than one per cent. The reported return on private equity investments showed moderate growth, reaching 5.5 (7.9) per cent.

The downward turn in interest rates at the end of the year raised the return on fixed income investments to 5.6 (-5.2) per cent. The highest returns among fixed income investments were generated by higher-risk corporate bonds and emerging countries' government bonds. The returns on lower-risk government bonds were driven by the clear decline in interest rates at the end of the year. The strong sentiment also boosted loan receivables, which yielded 7.3 (3.9) per cent.

The return on real estate investments was negative, at -4.3 (5.7) per cent, as the markets continued to expect higher returns on real investments in the sustained high interest rate environment. Despite the slump in the real estate market, the inflation hedge provided by real estate investments has contributed to offsetting the change in value, as rents have generally followed the development of inflation, increasing net rental income despite the rise in maintenance costs. The fair values of Varma's real estate were verified by an external party during the financial year and in relation to the financial statements.

The return on other investments reached 5.6 (2.7) per cent. Hedge investments benefited from the economic performance in the USA, higher risk premiums and interest income, which bolstered the development of corporate bond and mortgage investments in particular. Due to lower duration, however, the returns were outperformed by listed corporate bonds.

Varma has US-dollar-denominated investments in hedge funds, equities, corporate bonds and private equity funds. In accordance with Varma's investment policy, part of the currency risk is hedged. In terms of operations, foreign currency risks are managed as a whole, and in financial reporting, the exchange rate impact is included in the returns of various asset classes. The US dollar depreciated slightly against the euro during the year, pushing the returns on Varma's investments somewhat lower.

Varma's investment activities focussed on maintaining the company's secure solvency position, broadly diversifying investments and strongly emphasising risk management. In its investment risk management, the company used derivatives for hedging purposes and to control the risk level of the portfolio. The market risk of investments is the greatest risk affecting the company's result and solvency. Equities constitute by far the greatest market risk. The VaR (Value-at-Risk) figure describing the total risk of Varma's investments stood at EUR 2,311 (2,727) million.

Operating expenses

Controlling operating expenses is a key objective for Varma while simultaneously improving operational

efficiency. As of the beginning of 2023, the determination of the expense loading component included in the TyEL contribution was changed such that the earnings-related pension company's operational efficiency has a direct impact on the customer's insurance contribution. Following the reform, the administrative cost component included in the insurance contribution was adjusted to reflect Varma's operating expenses in 2023.

Increasing operational efficiency also requires continuous control of human resources and, in particular, IT system expenses, as these account for most of Varma's operating expenses. Varma's total operating expenses increased by 0.8 per cent, and stood at EUR 137 (136) million. The operating expenses for Varma's TyEL and YEL activities totalled EUR 88 (88) million.

Varma is actively involved in the development and administration of the pension sector's joint information systems, and expects from the joint systems transparency and efficiency in terms of costs.

Personnel

The average number of the parent company's personnel and the salaries paid during the financial year are shown in the table below.

	2023	2022	2021	2020	2019
Average number of personnel	564	531	527	537	537
Salaries and remunerations, EUR million	49.3	46.3	43.6	37.7	37.6

Tieto Esy, which is included in the Consolidated Financial Statements using the equity method, had an average of 20 (28) employees in 2023.

At year-end, Varma's personnel were distributed as follows: pension services 16 (17) per cent, insurance and actuary services 12 (11) per cent, customer service departments 17 (17) per cent, services related to disability risk management 13 (13) per cent, investment operations 13 (14) per cent, and other functions 30 (28) per cent.

Further information on Varma employees is given in this Report of the Board of Directors, under the section Non-financial information; [Responsibility for Varma employees](#).

Group companies and associates

At the end of 2023, the Varma Group comprised 107 (103) subsidiaries and 16 (17) associates. The most important subsidiaries and associates are Tieto Esy Oy (50.1 per cent) and Alcobendas Investments SL (50.0 per cent). The Varma Group also owns 50 per cent of the guarantee capital of Kaleva Mutual Insurance Company. Most of the subsidiaries and associate companies are real estate companies.

Governance

Policyholders and the insured have voting rights at Varma's Annual General Meeting. Varma's Annual General Meeting was held on 14 March 2023. The Annual General Meeting elected five new members to the Supervisory Board. Anne Karjalainen, Katariina Kravi, Elisa Markula, Maria Mäkynen and Marko Piirainen were elected as new members to the Supervisory Board. The Annual General Meeting approved the financial statements and discharged the Board of Directors, the Supervisory Board and the President and CEO from liability for the financial year 2022.

Continuing as Supervisory Board members were Christoph Vitzthum (Chair), Päivi Leiwo (Deputy Chair), Petri Vanhala (Deputy Chair), Juri Aaltonen, Ari Akseli, Eero Broman, Petri Castrén, Kim Forsström, Lasse Heinonen, Marko Hovinmäki, Olavi Huhtala, Mika Joukio, Jukka Jäämaa, Risto Kalliorinne, Ville Kopra, Tapio Korpeinen, Pekka Kuusniemi, Johanna Moisio, Pasi Pesonen, Perttu Puro, Mika Rautiainen, Eeva Sipilä, Pekka Tiitinen, Markku Varis, Jorma Vehviläinen, Anssi Vuorio and Sauli Vantti.

Varma's Supervisory Board held its constitutive meeting on 24 May 2023. Christoph Vitzthum continues as Chair of the Supervisory Board, and Päivi Leiwo and Petri Vanhala continue as deputy chairs.

Ernst & Young Oy, with Authorised Public Accountant Antti Suominen as chief auditor, served as Varma's Auditor.

As of the beginning of 2023, Varma's Board of Directors is composed of Jaakko Eskola (Chair), Antti Palola (Deputy Chair), Risto Penttinen (Deputy Chair), Riku Aalto, Anu Ahokas, Ari Kaperi, Jyri

Luomakoski, Petri Niemisvirta, Teo Ottola, Pekka Piispanen, Saana Siekkinen and Mari Walls, and deputy members Jari Elo, Jouni Hakala and Kari Välimäki.

In its meeting on 29 November 2023, Varma's Supervisory Board elected Anja Frada, Kristiina Mäkelä and Merja Ranta-aho as new members, and Ville Talasmäki as a new deputy member of the Board of Directors as of 1 January 2024. The memberships of Jyri Luomakoski, Petri Niemisvirta and Mari Walls and the deputy membership of Kari Välimäki in the Board of Directors ended on 31 December 2023. The Board of Directors elected in its meeting on 18 January 2024 the presiding officers for the 2024 term. Jaakko Eskola was re-elected Chair, and Antti Palola and Risto Penttinen were re-elected as deputy chairs.

[An up-to-date Corporate Governance Statement](#) based on the recommendations of the Finnish Corporate Governance Code is presented on Varma's website.

Capital and reserves

Varma's capital of EUR 152 million consists of basic capital (EUR 12 million), other funds (EUR 127 million), profit brought forward from previous financial years (EUR 6 million) and profit for the year (EUR 7 million).

Risk management

The goal of Varma's risk management is to identify and manage, in accordance with the defined risk appetite, risks that the company is exposed to, arising from and centrally linked to its business activities, and to secure continuity of operations. Risk

management also secures business continuity. As a responsible operator, Varma considers it vital that the execution of the company's core task as a provider of statutory pension insurance is guaranteed and adequately efficient under all circumstances.

In accordance with the act on earnings-related pension companies, Varma's Board of Directors draws up an annual risk and solvency assessment. The assessment was updated at the end of 2023. Varma's risk management activities are also guided by the principles for the risk management system, which are annually approved by the Board of Directors. Company-level risk management is an element of the finance and actuary functions in order to ensure that risk reporting and risk management are independent of the risk-taking function.

As a provider of statutory earnings-related pension insurance, Varma's main risk is related to solvency management. The single largest risk factor in terms of solvency management is related to investment performance. When investment returns exceed the return requirement on technical provisions, the company's solvency improves, and if they fall short of the return requirement, solvency declines. The principles for investment risk management are determined in the company's investment plan, which is drawn up by the Board of Directors. The plan documents the general security goals set for investments, the diversification and liquidity goals of investments, and the principles for organising currency risk hedging. The Board of Directors assesses the investment risks, which may relate to changes in value, expected returns, security and the principles of foreign currency policy, and the development of the company's solvency. The Board of

Directors also assesses the investments' security and the company's risk-bearing capacity in terms of investments, including the development of the company's solvency.

The most significant operational risks in 2023 related to ensuring business continuity in possible external and internal information system failures. Risks also applied to developing the business in a changing operating environment. More information about strategic, financial, investment and operative risks, as well as related quantitative data, is provided in the notes to Varma's financial statements.

Outlook

The outlook for the economic operating environment is fairly uncertain. One of the biggest concerns in terms of the world economy and investment markets is the risk of a recession. It is also possible that inflation will not slow sustainably and that the impacts of the central banks' monetary policy measures will not last. The rise in interest rates and high indebtedness limit fiscal policy leeway. They also reduce households' spending opportunities. The markets' risk pricing has levelled out, but the higher costs of capital continue to undermine the debt service capacity of certain sectors and companies in the environment of muted growth.

Geopolitical risks are elevated. Inflation has started to decline, but there is major uncertainty related to its future development, which at times may be reflected in the markets as interest rate fluctuations. Expenditure pressures related to the aging population, security and energy policy challenges, and higher debt service costs than in recent years make it more difficult to maintain a sustain-

nable economic policy in Finland. At the same time, economic policy reforms geared to strengthening productivity growth should be carried out in an environment of slow growth and unstable political atmosphere. The rapid development of artificial intelligence may boost future development of productivity, but its actual impacts on global growth and productivity is still difficult to assess.

However, Varma's strong solvency position and careful risk management ensure good conditions for both investment performance and securing the pension benefits of the insured in all market conditions. Varma continues to effectively implement the earnings-related pension system.

Report on non-financial information

Business model description

Varma has the core responsibility of implementing statutory earnings-related pension cover. Sustainability is one of Varma's strategic focus areas. According to the materiality assessment carried out by Varma, sustainable business means for Varma first and foremost taking care of pension assets and pension payments, investing responsibly and promoting sustainable working life. The role of Varma's Investment Operations is essential with respect to environmental responsibility, social responsibility, such as responsibility for Varma's employees and respect for human rights, and anti-corruption and anti-bribery. The main sustainability risks may, if realised, affect Varma's business through, for example, financial loss or weaker stakeholder trust.

Sustainability in Varma's business operations is steered by, in addition to the strategy and values,

sustainability principles, such as the Code of Conduct, Anti-Bribery Policy, Supplier Code of Conduct and the Tax Policy. Our operations are also steered by the Sustainability Programme, which is based on the materiality assessment. The programme defines our sustainability focus areas and the related objectives and measures. Responsible investment at Varma is guided by the Principles for Responsible Investment, Active Ownership and Engagement Principles, Climate Policy for Investments, Ownership Policy and annual targets for responsible investment. All these principles and the Sustainability Programme have been approved by Varma's Board of Directors. The oversight responsibility for sustainability at Varma is exercised by Varma's Board of Directors. The Board of Directors discusses responsible investment issues on a monthly basis, current sustainability issues in the annual sustainability review, climate risks on a quarterly basis and sustainability risks as part of the annual risk and solvency assessment. Varma's Executive Group addresses all key decisions relating to the development of sustainability. Sustainability issues are represented in Varma's Executive Group by the Senior Vice President, Sustainability and Communications. The Responsible Investment & Sustainability department develops and co-ordinates Varma's sustainability. The department works in co-operation with Varma's various functions and their sustainability coordinators, developing sustainability in accordance with external requirements and the sustainability programme.

The sustainability of Varma's own operations is closely linked to the compliance function to the extent that, for example, the Code of Conduct stems

from legislation applicable to the organisation. The Responsible Investment & Sustainability department and compliance function work in close co-operation. The Compliance Officer reports on compliance activities to the Board of Directors and its Audit Committee, and administratively to the President and CEO.

In its sustainability efforts, Varma is committed to the UN Global Compact initiative on corporate sustainability and its principles, the UN's principles concerning business and human rights, and the UN-supported Principles for Responsible Investment (PRI).

Varma's sustainability targets and measures are explained more broadly in a separate report conforming to the Global Reporting Initiative (GRI) standards. The report is integrated in Varma's online annual report, which will be published in March.

The EU's Corporate Sustainability Reporting Directive (CSRD), which is being phased in from the start of 2024, introduces new sustainability disclosure obligations for Varma's 2024 Report of the Board of Directors. In 2023, Varma implemented a number of measures to prepare for the upcoming regulation. The biggest effort was the double materiality assessment referred to in the CSRD. We also prepared for the future requirements by broadly discussing responsibility and sustainability matters during the strategy day of the management and Board of Directors. In 2024, Varma's Sustainability Programme will be renewed based on the double materiality assessment.

Ethical and sustainable business

In its Code of Conduct, Varma commits to, among other things, operating responsibly and sustainably, promoting human rights, combating the grey

economy and bribery, and avoiding conflicts of interest. The Code of Conduct establishes anti-bribery and anti-corruption practices concerning, for example, offering and accepting gifts and hospitality. An online course, which is organised every two years, helps assimilate the Code of Conduct. The online course, which was last organised in 2022, was completed by 92 per cent of Varma employees.

The Code of Conduct is complemented by other internal guidelines and instructions relating to, for example, data security and data protection, and the identification and prevention of money laundering.

Varma has also adopted an independent whistleblowing channel for reporting misconduct anonymously. The reports are handled confidentially by an independent whistleblowing team in accordance with a separately-defined process. In 2023, a total of 15 reports were submitted through the channel. None of these concerned misconduct as referred to in the directive. Four of the reports concerned disability pensions that were possibly granted on false grounds. Individual reports were also submitted relating to, for example, insolvency and rehabilitation matters.

Social responsibility

For Varma, social responsibility means respecting human rights in all operations, high-quality and smooth implementation of pension provision, promoting our customers' work ability and responsibility for our employees.

Respect for human rights

Varma is committed to respecting human rights and operating in accordance with the United Nations Guiding Principles on Business and Human Rights. Varma requires the same from its supply chain and investees.

In 2022, Varma carried out a human rights survey, which helped us identify that Varma's operations have a particularly key impact on the realisation of human rights among our investees, personnel and supply chain. We continued this work in 2023 as part of the UN Global Compact's Business and Human Rights Accelerator programme, and respecting the human rights of private customers was also identified as a key element of our social responsibility related to human rights. In the course of the programme, we estimated that in terms of investees, a key aspect is how the human rights of the value chain employees, impacted communities or consumers, or end-users are realised. In the supply chains, factors related to employee safety and the realisation of labour rights as part of human rights are highlighted. Among private customers, issues related to privacy and equality are emphasised. In addition to the assessed key risks, the working conditions and equality of its own employees are important for Varma.

In its operations, Varma follows the Principles for Human Rights, drawn up in 2022, in which we commit to address violations of human rights and identify, prevent and mitigate comprehensively any negative human rights impacts from Varma's operations and address them effectively. The means for identifying, assessing, addressing and monitoring the realisation of human rights are included in the

sustainability measures of the different functions.

In 2023, Varma continued to organise training on human rights responsibility in the form of, for example, an information campaign aimed at all employees. Varma employees from different functions also participated in the Business and Human Rights Accelerator programme, assessing the human rights risks and planning measures.

Responsibility for customers

Varma has been improving the processing of pension applications so that its customers receive a decision on their pension as quickly as possible. In 2023, the average processing time for all pension applications was 15 (16) days. Varma's goal is to ensure that people who are retiring receive uninterrupted income and that pension is paid to their bank account during the first month of their retirement. In 2023, the first pension was paid within the target period to 89.2 (89.3) per cent of new pensioners.

Varma's goal is to lengthen careers by reducing disability pensions, developing work ability management and providing effective rehabilitation. In 2023, the average disability pension contribution category of Varma's client companies was 3.5 (3.4).

Of Varma's vocational rehabilitation customers who have started a rehabilitation programme, 86 (82) per cent returned to the labour market during the year.

In 2023, Varma rejected 41.1 (40.4) per cent of new disability pension applications. The corresponding rate for the private earnings-related pension sector was 40.8 (38.1) per cent. The Pension Appeal Board changed Varma's disability pension decisions

in 10.1 (10.3) per cent of the cases it handled. The corresponding rate for the entire private sector was 10.3 (9.4) per cent.

Responsibility for Varma employees

Varma takes care of the work ability, competence, and equal and non-discriminatory treatment of its personnel. Varma's People, Health & Safety guidelines and procedures describe areas such as leadership, HR planning, recruiting, pay and rewards, competence and development, diversity, equality and non-discrimination, as well as occupational safety, work ability and employer-employee co-operation.

Varma focusses on occupational safety and maintaining its employees' work ability. We manage the disability risk identification process through occupational health and safety (OHS) activities and the OHS organisation, comprehensive occupational health care and co-operation between supervisors and HR. OHS work focusses on leadership, the workplace atmosphere, work management and adapting to change through measures to prevent psychological stress. In the 2023 employee survey, the work ability index of Varma employees was 83.7 (80.1) on a scale of 1–100.

The realisation and experience of equality and non-discrimination are measured at Varma through a separate survey, which is conducted once every two years to identify any areas needing improvement. The results of the survey conducted late in 2022 were excellent, indicating consistent improvement in the experience of equality and non-discrimination. The biggest positive development can be seen in gender equality as regards pay, career opportunities, and training and study opportu-

nities. Our active, continuous work to promote equality and non-discrimination, along with Pride co-operation and promoting the rights of sexual and gender minorities received special recognition. Areas in need of improvement include attending to the equality of employees of different ages and in different family situations. A new equality and non-discrimination plan for 2023–2024 was drawn up on the basis of the survey results. The plan explains how Varma promotes equality, improves diversity and prevents and addresses discrimination in its own activities. In 2023, Varma broadly adopted the anonymous recruiting practice tested earlier and made personnel benefits more equal.

The annual PeoplePower Index, measuring Varma employees' satisfaction and engagement, was 79.2 (78.5) in 2023. With its best-ever result, Varma made it onto the list of Finland's Most Inspiring Workplaces for the sixth time in a row.

Responsible value chain management

In order to ensure sustainability in its supply chain, Varma requires its partners to commit to Varma's Supplier Code of Conduct, which is attached to contracts. Direct service providers are responsible for their own supply chain, and they are obligated to ensure that Varma's principles are abided by in their own operations.

The Supplier Code of Conduct covers, among other things, compliance with regulations, human rights and labour rights, occupational safety and health, and respect for the environment. It also includes a notification requirement concerning Code violations and permission for audits performed.

Varma has adopted a harmonised contract mana-

gement system, which helps ensure that the Supplier Code of Conduct is taken into account in our contracts.

In 2023, Varma conducted a human rights and environmental responsibility survey among its suppliers. The survey was sent to the largest suppliers, excluding the construction sector. A total of 59 suppliers responded to the survey, most of which were companies providing ICT services. Of the respondents, 78 per cent said they are committed to following the UN Global Compact principles. The survey also looked into the human rights due diligence practices of the suppliers, how they take into account health and safety and labour rights in their operations, and how the companies manage their own supply chains. As regards environmental responsibility, the survey showed that 77 per cent of the respondents had in place a policy covering environmental sustainability.

In investments, preventing money laundering and complying with sanctions are key to the sustainability of the supply chain. Practices concerning the prevention of money laundering and compliance with international sanctions have been written down in Varma's risk assessment on money laundering. We organise regular training on the theme. In fixed income, hedge, infrastructure and real estate fund investments, preventing money laundering is addressed in the legal due diligence process and, if necessary, ensured via contracts. Furthermore, continuous monitoring of observations related to money laundering is part of market monitoring. In direct real estate investments, the main means of preventing money laundering relate to identifying the actual beneficiary of tenants and corporate

tenants, obtaining information on tenants' activities, reporting suspicious activities to the National Bureau of Investigation, money laundering risk assessment, employees' training and retaining the information.

Evaluation of investees' responsibility and sustainability

Responsible investment means taking into account, in addition to expected returns, aspects related to the investee's responsibility and sustainability, including environmental impacts, social matters and good governance, in our investment decisions.

From an investor's perspective, making allowances for sustainability does not conflict with expected returns. For Varma, sustainability is a means of securing long-term returns on investments while ensuring that risks and opportunities are taken into account broadly in investment decisions. Varma's principles for responsible investment cover all asset classes and are applied differently depending on the asset class and type of investment. In analysing responsibility, Varma focusses on the most material responsibility aspects related to the specific industry and asset class.

Varma expects its investees to comply with local legislation and international standards and agreements, including the principles of the UN Global Compact initiative on corporate sustainability and respect for human rights.

For ethical reasons, Varma excludes from its direct investments companies that concentrate on the manufacture of tobacco and companies that manufacture controversial weapons, such as nuclear weapons, anti-personnel mines, cluster

bombs, and chemical and biological weapons. In investments other than direct investments, such as in index funds, Varma requires that they do not contain companies that operate in those industries or strives to engage with them with the aim of excluding such industries. In its climate targets, Varma has excluded investments in companies with coal- or lignite-based operations accounting for more than 10 per cent of their net sales, production or production capacity.

Varma has also identified industries with a pronounced need for due diligence, i.e. with higher environmental, social and governance risks. The due diligence process applies to, for example, the arms industry, alcohol and gambling industries, and industries exposed to climate and biodiversity risks.

Varma engages with the companies in which it has a holding also, for example, by participating in the work of nomination boards and in annual general meetings.

Varma's share ownership policy describes Varma's activity as a shareholder in both Finnish and foreign companies. In the policy, Varma encourages transparent remuneration practices and appropriate reward systems. Additionally, Varma encourages our investees to report their remuneration metrics in a way that clearly shows what the remuneration is based on. Varma also expects the relative weights of the different metrics to be reported. Furthermore, Varma sees it as a positive development that material and measurable sustainability criteria are adopted. The policy highlights the importance of the controlled renewal and continuity planning of the board. Successor planning is particularly important when it comes to the board's chair. The normal

recommended term for a member of the board of directors is six to ten years. Varma requires that share issue authorisations which are significant in terms of size and are sought for general use do not, as a general rule, include authorisation for a directed share issue without more precise specification of the intended use of the directed share issue. The share issue authorisation is significant if it covers more than 10 per cent of the company's share capital. Varma's stance is that a share issue authorisation should not exceed 10 per cent without justifiable grounds.

In 2023, Varma was represented in the shareholders' nomination boards of 31 companies and participated in the annual general meetings of 101 Finnish companies and 325 foreign companies.

In 2023, Varma continued to identify sustainability risks related to its investments and systematically develop their monitoring. Possible and likely sustainability risks are entered into our risk management system. As regards investees, the risks were related to possible and likely factors affecting the investee's value. Climate change, biodiversity loss and human rights are among the most significant sustainability risks that investors must prepare for. We monitor sustainability risks by striving to identify adverse business interests and violations of international agreements and norms in our investment portfolio.

Environmental responsibility

Environmental sustainability is one of Varma's key sustainability areas. Environmental sustainability covers all of Varma's operations, and its key areas are mitigating and adapting to climate change and preventing biodiversity loss.

Varma's opportunities to influence the environment can be examined in terms of its operations (Varma's office building and the environmental impact of the work performed in it), its value chain and its investments. The biggest opportunities for influencing are through Varma's investment operations, and on the other hand, investees' environmental risks may also be reflected in Varma's investment returns.

In 2023, Varma began drawing up an environmental policy. The environmental policy specifies what environmental sustainability means for Varma. The policy will be published in 2024, and it identifies and describes the means by which Varma manages the environmental risks and opportunities arising from its operations, investees and the supply chain.

Climate targets

In 2023, Varma received validation for its emission reduction targets, which are based on the Science Based Targets initiative (SBTi), making it Finland's first and the world's third pension insurance company to receive this validation. The companies that have joined the international SBTi commit to reduce their greenhouse gas emissions in line with the Paris Agreement. Varma's science-based target is to reduce the scope 1 and 2 greenhouse gas emissions related to its own operations by 60 per cent by 2030 compared to the 2021 level and, as regards indirect GHG emissions (scope 3), to increase the share of companies committed to the SBT initiative to 51 per cent by 2027 in equity and listed fixed income investments and real estate funds.

Our goal is to cut the entire investment portfolio's absolute GHG emissions by 25 per cent by 2025

and by 50 per cent by 2030. We also aim to reduce the carbon intensity of listed equity and corporate bond investments, i.e. greenhouse gas emissions in relation to revenue, from the 2016 level as follows: 30 per cent by 2023, 40 per cent by 2025 and 50 per cent by 2027.

Climate change also presents investors with return opportunities. Varma composes from the investments in different asset classes a climate-friendly investment allocation which will include companies whose business benefits from actions to mitigate climate change, whose operations do not cause significant greenhouse gas emissions, who have a clear strategic and science-based target of reducing greenhouse gas emissions and whose operations offer carbon sinks or carbon capture. The allocation accounted for 37 (24.2) per cent of the entire investment portfolio at the end of 2023.

Overall picture of Varma's climate impacts

In 2023, Varma performed for the third time a scope 3 emissions calculation, i.e. assessed the emissions of the value chain and formed an overall picture of the emissions.

Varma's scope 3 calculation complies with the Greenhouse Gas (GHG) protocol, and it covers the years 2022 and 2023.

Varma's own direct scope 1 emissions include company cars' fuel and fuels used for heating properties. Scope 2 emissions comprise the energy consumption of Varma-controlled real estate and electricity consumption of company vehicles, i.e. indirect emissions from purchased energy, which account for approximately 0.5 per cent of Varma's total emissions. The calculation showed that 99.5

per cent of Varma's greenhouse gas emissions are caused by the value chain, or scope 3 emissions. Varma's fossil scope 3 emissions in 2023 totalled approximately 3,632 kilotons of carbon dioxide equivalent (ktCO₂e).

Varma's scope 3 emissions included in the calculation were dominated by category 15, i.e. the emissions of the investment portfolio, and the weight of the other emission categories was as a whole low, below 3 per cent. Of the scope 3 emissions, 97.3 per cent were caused by the investees' emissions. As regards investments, the calculation included Varma's listed equities, corporate bond investments, private equity and infrastructure investments, hedge funds, real estate funds and private debt. Direct real estate investments have been reported as part of Varma's scope 1 and 2 emissions.

Climate risk management and reporting

Varma analyses the financial risks and opportunities and the business impacts brought by climate change. The calculation and reporting of the greenhouse gas (GHG) emissions of investments follows the Partnership for Carbon Accounting Financials' (PCAF) standards.

In 2023, all asset classes, with the exception of government bonds and derivatives, were included in the carbon footprint calculation of investments, which covered 89 per cent of the market value of our investment portfolio.

At the end of 2023, the absolute emissions of the investment portfolio were down 32 per cent compared to 2022. Compared to 2022, the change is very significant, but the decline has been mainly driven by an improvement in the emission assess-

ment methods, which has resulted in better quality of data. The actual emissions decline in companies in which Varma's holding has remained unchanged compared to 2022 accounts only for 5 per cent of the total change. The biggest contributor in the decline of listed equities' carbon footprint is the decline in the reported emissions of the companies that remained in the portfolio from the previous year. The companies that were divested from the portfolio reduced the portfolio's carbon footprint, but the impact of the new investments exceeded the impact of the sold companies. A major factor in the decline of private equity and infrastructure investments' footprint is the natural exit of old, long-term investments that have been replaced by lower-carbon investments.

The carbon intensity of listed equity investments was down 42 per cent compared to the 2016 level. At year-end 2023, the weighted carbon intensity of Varma's equity portfolio was also lower than that of the global equity market. In listed corporate bonds, the carbon intensity was down 18 per cent compared to 2016.

Varma requires its investees to have a plan for reducing their emissions and encourages companies to disclose information about how climate change is included in the company's governance, strategy and risk management, especially in emissions-intensive industries.

We apply due diligence to industries that are significantly exposed to climate risks, such as the oil & gas industry, electricity & heat production, and the automotive, mining, construction materials, chemical, transport, forest, pharmaceuticals and food industries, and the production of textiles, clothing

and luxury goods. The due diligence process also applies to companies with coal- or lignite-based operations accounting for 5–10 per cent of their net sales, production capacity or production.

In its climate targets, Varma is committed to exiting from all coal investments by 2025. We do not make new investments in companies with coal-based operations accounting for more than 10 per cent of their net sales, production or production capacity. The exception to this general rule is companies that have a science-based target of reducing emissions to help limit global warming to 1.5 degrees Celsius. Varma is also committed to excluding oil exploration from its investments by 2030. As part of its efforts to mitigate climate change, since 2015 Varma has excluded from its direct investments companies with coal- or lignite-based operations accounting for more than 30 per cent of their net sales, production capacity or production. Varma does not make new direct investments in companies with coal- or lignite-based operations accounting for more than 10 per cent of their net sales, production capacity or production. At the end of 2023, 1.2 per cent of Varma's assets in listed investments were in companies that rely on coal for more than 5 per cent of their operations. The proportion of investments in the oil exploration industry was very low, at 1.2 per cent, fund investments included.

Varma has also started to prepare for the exclusion of intermediaries that finance fossil fuels. This means that Varma monitors the amount of financing that banks acting as our intermediaries provide to companies that rely on coal or oil in their operations. Through monitoring and possibly negative screening, our objective is to persuade banks to stop financing polluting forms of energy.

EU Taxonomy on Sustainable Finance and monitoring of transition industries

In order to reach its carbon neutrality target by 2050, the European Commission has been developing regulation on sustainable finance. The purpose of the set of acts is to guide capital flows towards sustainable investments, while at the same time managing environment-related economic risks and social and governance issues. At the core of the regulation is the EU Taxonomy Regulation, i.e. the sustainability classification of investments.

Reporting on investments' sustainability as required by law

Varma is a large public-interest entity and, therefore, the company discloses non-financial information in the Report of the Board of Directors. The non-financial report also includes information in accordance with the EU Taxonomy on Sustainable Finance. As an earnings-related pension insurance company, Varma belongs to the category of non-financial companies in the Taxonomy Regulation, since earnings-related pension companies are not insurance companies authorised under the Solvency II Directive's Article 18. On the basis of the aforementioned regulation, Varma has identified real estate investment as taxonomy-eligible economic activity. Taxonomy-eligible turnover accounted for 2 (2) per cent of the total turnover. Taxonomy-eligible capitalisations, i.e. the share of real estate investments' net investments of all capitalisations, which include additions to and decreases from property and intangible assets, was 100 (100) per cent. Taxonomy-eligible operating expenses accounted for 2 (1) per cent of total operating expenses.

Earnings-related pension insurance companies provide taxonomy-related information in a table. Varma's reporting on taxonomy eligibility covers technical screening criteria for contributing substantially to climate change mitigation, drawing on real properties' energy certificates, which is not sufficient evidence of taxonomy eligibility. In the coming years, Varma will expand the assessment to cover compliance with the safeguards and will carry out a climate risk review on a number of real properties.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023	Substantial contribution criteria								DNSH Criteria (Does not Significantly Harm)							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18) Percent	Category enabling activity (19) E	Category transitional activity (20) T
	Code (2)	Turnover (3) Million €	Proportion of Turnover, year 2023 (4) %	Climate Change Mitigation (5) %	Climate Change Adaption (6) %	Water (7) %	Pollution (8) %	Circular Economy (9) %	Biodiversity (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adoption (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	0	0%							N							0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	137	2%	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL								2%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	CCM 7.7	137	2%														2%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		137	2%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities	CCM 7.7	8,353	98%																
TOTAL	CCM 7.7	8,490	100%																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023	Substantial contribution criteria								DNSH Criteria (Does not Significantly Harm)							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2022 (18) Percent	Category enabling activity (19) E	Category transitional activity (20) T
	Code (2)	CapEx (3) Million €	Proportion of CapEx, year 2023 (4) %	Climate Change Mitigation (5) %	Climate Change Adaption (6) %	Water (7) %	Pollution (8) %	Circular Economy (9) %	Biodiversity (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adoption (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	0	0%							N							0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	152	100%	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL								100%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	CCM 7.7	152	100%														100%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		152	100%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities	CCM 7.7	0	0%																
TOTAL	CCM 7.7	152	100%																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

Financial year 2023		2023		Substantial contribution criteria						DNSH Criteria (Does not Significantly Harm)							Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022		Category enabling activity (19)	Category transitional activity (20)
Economic activities (1)	Code (2)	OpEx (3) Million €	Proportion of OpEx, year 2023 (4) %	Climate Change Mitigation (5) %	Climate Change Adaption (6) %	Water (7) %	Pollution (8) %	Circular Economy (9) %	Biodiversity (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adaption (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N	(18) Percent	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings	CCM 7.7	0	0%							N							0%			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%			
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%			
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Acquisition and ownership of buildings	CCM 7.7	86	2%	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL								1%			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	CCM 7.7	86	2%														1%			
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		86	2%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities	CCM 7.7	5,103	98%																	
TOTAL	CCM 7.7	5,189	100%																	

Scenario analyses as part of investments' risk management

Varma makes use of scenario analyses to manage climate-change-related risks and opportunities. Climate change contributes to biodiversity loss, and thus climate-change scenario analyses also indirectly promote taking biodiversity loss into account in investments.

In 2023, Varma modelled, as part of setting science-based targets for its real estate, target pathways for the absolute emissions and emission intensity of both residential and commercial real estate. At the same time, we examined the development of the greenhouse gas emissions of our real estate portfolio in an analysis that covered the carbon dioxide emissions from the heating and electricity of commercial and residential properties that we own. In the scenarios, the need for heat was assumed to decline at an annual rate of approximately one per cent as a result of global warming and improved energy efficiency in properties.

The analysis shows that even in the baseline scenario, the emissions of Varma's real estate portfolio are aligned with the 1.5-degree target, and Varma is well equipped to achieve its emission reduction targets in terms of scope 1 and 2 emissions by 2030. In the short term, the real estate portfolio's emissions can be cut by buying carbon-dioxide-free district heat and using carbon-dioxide-free electricity.

Earlier, analyses have been performed on Varma-owned real estate from the perspective of both climate-change-related transition risks and physical risks. The majority of the real property owned by Varma is located in the Helsinki metropolitan area. Practically all of the buildings are located within

a radius of approximately 10 kilometres from the seashore, and thus their climate burden is higher than average. In addition to the risk of a sea flood, wind-driven rain and strong winds may cause problems in controlling moisture levels in the buildings. This is taken into account in building condition surveys and facade solutions for new buildings. A sea flood analysis was also performed on the real estate portfolio, according to which the sea flood risk in Varma's real estate is low. Varma takes the sea flood risk into account especially in new development projects and when purchasing new buildings.

In the climate risk analysis of listed equity and corporate bond investments, a tool is used to assess asset-class-specific transition costs and opportunities as well as physical risks brought by climate change. With the help of the tool, we have strived to determine the temperature scenario's potential impact on the investment's market value.

The analysis of Varma's listed equity investments shows that both negative and positive potential impacts are the greatest in scenarios in which the transition is the strongest. Compared to the global equity market, the largest relative difference is created in the 1.5-degree scenario (Carbon neutrality 2050), in which the impacts on Varma's equity investments would be significantly lower than on the global equity market. In all the scenarios, the potential overall impacts in Varma's listed equity investments are lower than in the global equity market.

Varma has also made use of forward-looking data by analysing the estimated future scope 1, 2 and 3 emissions of its listed equity investments. Furthermore, Varma has analysed the amount of carbon

dioxide emissions companies can afford to release in 2020–2070 in order to limit the global temperature rise to below two degrees Celsius compared to the pre-industrial era by 2100. Based on the analysis, Varma's listed equity investments are aligned with a 2.1-degree temperature rise.

Varma is committed to the low-carbon roadmap for electricity generation. This means that electricity generation capacity based on fossil fuels in our investment portfolio will decrease to 10 per cent by 2030 in accordance with the Network for Greening the Financial System's (NGFS) Net Zero 2050 scenario. In 2023, the weighted proportion of renewable energy in the portfolio was 53 per cent, of fossil fuels 16 per cent and of others, such as nuclear power, 31 per cent.

Attending to biodiversity in investments

Biodiversity loss poses major risks to the economy, companies' business and investors. For an investor, measuring the impacts of changes in biodiversity is more complicated than measuring the impacts of climate change. The analysis of economic risks and opportunities and positive impacts related to biodiversity has been complicated by the scarcity and lack of commensurable indicators that can be applied to a variety of investees. The framework of physical and transition risks used in the assessment of climate risks can also be used for assessing biodiversity risks. Furthermore, biodiversity loss has broader systemic risks, just like climate change.

Almost all industries face risks resulting from biodiversity loss. The risks can be divided into physical, legal, transition and systemic risks. Based on their impacts and dependencies, the most significant

biodiversity risks relate to the oil & gas industry, electricity & heat production, as well as the automotive, metals & mining, construction materials, transportation, paper & forest products and chemical industries.

In 2023, the new Taskforce for Nature-related Financial Disclosures (TNFD) framework was published to help investors identify, manage and report on the nature-related impacts, dependencies, risks and opportunities of their business. Through the materiality assessment, Varma has established that biodiversity is a material environmental sustainability theme in investments but not in the company's own operations. Consequently, our TNFD report focusses on investment activities. Varma's 2023 reporting as a part of the sustainability report is adapted from the TNFD framework's recommendations.

In 2023, Varma updated the Biodiversity Roadmap published in 2022 in line with the updated guidelines and requirements. The roadmap creates a framework for responsible investment requirements, policies and goals that prevent biodiversity loss. Varma's goal is to ensure that the biodiversity and climate targets carry equal weight and that they together promote environmental responsibility. How the climate and biodiversity work is applied depends on the asset class and type of investment.

Varma conducted a risk industry biodiversity survey in 2023. The survey looked into the portfolio companies' attitudes and preparedness for risks linked to biodiversity loss. The survey included 282 companies in high-risk sectors from around the world. The survey covered Varma's listed equity investments. Of the companies, 27 per cent had

set targets for considering the prevention of biodiversity loss in their operations. Just over half of the companies (51 per cent), had expressed their intent to take action for considering or compensating biodiversity loss. However, only five per cent of all companies had a concrete action plan. Over a fifth (22 per cent) of the companies had not considered biodiversity issues in their public policies at all. Of the sectors, forest industry companies, construction material manufacturers and electricity producers have come the furthest in their biodiversity work. Varma's goal is to follow the development and implementation of the biodiversity work of its investees operating in the risk industries as part of its own risk management.

Financial Statements 31 Dec 2023

Income statement

1 Jan–31 Dec, € million	Notes	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Technical account					
Premiums written	1	6,466.4	6,118.6	6,466.4	6,118.6
Investment income	3	7,283.0	8,552.1	7,267.6	8,526.1
Claims incurred					
Claims paid	2	-6,816.0	-6,275.2	-6,816.0	-6,275.2
Total change in provision for claims outstanding		-768.8	-2,898.1	-768.8	-2,898.1
Portfolio transfers		0.0	206.8	0.0	206.8
		-7,584.8	-8,966.4	-7,584.8	-8,966.4
Change in provision for unearned premiums					
Total change		-824.8	2,771.9	-824.8	2,771.9
Portfolio transfers		0.0	233.4	0.0	233.4
		-824.8	3,005.3	-824.8	3,005.3
Operating expenses	4	-66.6	-68.9	-66.6	-68.9
Investment expenses	3	-5,263.7	-8,627.8	-5,255.6	-8,600.2
Balance on technical account		9.6	12.8	2.3	14.4
Non-technical account					
Balance on technical account		9.6	12.8	2.3	14.4
Share of associated companies' profit				8.6	-4.4
Income taxes on ordinary activities					
Taxes for the financial year		-2.3	-4.4	-2.3	-4.4
Profit/loss on ordinary activities after taxes		7.2	8.4	8.5	5.6
Minority interest in the result for the financial year				0.0	0.0
Profit/loss for the financial year		7.2	8.4	8.5	5.6

Balance sheet

31 Dec, € million	Notes	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
ASSETS					
Intangible assets					
Other intangible assets	17	0.0	0.0	0.0	0.0
Investments					
Real estate					
Real estate and real estate shares	14	1,924.4	1,886.8	2,388.9	2,363.6
Loans to Group companies	14	514.8	522.9		
		2,439.2	2,409.7	2,388.9	2,363.6
Investments in Group companies and in participating interests					
Shares and participations in Group companies	13	4.3	4.3	0.3	0.4
Shares and participations in participating interests	13	29.8	35.9	35.4	34.7
		34.0	40.2	35.7	35.1
Other investments					
Shares and participations	16	36,970.1	32,185.8	36,984.0	32,200.0
Money-market instruments		4,514.9	5,357.4	4,514.9	5,357.4
Loans guaranteed by mortgages		18.5	159.2	18.5	159.2
Other loan receivables	18	1,408.7	1,564.5	1,408.7	1,564.5
		42,912.2	39,267.0	42,926.2	39,281.1
		45,385.4	41,716.9	45,350.7	41,679.9
Receivables					
Direct insurance operations					
Policyholders		745.4	690.3	745.4	690.3
Other receivables					
Other receivables		893.6	1,677.4	619.2	942.7
		1,639.1	2,367.6	1,364.7	1,633.0
Other assets					
Tangible assets					
Equipment	17	1.2	1.5	1.2	1.5
Other tangible assets	17	0.9	0.9	0.9	0.9
		2.0	2.4	2.0	2.4
Cash at bank and in hand		1,164.3	2,479.7	1,439.4	3,217.5
		1,166.4	2,482.1	1,441.4	3,219.8
Prepayments and accrued income					
Accrued interest and rent		59.1	60.5	58.1	59.3
Other prepayments and accrued income		15.0	52.9	16.0	54.1
		74.0	113.4	74.1	113.5
TOTAL ASSETS		48,264.9	46,680.0	48,230.9	46,646.2

Balance sheet

31 Dec, € million	Notes	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
LIABILITIES					
Capital and reserves					
Basic capital		11.9	11.9	11.9	11.9
Other reserves		126.8	120.8	126.8	120.8
Profit/loss brought forward		6.3	3.9	-71.5	-71.1
Profit/loss for the financial year		7.2	8.4	8.5	5.6
	26	152.2	145.0	75.8	67.2
Minority interest					
				12.4	12.4
Technical provisions					
Provision for unearned premiums	23	23,180.7	22,355.9	23,180.7	22,355.9
Provision for claims outstanding	23	23,785.5	23,016.8	23,785.5	23,016.8
		46,966.2	45,372.7	46,966.2	45,372.7
Liabilities					
Direct insurance operations		47.4	34.4	47.4	34.4
Other liabilities		864.4	900.0	894.3	931.2
		911.8	934.4	941.7	965.6
Accruals and deferred income					
		234.6	227.9	234.7	228.2
TOTAL LIABILITIES		48,264.9	46,680.0	48,230.9	46,646.2

Statement of source and application of funds

1 Jan–31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Cash flow from operations				
Profit/loss on ordinary activities	9.6	12.8	2.3	14.4
Adjustments				
Changes in technical provisions	1,593.6	147.7	1,593.6	147.7
Impairments and revaluations on investments	525.2	1,633.1	497.6	1,621.9
Depreciation according to plan	14.2	17.0	104.3	80.9
Capital gain and loss	-1,016.6	-504.4	-1,016.6	-514.9
Cash flow before change in working capital	1,125.9	1,306.2	1,181.2	1,350.1
Change in working capital:				
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	768.0	-145.8	307.7	594.1
Increase (-) / decrease (+) in non-interest-bearing short-term debts	-15.9	561.9	-17.3	587.3
Cash flow from operations before taxes	1,877.9	1,722.3	1,471.6	2,531.5
Direct taxes paid	-2.3	-4.4	-2.3	-4.4
Cash flow from operations	1,875.6	1,717.9	1,469.3	2,527.1
Cash flow from investments				
Net investments and proceeds from asset sales	-3,191.0	-1,401.0	-3,247.3	-1,472.8
Investments and gains on intangible, tangible and other assets	0.0	0.0	0.0	0.0
Cash flow from investments	-3,191.0	-1,401.0	-3,247.3	-1,472.9
Cash flow from financing				
Interest paid on guarantee capital and other profit distribution				
Cash flow from financing				
Change in financial resources	-1,315.4	316.9	-1,778.1	1,054.3
Financial resources, 1 Jan	2,479.7	2,162.8	3,217.5	2,163.2
Financial resources, 31 Dec	1,164.3	2,479.7	1,439.4	3,217.5

Notes to the Financial Statements

Accounting principles

These financial statements are prepared in accordance with sound accounting principles, and in compliance with legislation applicable to Varma and with the regulations and guidelines of the Financial Supervisory Authority. The financial statements have been drawn up so as to give a true and fair view of Varma's financial performance and financial position in accordance with the materiality principle.

Consolidated Financial Statements

In addition to the parent company, those companies in which the Group holds more than 50 per cent of the votes (controlling interest) either directly or indirectly have been consolidated in the Consolidated Financial Statements as subsidiaries.

On the closing date, the parent company has 107 (103) subsidiaries. The companies belonging to the Group are listed in the notes to the financial statements.

The Consolidated Financial Statements are compiled as combinations of the income statement, balance sheets and notes. When the Consolidated Financial Statements are compiled, intra-group business transactions and cross-shareholdings are eliminated. However, Tieto Esy Ltd, in which Varma has a 14.4 per cent shareholding but holds

over 50 per cent of the votes from all the shares, is consolidated using the equity method. Intra-group cross-shareholdings are eliminated using the acquisition method. The resulting consolidation difference is allocated to subsidiaries' asset items proportional to their fair values, and depreciated in accordance with the depreciation plans of these asset items. Minority shareholders' share of the result for the financial year and of the Group's capital and reserves is entered as a minority interest.

Subsidiaries acquired during the year are consolidated from the moment of acquisition. Subsidiaries divested during the year are consolidated until the moment of divestment. Minority interest in the profit and loss and in capital and reserves are recognised as a separate item. Revaluations on Group companies' shares are shown in the consolidated balance sheet as a revaluation of real estate owned by a subsidiary.

Relevant associated companies in which the Group holds 20–50 per cent of all the votes are included in the Consolidated Financial Statements using the equity method. When an associated company draws up its financial statements using fair values, these values are used in the consolidation. Housing and real estate companies are not treated as associated companies. Their non-inclusion has a minimal effect on Group profit and capital and reserves,

since the expenses arising from these companies are covered by the maintenance charges collected from their owners.

The Group owns 50 per cent of the guarantee capital and 25 per cent of the votes of Kaleva Mutual Insurance Company, which is not, however, included in the Consolidated Financial Statements due to limitations concerning controlling interest and distribution of profits.

An amount corresponding to the Group companies' proportion of an associate's profit or loss as well as the change in capital and reserves is also shown in the consolidated financial statements. Associated companies are listed in the notes to the financial statements.

Book value of investments

Investments in land and buildings are entered in the balance sheet at the lower of acquisition cost less depreciation or fair value. The values of real estate have been revaluated in the previous years. Revaluation of buildings entered as income is also depreciated according to plan. No revaluations of real estate book values were made in the financial year 2023.

Shares and participations are entered in the balance sheet at the lower of acquisition cost or fair value. Acquisition cost is calculated by class using the average price.

Money-market instruments are entered in the balance sheet at the lower of acquisition cost or fair value. Changes in value due to interest rate fluctuations are not entered. The difference between the nominal value and acquisition cost of the money-market instruments is allocated to interest

income and its reduction over the maturity of the instrument. The counterpart entry for the allocations entered as an increase or decrease in the acquisition cost is shown in the notes to the balance sheet. The acquisition cost is the average price calculated for each instrument.

Loan receivables and other receivables are entered in the balance sheet at the lower of nominal value or probable value.

Value adjustments made to investments in previous financial years are entered in the income statement as value readjustments corresponding to the value appreciation.

Premium receivables and other receivables

Premium receivables and other receivables are valued at the lower of nominal value or probable value.

Derivative contracts

Derivative contracts for hedging purposes are valued together with the hedged item. If no change in value is entered in the income statement for the hedged balance sheet item, no entry is recorded in the income statement for the hedging contract, unless the negative value change exceeds the positive value change in the hedging contract.

Negative value adjustments of derivative financial instruments other than those created for the purposes of hedging are entered in the income statement as an expense. The profits and losses resulting from the termination or expiration of contracts are entered as income or expenses for the financial year.

Income and expenses from interest rate derivatives are entered under interest income.

Depreciation according to plan

The acquisition cost of buildings, including components in buildings, movable property and other expenses with long-term effects, are depreciated according to plan over their useful lives. Revaluation of buildings entered as income is also depreciated according to plan. Either the reducing-balance depreciation method or the straight-line depreciation method is applied to planned depreciation using the following estimated economic useful lives:

Residential, office and business premises, hotels	40–60 yrs
Industrial premises and warehouses	25–50 yrs
Components in buildings	10 yrs

The straight-line depreciation method is applied to planned depreciation of tangible and intangible assets using the following estimated economic useful lives:

Equipment	7–10 yrs
Computer hardware	3 yrs
Transport equipment	5 yrs
Intangible assets	5–10 yrs

Fair values of investments

The fair values of real estate and real estate shares are measured item by item as prescribed in the regulations of the Financial Supervisory Authority and based on the opinions of the company's own and external experts.

The last available buying rates or, if these are not available, closing prices at the balance sheet date are used as fair values for listed securities. For exchange-traded fund (ETF) units, however, the last available closing price is used as the fair value, since

it has been observed that the bid-ask spreads widen close to the stock exchange closing time due to market makers' actions and the buying rates cannot be considered reliable in terms of market value.

Investments in private equity funds are entered in the balance sheet at fair value estimated by the management company or, if this is not available, at acquisition cost. Investments in mutual funds are entered at the last available value of the share calculated by the management company.

The fair value of other shares and participations is the purchase price or the net realisable value or the net asset value.

The fair value of money-market instruments is primarily based on market value. If the market value is not available and the value of the investment cannot be reliably determined, the fair value is determined by using estimates by external parties or commonly approved calculation models, or the fair value is the purchase price.

Receivables are entered at the lower of nominal value or probable value.

Fair values of derivative contracts, and related liabilities and guarantees

The method for determining the fair values of derivative contracts, the liabilities and the collateral received and given to cover the clearing of derivative transactions are presented in the notes to the financial statements under Contingent liabilities and liabilities not included in the balance sheet.

Loaned securities

Loaned securities are included in the balance sheet. They are presented in the notes to the balance

sheet under Guarantees and liabilities, Loaned securities.

Profit for the year, and capital and reserves

An earnings-related pension insurance company's profit after taxes in the parent company's income statement is determined by calculation bases confirmed in advance by the Finnish Ministry of Social Affairs and Health. The notes include an itemisation of the parent company's capital and reserves.

Technical provisions

The regulations and guidelines of the Ministry of Social Affairs and Health and the Financial Supervisory Authority are adhered to when calculating the technical provisions. Technical provisions comprise a provision for unearned premiums and a provision for claims outstanding. Technical provisions are calculated using the calculation bases confirmed for the entire sector by the Ministry of Social Affairs and Health.

The provision for unearned premiums is composed of liabilities for future pension contingencies, a provision for current bonuses and an equity-linked provision for current and future bonuses. The provision for current bonuses includes amounts reserved for client bonuses to be granted to policyholders. The amount of the equity-linked provision for current and future bonuses depends on earnings-related pension companies' average return on equity investments.

The provision for claims outstanding is composed of the liability for current pensions, which includes liabilities funded by the pension company for current pensions, including the reserve for unknown

claims, and the pension institution-specific provision for pooled claims serving as a buffer for the clearing system. The reserve for unknown claims is for those pensions in which disability has begun but of which the pension institution is not yet aware.

Solvency capital

Solvency capital is calculated as the difference between the assets and debts valued at fair value. It comprises capital and reserves, accumulated appropriations, valuation differences and the provision for future bonuses. Intangible assets included in the balance sheet and lease and pension liabilities not included in the balance sheet are deducted from solvency capital.

The minimum limit of the solvency capital is one third of the solvency limit. The solvency limit is determined using a risk-theory-based method taking into account the allocation of investments into different asset classes and their mutual correlations as required in legislation. When calculating the limit, investments are classified according to their risk.

The solvency position is the ratio of the solvency capital to the solvency limit. The solvency ratio is the ratio of the solvency capital to the technical provisions, which does not include the provision for future bonuses.

Solvency capital and the solvency limit are presented in the notes to the financial statements.

Taxes

Taxes for the financial year and previous financial years are recognised in the income statement on an accrual basis.

Deferred tax liabilities or assets are not calculated for temporary differences between income statement items and income and expenses approved in taxation, such as confirmed losses or tax credits, because the company's net result is determined by the calculation bases confirmed in advance by the Finnish Ministry of Social Affairs and Health. Nor is the deferred tax liability or asset calculated in the mutual real estate companies owned by the Group, because they are not significant for the companies in question or the Group.

Foreign-currency-denominated items

Foreign-currency-denominated items are entered at the lower of the rate on the date of transaction or the rate at the balance sheet date. When determining the investments' book value, the change in both the investment's market price and the exchange rate is taken into account as a whole. Currency conversion differences are entered as adjustments to income and expenses. Currency conversion differences for cash at bank and in hand and deposits and items that cannot be entered as adjustments to income and expenses are entered under investment income and charges. When calculating fair values, the European Central Bank's average rates quoted on the balance sheet date are used.

Operating expenses and depreciation by function

Operating expenses and the depreciation of furniture and fixtures and expenses with long-term effects are included in the items of the income statement by function. In the income statement, the operating expenses from operations related to compensa-

tions and disability risk management are included in claims paid, and expenses related to investment operations are included in investment charges. The expenses of insurance policy acquisition and management and administration are presented as net operating expenses. Statutory fees and payments are included in the administrative expenses. Planned depreciation on buildings is presented as investment expenses.

Pension plans and remuneration statement

Statutory pension coverage for personnel is arranged through TyEL insurance and supplemented by voluntary pension insurance. The pension plans of the President and CEO are explained in the notes to the financial statements. A salary and remuneration statement in accordance with the Financial Supervisory Authority's recommendation has been published on Varma's website.

Balance sheet and income statement at fair values

In addition to the information required by the regulations, the parent company's income statement and balance sheet at fair values are presented in the notes to the financial statements. The purpose of this is to improve the transparency of the annual account information of an earnings-related pension insurance company.

The financial statements of an earnings-related pension insurance company are prepared in accordance with sound accounting principles, valid laws and the regulations and guidelines of the Financial Supervisory Authority.

The statutory earnings-related pension scheme

is partially fund-based. The technical provisions appearing in the balance sheet of an earnings-related pension insurance company amount to about a quarter of the current value of the pensions accumulated by the closing date. Furthermore, statutory pension insurance has a guarantee scheme, according to which the earnings-related pension insurance scheme is jointly responsible for securing the benefits of the insured, should a pension institution become insolvent.

The operating expenses of the company are listed under a number of entries in the income statement and key figures. The effect of fair values on the company's investments and their results are presented in the notes to the financial statements under balance sheet and income statement at fair values.

The total result presented in Performance analysis, consisting of investment surplus at fair value, loading profit, technical underwriting result and other result, corresponds to the total result in the note income statement at fair value. In the note, the net investment income is given at fair value. The total result at fair value is also influenced by premiums written, claims paid, change in technical provisions, total operating expenses, other result and taxes. The total result presented in the income statement drawn up at fair values substantially deviates from the result for the financial year in the income statement, drawn up in accordance with the calculation bases confirmed in advance by the Finnish Ministry of Social Affairs and Health.

In the note 'Varma's balance sheet and income statement at fair values', a balance sheet presenting asset items at fair value is given. In the note, valuation differences refer to the difference between the

fair values and book values of investments.

The main components of the solvency capital shown separately and measuring solvency in the balance sheet are the capital and reserves, provision for future bonuses and valuation differences of investments. The provision for current bonuses reserved for the payment of client bonuses and equity-linked provision for current and future bonuses are shown on their own lines. Investments and their net return are shown at fair value. The interest credited on technical provisions is included under change in technical provision.

Investments classified according to risk

The notes to the financial statements report investments and their returns classified according to risk. The stipulations of the Financial Supervisory Authority concerning the calculation of the financial key figures are also used in the calculation of the return percentages. The method is described in the section Key figures and analyses.

Key figures and analyses

The key figures and analyses describing financial development are calculated and presented in accordance with the stipulations of the Financial Supervisory Authority concerning notes to the financial statements.

The key figures and analyses for investment operations and solvency are presented at fair values.

Net investment income at fair values over invested capital has been calculated by type of investment and for the total amount of investments with reference to daily or monthly time-weighted cash or output flow.

The return for the period has been calculated using a modified Dietz formula (time and money weighted formula) so that invested capital has been calculated by adding to the opening market value the cash flow for the period (cash flow/output flow = purchases – sales – income + expenses) weighted by the relative share of the length of the period that is left from the date of the event to the end of the period.

Non-financial information

The Report of the Board of Directors includes non-financial information, and a more detailed report in accordance with the GRI guidelines is published on the company's website together with the Annual and Sustainability Report.

Reporting on investments' sustainability as required by law

Varma is a large public-interest entity and, therefore, the company discloses non-financial information in the Report of the Board of Directors. The non-financial report also includes information in accordance with the EU Taxonomy on Sustainable Finance. As an earnings-related pension insurance company, Varma belongs to the category of non-financial companies in the Taxonomy Regulation, since earnings-related pension companies are not insurance companies authorised under the Solvency II Directive's Article 18. On the basis of the aforementioned regulation, Varma has identified real estate investment as taxonomy-eligible economic activity.

The key performance indicator related to capital expenditure (CapEx) (CapEx KPI) pursuant to

the European Commission Delegated Regulation 2021/2178 is presented in the Report of the Board of Directors under 'The proportion of taxonomy-eligible capitalisations of all capitalisations'. The KPI has been calculated using the Group data as follows: (Additions to real estate investments – decreases from real estate investments not including net capitalisations of real estate shares) / (Additions to real estate investments – decreases from real estate investments not including net capitalisations of real estate shares + additions to intangible and tangible assets – decreases from intangible and tangible assets).

The key performance indicator related to turnover (turnover KPI) pursuant to the European Commission Delegated Regulation 2021/2178 is presented in the Report of the Board of Directors under 'The proportion of taxonomy-eligible turnover of total turnover'. The KPI has been calculated using the Group data as follows: (Revenues from real estate investments – expenses from real estate investments) / (Net revenue from investment activities + premiums written + other revenues).

The key performance indicator related to operating expenditure (OpEx) (OpEx KPI) pursuant to the European Commission Delegated Regulation 2021/2178 is presented in the Report of the Board of Directors under 'The proportion of taxonomy-eligible expenditure of all operating expenses'. The KPI has been calculated using the Group data as follows: Expenses from real estate investments / (Expenses from investment activities + Operating expenses).

Group Companies 31 Dec 2023

The following new four companies are included in Varma's consolidated financial statements:

Asunto Oy Espoon Vuoritontuntie 2-4

Kiinteistö Oy Espoon Keilalahdentie 1

Kiinteistö Oy Ilmailunkatu 9

Kiinteistö Oy Sarankulmankatu 22

The following 103 companies are included as subsidiaries in Varma's consolidated financial statements:

As. Oy Espoon Amiraali

As Oy Lahden Vilhon Vaakuna

As. Oy Helsingin Pitäjänmäen Asunnot

As. Oy Jyväskylän Spinetti

As. Oy Näkinkuja 4

As. Oy Vantaan Tellervo

Asunto Oy Espoon Keijumäki

Asunto Oy Espoon Kilonlemmikki

Asunto Oy Espoon Niittysillankulma 2 E-F

Asunto Oy Espoon Pyölinpuisto

Asunto Oy Haukikoto

Asunto Oy Helsingin Arabiankatu 4

Asunto Oy Helsingin Arabiankatu 8

Asunto Oy Helsingin Haukilahdenkuja 13

Asunto Oy Helsingin Hiihtäjätien Huippu

Asunto Oy Helsingin Hiihtäjätien Kaarre

Asunto Oy Helsingin Hiihtäjätien Laakso

Asunto Oy Helsingin Klaneettitie

Asunto Oy Helsingin Kruunuvuorenkatu 2

Asunto Oy Helsingin Kutomotie 7

Asunto Oy Helsingin Näyttelijäntie 22

Asunto Oy Helsingin Pitskun Ateljee

Asunto Oy Helsingin Päijänteentie 4-6

Asunto Oy Helsingin Roihuvuorentie 20

Asunto Oy Helsingin Roihuvuorentie 30

Asunto Oy Helsingin Tyynenmerenkatu 5

Asunto Oy Järvenpään Bjarnenkuja 6

Asunto Oy Keravan Terhikintie 1

Asunto Oy Korkeavuorenkatu 2 a

Asunto Oy Lahden Massinhovi

Asunto Oy Lahden Massinpoiju

Asunto Oy Tampereen Konttilukinkatu 7

Asunto Oy Tampereen Nahkakuja 9

Asunto Oy Tampereen Nahkakuja 13

Asunto Oy Tampereen Näsijärvenkatu 3

Asunto Oy Tampereen Palatsinraitti 1

Asunto Oy Tampereen Satakunnankatu 22

Asunto Oy Tervahovinkatu 12

Asunto Oy Turun Itäinen Rantakatu 64

Asunto Oy Turun Itäinen Rantakatu 70

Asunto Oy Turun Laivurinkatu 2

Asunto Oy Turun Vilhonkatu 15

Asunto Oy Vantaan Neilikkatie 4 A-F

Asunto Oy Vantaan Neilikkatie 4 G-H

Asunto Oy Vantaan Topaasikuja 9

Asunto Oy Vantaan Unikkotie 8

Asunto Oy Vantaan Vernissakatu 5

Kiint. Oy Helsingin Tapulikaupungintie 13

Kiint. Oy Jyväskylän maalaiskunnan Kotikeskus

Kiinteistö Oy Arabian Parkki

Kiinteistö Oy Avia Prima

Kiinteistö Oy Eerikinkatu 24

Kiinteistö Oy Espoon Komentajan-Varma

Kiinteistö Oy Fredrikinkatu 42

Kiinteistö Oy Hatsinanpuisto AB

Kiinteistö Oy Hatsinanpuiston pysäköinti AB

Kiinteistö Oy Helsingin Hiilipiha

Kiinteistö Oy Helsingin Hiiliranta

Kiinteistö Oy Helsingin Itämerenkatu 9

Kiinteistö Oy Helsingin Itämerenkatu 11-13

Kiinteistö Oy Helsingin Lönnrotinkatu 18

Kiinteistö Oy Helsingin Malminkatu 28

Kiinteistö Oy Helsingin Ratavartijankatu 5

Kiinteistö Oy Helsingin Valimopolku 4

Kiinteistö Oy Helsingin Valimotie 9-11

Kiinteistö Oy Helsingin Yrjönkatu 17

Kiinteistö Oy Hotelli Torni

Kiinteistö Oy Hyvinkään Hämeenkatu 9

Kiinteistö Oy Hämeentie 135

Kiinteistö Oy Ilmailunkatu 7

Kiinteistö Oy John Stenbergin ranta 2

Kiinteistö Oy Jyväskylän Kylmälahdentie 6

Kiinteistö Oy Jyväskylän Mattilanniemi

Kiinteistö Oy Jyväskylän Saarijärventie 50-52

Kiinteistö Oy Jyväskylän Sorastajantie 1

Kiinteistö Oy Keskustahotelli

Kiinteistö Oy Kotkan Jumalniementie 8

Kiinteistö Oy Lappeenrannan Patria

Kiinteistö Oy Lönnrotinkatu 12

Kiinteistö Oy Nokian Nuijamiestentie 5

Kiinteistö Oy Ornant

Kiinteistö Oy Partolan Kauppajätti

Group Companies 31 Dec 2023

Kiinteistö Oy Pirkkalan Myllyhaantie

Kiinteistö Oy Porin Itsenäisyydenkatu 5

Kiinteistö Oy Rajalla

Kiinteistö Oy Rajasampaanranta 2

Kiinteistö Oy Salmisaaren Liikuntakeskus

Kiinteistö Oy Sompasaaren Tukoeka

Kiinteistö Oy Tampereen Harjuntausta 7

Kiinteistö Oy Tampereen Kalevanpaasi

Kiinteistö Oy Tampereen Sarankulmankatu 20 A

Kiinteistö Oy Tampereen Sarankulmankatu 20 B

Kiinteistö Oy Vaasan Sampotalo

Kiinteistö Oy Varmantalo

Kiinteistöosakeyhtiö Varma

Old Mill Oy

Osakevarma Oy

P-Turkuparkki Oy

Saimaan Kylpyläkiinteistöt Oy

Tampereen Kiinteistö Invest Oy

Tieto Esy Oy

In addition, the Group comprises the following 16 associates:

Alcobendas Investments SL

Aros Bostad III AB

Aros Sundbyberg Holding AB

Herding Yard Properties GP Oy

Kiinteistö Oy Pyynikin Parkki

Kiinteistö Oy Selloparkki

Kiinteistö Oy Suursuon Ostoskeskus

Leineläntien pysäköintikiinteistö Oy

NV Kiinteistösijoitus Oy

Näkin Pihapuistikko II Oy

Ruohoparkki Oy

Salmiparkki Oy

Spektri Kiinteistöt GP Oy

Vaasan Toripysäköinti Oy

Vantaan Valo GP Oy

WT Kiinteistösijoitus Oy

The following associate exited the Group during the year under review:

CMCV Kungens Kurva Holdco AB

Notes to the Income Statement

1. Premiums written

1 Jan-31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Direct business				
Basic insurance under TyEL				
Employer's share	4,356.6	4,116.8	4,356.6	4,116.8
Employee's share	1,899.0	1,804.6	1,899.0	1,804.6
	6,255.6	5,921.4	6,255.6	5,921.4
Insurance under minimum YEL cover	212.8	199.2	212.8	199.2
	6,468.4	6,120.6	6,468.4	6,120.6
Transition payment to the State Pension Fund	-2.0	-2.0	-2.0	-2.0
Premiums written before reinsurance	6,466.4	6,118.6	6,466.4	6,118.6
Premiums written ¹⁾	6,466.4	6,118.6	6,466.4	6,118.6
Credit loss on premium receivables				
TyEL	9.1	8.2	9.1	8.2
YEL	2.0	1.9	2.0	1.9
	11.1	10.2	11.1	10.2

¹⁾ Less credit loss

2. Claims paid

1 Jan-31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Direct business				
Paid to pensioners				
Basic insurance under TyEL	6,649.1	6,095.5	6,649.1	6,095.5
Supplementary pension insurance under TEL	82.4	80.9	82.4	80.9
Insurance under minimum YEL cover	341.1	314.7	341.1	314.7
Supplementary pension insurance under YEL	0.8	0.7	0.8	0.7
	7,073.4	6,491.9	7,073.4	6,491.9
Compensation paid/received as regards clearing of PAYG pensions ¹⁾				
TyEL pensions	-22.4	8.8	-22.4	8.8
YEL pensions	7.4	13.0	7.4	13.0
Share of the Unemployment Insurance Fund contribution and cost distribution of pension components accrued on no-pay periods	-152.8	-153.7	-152.8	-153.7
YEL state share	-128.1	-120.4	-128.1	-120.4
VEKL state compensation	-2.4	-2.0	-2.4	-2.0
	-298.3	-254.2	-298.3	-254.2
	6,775.1	6,237.6	6,775.1	6,237.6
Claims handling expenses	32.8	30.0	32.8	30.0
Administrative costs for disability risk management ²⁾	8.1	7.5	8.1	7.5
Claims paid before reinsurance	6,816.0	6,275.2	6,816.0	6,275.2
Total claims paid	6,816.0	6,275.2	6,816.0	6,275.2

¹⁾ Paid/received cost-division compensation does not include the share of the Unemployment Insurance Fund contribution, the cost division of pension components accrued on unsalaried periods, the YEL state share, or VEKL compensation.

²⁾ In 2023, the administrative cost components totalled EUR 7.9 million, and EUR 7.9 million were transferred to claims incurred.

3. Breakdown of net investment return

1 Jan–31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Investment return				
Returns on investments in Group companies				
Dividend	0.3	0.3		
	0.3	0.3		
Returns on investments in participating interests				
Dividend	5.1	8.5		
	5.1	8.5		
Returns on investments in real estate				
Interest				
Group companies	21.0	20.9		
Other than Group companies			0.1	0.2
Other returns				
Other than Group companies	220.5	197.2	222.7	201.6
	241.5	218.1	222.8	201.8
Returns on other investments				
Dividend	1,294.7	1,439.8	1,303.4	1,439.9
Interest	337.8	340.6	337.8	340.6
Other returns	1,624.1	2,524.2	1,624.1	2,524.2
	3,256.6	4,304.6	3,265.3	4,304.8
	3,503.5	4,531.5	3,488.1	4,506.6
Reversed impairment	330.0	115.0	330.0	112.8
Sales proceeds	3,449.5	3,905.6	3,449.5	3,906.7
Total	7,283.0	8,552.1	7,267.6	8,526.1
Investment expenses				
On real estate	-156.8	-147.6	-86.1	-78.8
On other investments	-1,714.7	-3,049.5	-1,714.7	-3,049.5
Interest and other expenses on debt capital	-90.2	-264.8	-90.2	-264.8
	-1,961.7	-3,461.9	-1,891.0	-3,393.1
Impairment and depreciation				
Impairment	-855.3	-1,748.1	-827.7	-1,734.7
Planned depreciation on buildings	-13.8	-16.7	-104.0	-80.5
	-869.1	-1,764.7	-931.7	-1,815.3
Sales losses	-2,432.9	-3,401.2	-2,432.9	-3,391.8
Total	-5,263.7	-8,627.8	-5,255.6	-8,600.2
Net investment return in the income statement	2,019.3	-75.7	2,012.1	-74.1
Net investment return in the income statement includes other foreign exchange gains and losses of investment operations	-153.7	-669.0	-153.7	-669.0

4. Operating expenses in the income statement

1 Jan–31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Insurance policy acquisition costs				
Direct business commissions	2.6	2.0	2.6	2.0
Other insurance policy acquisition costs	11.6	11.9	11.6	11.9
	14.3	13.8	14.3	13.8
Portfolio administration expenses	26.4	26.0	26.4	26.0
Administrative expenses				
Statutory charges				
Finnish Centre for Pensions' share	9.2	8.7	9.2	8.7
Judicial administration fee	0.9	0.8	0.9	0.8
Financial Supervisory Authority supervision fee	1.1	1.0	1.1	1.0
	11.3	10.6	11.3	10.6
Other administrative expenses	14.6	18.4	14.6	18.4
	66.6	68.9	66.6	68.9

5. Overall operating expenses by function

1 Jan–31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Claims paid				
Claims handling expenses	32.8	30.0	32.8	30.0
Disability risk management expenses	8.1	7.5	8.1	7.5
	40.9	37.6	40.9	37.6
Operating expenses	66.6	68.9	66.6	68.9
Investment management charges				
Expenses on real estate	7.1	7.6	7.1	7.6
Expenses on other investments	22.8	22.3	22.8	22.3
	29.9	29.9	29.9	29.9
Total operating expenses	137.5	136.4	137.5	136.4

6. Personnel expenses

1 Jan–31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Salaries and remunerations	49.3	46.3	50.6	48.1
Pension expenses	8.4	8.2	8.6	8.5
Other personnel-related expenses	2.7	2.3	2.7	2.3
Total	60.4	56.8	61.8	58.9

7. Management salaries and remunerations

1 Jan–31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
President and CEO	0.9	0.9	0.9	0.9
Members and deputy members of the Board of Directors	0.5	0.5	0.5	0.5
Members of the Supervisory Board	0.2	0.2	0.2	0.2
Total	1.6	1.6	1.6	1.6
Average number of personnel during the financial year	564	531	584	559

President and CEO Risto Murto was paid EUR 917,012.37 in salary and fringe benefits. President and CEO Murto's retirement age will be 65 years.

8. Auditors' fees

1 Jan–31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Ernst & Young Oy				
Audit fees	0.3	0.3	0.3	0.3
Taxation advice	0.0	0.0	0.0	0.0
Other fees	0.0	0.0	0.0	0.0
Other audit firms				
Taxation advice	0.4	0.6	0.4	0.6
Other fees	0.4	0.2	0.4	0.2

9. Income taxes

Deferred tax liabilities or assets based on accumulated appropriations or other temporary differences between book value and taxable values have not been entered in the balance sheet, because such deferred tax liabilities or assets are unlikely to be realised in the financial statements of a company engaged in the statutory pension insurance business or of its Group.

Notes to the Balance Sheet

10. Investments at fair value and valuation differences, Parent Company

31 Dec, € million	Remaining acquisition cost 2023	Book value 2023	Fair value 2023	Remaining acquisition cost 2022	Book value 2022	Fair value 2022
Real estate investments						
Real estate	601.9	612.0	746.0	574.3	584.4	756.7
Real estate shares in Group companies	1,305.1	1,305.1	1,769.0	1,295.0	1,295.0	1,897.3
Other real estate shares	7.3	7.3	7.3	7.5	7.5	7.5
Loans to Group companies	425.7	425.7	425.7	445.7	445.7	445.7
Loans to real estate companies	89.1	89.1	89.1	77.2	77.2	77.2
Investments in Group companies						
Shares and participations	4.3	4.3	4.3	4.3	4.3	4.3
Investments in participating interests						
Shares and participations	29.8	29.8	30.2	35.9	35.9	35.9
Other investments						
Shares and participations	36,970.1	36,970.1	49,186.5	32,185.8	32,185.8	42,880.7
Money-market instruments	4,514.9	4,514.9	4,480.5	5,357.4	5,357.4	5,297.3
Loans guaranteed by mortgages	18.5	18.5	18.5	159.2	159.2	159.2
Other loan receivables	1,408.7	1,408.7	1,409.4	1,564.5	1,564.5	1,565.4
	45,375.3	45,385.4	58,166.5	41,706.8	41,716.9	53,127.2
The remaining acquisition cost of money-market instruments includes:						
The difference between the nominal value and acquisition cost, released (+) or charged (-) to interest income	-17.4			-37.7		
Book value includes						
Revaluations entered as income		10.1			10.1	
Valuation difference (difference between fair value and book value)			12,781.1			11,410.3
Non-hedging derivatives		-171.1	22.7		-205.0	13.2
Valuation difference (difference between fair value and book value)			193.7			218.2

11. Investments at fair value and valuation differences, Group

31 Dec, € million	Remaining acquisition cost 2023	Book value 2023	Fair value 2023	Remaining acquisition cost 2022	Book value 2022	Fair value 2022
Real estate investments						
Real estate	2,371.5	2,381.6	3,019.1	2,346.0	2,356.2	3,166.0
Other real estate shares	7.3	7.3	7.3	7.5	7.5	7.5
Investments in Group companies						
Shares and participations	0.3	0.3	0.9	0.4	0.4	0.9
Investments in participating interests						
Shares and participations	35.4	35.4	30.2	34.7	34.7	35.9
Other investments						
Shares and participations	36,984.0	36,984.0	49,200.6	32,200.0	32,200.0	42,894.9
Money-market instruments	4,514.9	4,514.9	4,480.5	5,357.4	5,357.4	5,297.3
Loans guaranteed by mortgages	18.5	18.5	18.5	159.2	159.2	159.2
Other loan receivables	1,408.7	1,408.7	1,409.4	1,564.5	1,564.5	1,565.4
	45,340.6	45,350.7	58,166.5	41,669.8	41,679.9	53,127.2
The remaining acquisition cost of money-market instruments includes:						
The difference between the nominal value and acquisition cost, released (+) or charged (-) to interest income	-17.4			-37.7		
Book value includes						
Revaluations entered as income		10.1			10.1	
Valuation difference (difference between fair value and book value)			12,815.7			11,447.3
Non-hedging derivatives		-171.1	22.7		-205.0	13.2
Valuation difference (difference between fair value and book value)			193.7			218.2

12. Investments in Group companies and participating interests, Parent Company

31 Dec 2023, € million

Shares and participations in Group companies

Acquisition cost, 1 Jan	4.3
Acquisition cost, 31 Dec	4.3

Shares and participations in participating interests

Acquisition cost, 1 Jan	35.9
Increase	0.0
Decrease	-6.1
Acquisition cost, 31 Dec	29.8

Shares and participations in Group companies

31 Dec 2023	Domicile	Shares	Votes	Book value € million
Tieto Esy Ltd	Helsinki	14.36%	50.10%	0.9
Osakevarma Oy	Helsinki	100.00%	100.00%	3.3
				4.3
Housing associations and real estate companies				1,305.1

Shares and participations in participating interests

31 Dec 2023	Domicile	Shares	Votes	Book value € million
Alcobendas Investments SL	Madrid	50.00%	50.00%	28.7
Aros Bostad III AB	Stockholm	35.09%	35.09%	0.0
Aros Sundbyberg Holding AB	Stockholm	48.40%	48.40%	1.0
Herding Yard Properties GP Oy	Helsinki	31.00%	31.00%	0.0
NV Kiinteistösjointus Oy	Helsinki	45.00%	45.00%	0.0
Spektri Kiinteistöt GP Oy	Helsinki	24.70%	24.70%	0.0
Vantaan Valo GP Oy	Helsinki	50.00%	50.00%	0.0
VVT Kiinteistösjointus Oy	Helsinki	45.00%	45.00%	0.0
				29.8
Housing associations and real estate companies				4.9

13. Investments in Group companies and participating interests, Group

31 Dec 2023, € million

Shares and participations in Group companies

Acquisition cost, 1 Jan	0.4
Increase	0.0
Decrease	-0.1
Acquisition cost, 31 Dec	0.3

Shares and participations in participating interests

Acquisition cost, 1 Jan	34.7
Increase	11.1
Decrease	-10.4
Acquisition cost, 31 Dec	35.4

Shares and participations in Group companies

31 Dec 2023	Domicile	Shares	Votes	Book value € million
Tieto Esy Oy	Helsinki	14.36%	50.10%	0.3
				0.3

Shares and participations in participating interests

31 Dec 2023	Domicile	Shares	Votes	Book value € million
Alcobendas Investments SL	Madrid	50.00%	50.0%	20.2
Aros Bostad III AB	Stockholm	35.09%	35.1%	14.7
Aros Sundbyberg Holding AB	Stockholm	48.40%	48.4%	0.5
Herding Yard Properties GP Oy	Helsinki	31.00%	31.0%	0.0
NV Kiinteistösjointus Oy	Helsinki	45.00%	45.0%	0.0
Spektri Kiinteistöt GP Oy	Helsinki	24.70%	24.0%	0.0
Vantaan Valo GP Oy	Helsinki	50.00%	50.0%	0.0
VVT Kiinteistösjointus Oy	Helsinki	45.00%	40.0%	0.0
				35.4
Housing associations and real estate companies				10.4

14. Changes in investments in real estate

31 Dec 2023, € million	Parent Company Real Estate and real estate shares	Parent Company Loans to Group companies	Group Real Estate and real estate shares
Acquisition cost, 1 Jan	2,351.0	522.9	3,556.0
Increase	150.8	46.2	200.5
Decrease	-44.3	-54.2	-48.8
Acquisition cost, 31 Dec	2,457.6	514.8	3,707.6
Accumulated depreciation, 1 Jan	-224.0		-979.1
Accumulated depreciation on deductions and transfers	0.0		-0.7
Depreciation for the financial year	-13.6		-71.0
Accumulated depreciation, 31 Dec	-237.6		-1,050.7
Impairments, 1 Jan	-250.3		-223.4
Impairments on deductions and transfers			
Impairments for the financial year	-55.8		-55.2
Reversed impairment	0.4		0.3
Impairments, 31 Dec	-305.7		-278.2
Revaluations, 1 Jan	10.1		10.1
Revaluations, 31 Dec	10.1		10.1
Book value, 31 Dec	1,924.4	514.8	2,388.9

15. Real estate investments in own use

31 Dec 2023, € million	Parent Company	Group
Remaining acquisition cost	57.9	57.9
Book value	57.9	57.9
Fair value	62.9	62.9

16. Parent Company's other investments, shares and participations

31 Dec 2023	Shares %	Book value € million	Market value € million
Listed equities			
Finland			
Administer Plc	2.4	0.8	0.8
Aktia Bank Plc	1.6	6.7	11.1
Alma Media Corporation	6.8	26.0	53.8
Anora Group Plc	3.0	8.9	8.9
Aspo Plc	4.5	6.0	8.5
Atria Plc	1.9	5.5	5.5
Bittium Corporation	3.8	6.5	6.5
CapMan Plc	2.3	8.4	8.4
Cargotec Corporation	1.0	25.8	34.1
Componenta Corporation	4.3	1.0	1.0
Consti Plc	2.2	1.6	2.0
Detection Technology Plc	3.5	2.7	7.1
Digia Plc	4.6	4.8	6.7
Digital Workforce Services Plc	2.8	1.0	1.0
Duell Corporation	4.6	1.0	1.5
Elisa Corporation	1.9	39.2	129.5
Enento Group Plc	1.4	6.7	6.7
Etteplan Oyj	3.9	3.3	13.5
Faron Pharmaceuticals Ltd	4.1	6.4	10.6
Finnair Plc	2.9	23.1	23.1
Fiskars Corporation	2.0	12.4	29.5
Fortum Corporation	1.7	204.9	204.9
Glaston Corporation	7.5	4.6	4.6
Gofore Plc	3.3	3.3	11.6
Harvia Plc	0.4	2.2	2.2
HKScan Corporation	1.6	1.3	1.3
Honkarakenne Oyj	3.6	0.6	0.7
Huhtamaki Oyj	3.8	139.5	150.5
Kemira Oyj	3.4	73.3	89.3
Kempower Corporation	4.3	21.4	75.3
Kesko Corporation	1.5	62.1	107.1
Kesla Oyj	4.4	0.6	0.6

31 Dec 2023	Shares %	Book value € million	Market value € million
Kojamo plc	7.8	21.1	230.4
Konecranes Plc	2.6	58.9	85.0
KONE Corporation	1.2	285.0	285.0
Koskisen Corporation	3.5	4.9	4.9
Kreate Group Plc	4.0	2.6	2.6
Lamor Corporation Plc	1.7	1.2	1.2
Lassila & Tikanoja Plc	1.9	7.2	7.2
Leaddesk Plc	3.1	1.2	1.2
Lifeline SPAC I Plc	7.2	8.7	8.7
Mandatum Holding Ltd	4.4	15.7	90.7
Marimekko Corporation	4.7	3.4	25.6
Merus Power Plc	4.8	1.4	1.4
Metso Corporation	2.9	153.3	221.3
Metsä Board Corporation	4.9	41.1	124.8
Modulight Corporation	7.7	3.8	3.8
Musti Group Plc	6.1	33.8	53.7
Nanoform Finland Plc	3.9	4.9	4.9
Neste Corporation	1.7	389.5	422.3
NoHo Partners Plc	1.3	1.2	2.4
Nokian Tyres Plc	3.1	34.9	34.9
Nokia Corporation	1.4	245.0	245.0
Nordea Bank Abp	1.1	349.4	448.9
Olvi Plc	4.0	17.6	23.2
Oma Savings Bank Plc	0.6	1.4	4.3
Oriola Corporation	4.2	8.4	8.4
Orion Corporation	3.3	181.4	181.4
Orthex Corporation	3.6	3.4	3.4
Outokumpu Oyj	4.8	98.3	98.3
Ponsse Plc	1.4	1.6	8.8
Purmo Group Plc	2.3	6.7	6.7
Raisio Plc	3.3	10.3	10.3
Raute Corporation	1.2	0.7	0.7
Remedy Entertainment Plc	1.1	3.8	3.8
Revenio Group Corporation	0.9	5.2	6.3

31 Dec 2023	Shares %	Book value € million	Market value € million
Robit Plc	9.7	3.1	3.1
Sampo Plc	4.4	159.3	879.8
Sanoma Corporation	3.4	38.4	38.4
Siili Solutions Plc	4.0	2.8	3.1
Sitowise Group Plc	1.8	2.0	2.0
Solteq Plc	8.0	1.2	1.2
Solwers Plc	4.3	2.0	2.0
Spinova Plc	1.0	1.2	1.2
SRV Group Plc	2.8	2.0	2.0
SSH Communications Security Corporation	1.9	1.0	1.0
Stockmann Plc	8.4	38.4	38.4
Stora Enso Oyj	0.8	72.0	78.5
Suominen Corporation	2.9	3.8	4.6
Teleste Corporation	2.8	1.4	1.4
Terveystalo Plc	17.4	171.5	171.5
TietoEVRY Corporation	0.5	12.0	12.0
Tokmanni Group Corporation	4.2	20.0	35.8
UPM-Kymmene Corporation	1.6	252.0	292.6
Valmet Corporation	4.2	172.9	202.9
Verkkokauppa.com Oyj	8.5	9.9	9.9
Viafin Service Oyj	3.9	1.1	1.8
Vincit Plc	6.0	3.3	3.3
Wärtsilä Corporation	5.4	151.1	416.3
WithSecure Corporation	2.3	4.1	4.1
YIT Corporation	5.7	23.7	23.7
Other		1.3	55.7
Finnish equities, total		3.870.0	5.965.6
Foreign equities, other countries			
Australia			
ANZ Group Holdings Limited	0,0	12,0	12,9
Brambles	0,0	3,4	3,6
Commonwealth Bank of Australia	0,0	17,7	20,1

31 Dec 2023	Shares %	Book value € million	Market value € million
CSL Ltd	0,0	6,9	7,3
Dexus	0,0	1,7	2,0
Fortescue Ltd	0,0	2,3	2,3
Goodman Group	0,0	2,0	2,4
Macquarie Group Limited	0,0	11,6	13,7
National Australia Bank Ltd	0,0	13,4	14,7
Rio Tinto Limited	0,0	2,3	2,6
Telstra Corp Ltd	0,0	2,3	2,3
Transurban Group	0,0	6,1	6,9
Wesfarmers Limited	0,0	4,7	5,3
Westpac Banking Corporation	0,0	10,1	11,3
Woodside Energy Group Ltd	0,0	2,2	2,2
Woolworths Group Limited	0,0	4,2	4,5
Belgium			
Anheuser-Busch InBev SA/NV	0,0	5,8	6,2
Groupe Bruxelles Lambert SA	0,0	2,3	2,4
Bermuda			
Arch Capital Group Ltd	0,0	1,5	1,5
Brazil			
Banco Bradesco S.A.	0,0	1,8	1,9
Itausa S.A.	0,0	2,6	2,8
Itau Unibanco Holding S.A.	0,0	2,3	2,5
Localiza Rent a Car SA	0,0	4,3	4,6
Telefonica Brasil S.A.	0,0	2,0	2,0
Canada			
Agnico Eagle Mines Limited	0,0	2,0	2,2
Bank of Montreal	0,0	2,9	3,6
Bank of Nova Scotia	0,0	2,8	3,2
Brookfield Corporation	0,0	2,2	2,8
Canadian Imperial Bank of Commerce	0,0	2,4	2,6
Canadian National Railway Co	0,0	6,8	7,3
Canadian Pacific Railway Ltd	0,0	6,7	7,2
CGI Inc.	0,0	4,4	4,6
Constellation Software Inc.	0,0	4,8	5,4
Enbridge Inc	0,0	3,6	3,9
Hydro One Limited	0,0	4,4	4,8

31 Dec 2023	Shares %	Book value € million	Market value € million
Manulife Financial Corporation	0,0	2,2	2,6
Nutrien Ltd	0,0	1,4	1,4
Pembina Pipeline Corporation	0,0	2,3	2,4
Restaurant Brands International Inc.	0,0	3,9	4,3
Rogers Communications Inc	0,0	3,3	3,7
Royal Bank of Canada	0,0	4,6	5,5
Shopify Inc	0,0	5,3	7,0
Suncor Energy Inc.	0,0	1,8	1,8
Sun Life Financial Inc.	0,0	2,0	2,1
TC Energy Corp	0,0	1,9	2,0
Thomson Reuters Corporation	0,0	4,1	4,4
Toronto-Dominion Bank/The	0,0	4,5	4,5
Wheaton Precious Metals Corp.	0,0	2,6	2,8
WSP Global Inc	0,0	3,9	4,0
Cayman Islands			
Alibaba Group Holding Ltd	0,0	11,7	11,7
Baidu, Inc.	0,0	4,7	5,0
China Resources Land Limited	0,0	1,9	2,0
CK Hutchison Holdings Ltd	0,0	4,6	4,7
Meituan	0,0	5,6	5,6
NetEase, Inc.	0,0	4,2	4,2
PDD Holdings Inc.	0,0	5,6	7,1
Tencent Holdings Ltd	0,0	19,0	19,0
Xiaomi Corporation	0,0	4,6	4,6
China			
Bank of China Limited	0,0	6,9	7,1
Byd Co Ltd	0,0	4,2	4,2
China Construction Bank Corporation	0,0	10,1	10,1
China Merchants Bank Co., Ltd.	0,0	5,3	5,3
Industrial and Commercial Bank of China Limited	0,0	8,6	8,6
JD.COM Inc	0,0	4,7	4,9
Ping An Insurance (Group) Company of China, Ltd.	0,0	8,5	8,5
Curacao			
Schlumberger Limited	0,0	2,8	2,8

31 Dec 2023	Shares %	Book value € million	Market value € million
Denmark			
Coloplast A/S	0,0	1,7	1,7
DSV Miljo Group A/S	0,0	3,9	4,4
Genmab A/S	0,0	1,7	1,7
Novo Nordisk A/S	0,0	21,6	22,8
Zealand Pharma A/S	0,1	1,8	2,5
France			
Air Liquide SA	0,0	3,8	4,1
AXA SA	0,0	2,4	2,5
BNP Paribas	0,0	3,0	3,4
Capgemini Se	0,0	4,0	4,5
Carmila SA	0,5	10,5	10,5
Cie de St-Gobain	0,0	3,7	4,8
Compagnie Generale des Etablissements Michelin	0,0	4,0	4,4
Danone SA	0,0	5,0	5,1
Dassault Systemes	0,0	3,3	3,6
EssilorLuxottica	0,0	5,0	5,3
Hermes International	0,0	6,3	6,5
Kering SA	0,0	4,4	4,4
Legrand SA	0,0	4,6	5,3
L'Oreal SA	0,0	9,0	9,9
LVMH Moet Hennessy Louis Vuitton SE	0,0	15,7	17,5
Orange SA	0,0	3,9	3,9
Pernod Ricard SA	0,0	4,8	4,8
Sanofi SA	0,0	9,0	9,2
Schneider Electric SA	0,0	8,4	10,4
Vinci SA	0,0	6,6	7,1
Germany			
Adidas AG	0,0	3,5	3,5
Allianz SE	0,0	3,7	4,1
BASF SE	0,0	2,3	2,6
Bayerische Motoren Werke AG	0,0	5,8	6,3
Deutsche Boerse AG	0,0	1,6	2,0
Deutsche Post AG	0,0	4,2	5,1
Deutsche Telekom AG	0,0	6,3	6,5

31 Dec 2023	Shares %	Book value € million	Market value € million
E.ON SE	0.0	4.7	5.1
Infineon Technologies AG	0.0	3.9	4.9
Mercedes-Benz Group AG	0.0	6.4	7.0
Muenchener Rueckversicherungs AG	0.0	2.3	2.3
SAP SE	0.0	11.6	12.3
Siemens AG	0.0	9.0	11.1
Hong Kong			
AIA Group Limited	0.0	15.1	15.1
Hong Kong Exchanges and Clearing Ltd	0.0	9.3	9.3
Link Real Estate Investment Trust	0.0	2.1	2.2
Hungary			
4iG PLC.	0.7	4.0	4.0
Ireland			
Accenture PLC	0.0	13.7	15.7
Aon Public Limited Company	0.0	2.6	2.6
Eaton Corporation PLC	0.0	6.8	8.4
Johnson Controls Inc	0.0	3.9	4.3
Linde Plc	0.0	6.9	7.1
Medtronic PLC	0.0	7.4	7.9
Trane Technologies plc	0.0	4.4	5.4
Italy			
Enel SpA	0.0	6.3	7.0
Intesa Sanpaolo SpA	0.0	2.1	2.3
UniCredit SpA	0.0	1.8	1.8
Japan			
Adeka Corporation	0.2	3.1	3.6
Ajinomoto Co., Inc.	0.0	2.8	2.8
Alfresa Holdings Corporation	0.4	10.8	12.0
Astellas Pharma Inc	0.0	1.5	1.5
Bridgestone Corporation	0.0	4.9	5.0
Brother Industries Ltd.	0.4	14.4	14.6
Citizen Watch Co. Ltd.	0.3	4.3	4.4
COMSYS Holdings Corporation	0.3	6.3	7.0
Daiichi Sankyo Co Ltd	0.0	4.1	4.1
Daikin Industries Ltd	0.0	4.1	4.3

31 Dec 2023	Shares %	Book value € million	Market value € million
Dai Nippon Printing Co. Ltd.	0.2	16.0	16.0
Daiwa House Industry Co., Ltd.	0.0	3.0	3.1
DeNA Co. Ltd.	0.3	2.7	2.7
DENSO Corporation	0.0	5.2	5.2
Ezaki Glico Co. Ltd.	0.3	5.1	5.6
FANUC Corp	0.0	3.6	3.8
Fast Retailing Co Ltd	0.0	3.8	3.9
FUJIFILM Holdings Corporation	0.0	4.1	4.2
Hitachi Ltd	0.0	6.2	6.7
Honda Motor Co Ltd	0.0	22.4	24.8
House Foods Group Inc.	0.2	4.5	4.5
Hoya Corporation	0.0	3.4	3.7
Hulic Co Ltd	0.0	1.9	1.9
Ibiden Co Ltd	0.1	5.0	5.0
ITOCHU Corp	0.0	4.8	4.9
Kaken Pharmaceutical Co. Ltd.	0.2	2.4	2.4
Kamigumi Co. Ltd.	0.3	7.2	7.6
KDDI Corporation	0.0	5.3	5.4
Keyence Corporation	0.0	6.3	6.5
Kinden Corporation	0.2	4.3	5.2
KOKUYO Co. Ltd.	0.2	2.9	3.1
Komatsu Ltd	0.0	4.2	4.3
Kyocera Corporation	0.1	20.7	22.3
Lintec Corporation	0.2	2.3	2.7
LY Corporation	0.1	16.5	21.8
Mabuchi Motor Co Ltd	0.3	4.9	5.6
Maruichi Steel Tube Ltd.	0.3	4.9	5.5
Mitsubishi Corporation	0.0	5.1	5.1
Mitsubishi Electric Corp	0.0	4.2	4.4
Mitsubishi Estate Company, Limited	0.0	2.0	2.1
Mitsubishi UFJ Financial Group, Inc.	0.0	15.3	15.3
Mitsui Fudosan Co Ltd	0.0	2.0	2.2
Mizuho Financial Group Inc	0.0	11.2	11.2
Murata Manufacturing Company Ltd	0.0	5.0	5.5
NEC Corporation	0.1	14.2	18.5

31 Dec 2023	Shares %	Book value € million	Market value € million
NGK Insulators Ltd.	0.3	9.9	9.9
NHK Spring Co. Ltd.	0.2	3.8	4.2
Nikon Corporation	0.3	9.7	9.7
Nintendo Co., Ltd.	0.0	4.4	5.0
Nippon Kayaku Co. Ltd.	0.2	2.4	2.4
Nippon Telegraph and Telephone Corporation	0.0	4.0	4.0
Obayashi Corporation	0.1	3.7	3.7
OKUMA Corporation	0.2	2.9	2.9
Oriental Land Co., Ltd.	0.0	3.7	3.9
Otsuka Holdings Co Ltd	0.0	3.5	3.5
Recruit Holdings Co Ltd	0.0	4.3	5.2
SECOM Co., Ltd.	0.0	4.1	4.1
Seiko Epson Corporation	0.3	13.2	13.2
Seino Holdings Co. Ltd.	0.3	4.8	6.4
Sekisui House Ltd	0.0	4.4	4.7
Shin-Etsu Chemical Co., Ltd.	0.0	2.4	3.2
SMC Corporation	0.0	3.5	3.7
Socionext Inc	0.2	4.6	4.6
SoftBank Corp.	0.0	5.2	5.5
SoftBank Group Corp	0.0	4.6	4.9
Sojitz Corporation	0.3	13.9	14.7
Sony Group Corporation	0.0	9.3	9.9
Sumitomo Electric Industries Ltd	0.0	4.0	4.2
Sumitomo Mitsui Financial Group, Inc.	0.0	11.2	11.3
Suzuken Co. Ltd.	0.3	6.2	6.9
Taisei Corporation	0.3	15.7	15.7
Takeda Pharmaceutical Co Ltd	0.0	6.2	6.2
TBS Holdings Inc.	0.2	4.5	6.2
Terumo Corporation	0.0	3.1	3.2
Toagosei Co. Ltd.	0.2	1.9	2.1
Toho Holdings Co. Ltd.	0.3	3.7	4.1
Tokio Marine Holdings, Inc.	0.0	11.2	11.7
Tokyo Electron Limited	0.0	6.4	7.5
Toppan Holdings Inc.	0.3	16.4	21.2
TS Tech Co. Ltd.	0.3	3.7	3.7

31 Dec 2023	Shares %	Book value € million	Market value € million
Ushio Inc.	0.3	3.7	4.0
Wacoal Holdings Corp.	0.2	2.2	2.6
Yamato Kogyo Co. Ltd.	0.2	4.7	6.0
Yamazaki Baking Co. Ltd.	0.2	5.8	9.1
Zeon Corporation	0.2	3.8	3.8
Jersey C.I.			
Experian PLC	0.0	3.9	5.0
Mexico			
America Movil, S.A.B. de C.V.	0.0	3.2	3.3
Grupo Financiero Banorte S.A.B. de C.V.	0.0	2.1	2.1
New Zealand			
Meridian Energy Limited	0.0	1.6	1.6
Norway			
Aker BP ASA	0.0	1.7	1.7
Atlantic Sapphire AS	1.7	2.0	2.0
Equinor ASA	0.0	2.2	2.2
Hofseth BioCare ASA	0.6	0.6	0.6
Komplett Group AS	0.9	1.8	1.8
Norwegian Air Shuttle AS	1.6	12.0	14.8
Salmon Evolution ASA	0.5	1.1	1.1
Singapore			
CapitaLand Ascendas REIT	0.0	3.0	3.2
CapitaLand Integrated Commercial Trust	0.0	3.0	3.2
DBS Group Holdings Ltd	0.0	10.2	10.4
Oversea-Chinese Banking Corporation Limited	0.0	6.3	6.3
Singapore Technologies Engineering Ltd	0.0	3.6	3.7
Singapore Telecommunications Limited	0.0	4.4	4.5
United Overseas Bank Limited	0.0	8.7	9.0
South Africa			
Absa Group Limited	0.0	1.8	1.9
FirstRand Limited	0.0	2.2	2.3
Naspers Limited	0.0	3.4	3.5
South Korea			
Hyundai Motor Company	0.0	4.4	4.8
Samsung Electronics Co., Ltd.	0.0	20.6	22.1

31 Dec 2023	Shares %	Book value € million	Market value € million
Samsung SDI Co Ltd	0.0	1.3	1.4
SK hynix Inc.	0.0	4.8	5.3
Woori Financial Group Inc	0.0	1.8	1.8
Spain			
Amadeus IT Holding SA	0.0	3.8	3.8
Banco Bilbao Vizcaya Argentaria SA	0.0	2.2	2.4
Banco Santander SA	0.0	2.5	2.6
Ferrovial SA	0.0	4.1	4.7
Iberdrola SA	0.0	9.7	10.3
Industria de Diseno Textil S.A.	0.0	4.8	5.4
Telefonica SA	0.0	1.9	1.9
Sweden			
Assa Abloy AB	0.0	3.9	5.0
Atlas Copco AB	0.0	5.6	7.0
Atrium Ljungberg AB	6.1	82.9	168.3
Fastighets AB Balder	0.4	14.8	30.8
Hexagon AB	0.0	1.0	1.4
Hufvudstaden AB	0.6	10.0	16.3
Investor AB	0.0	2.2	2.7
Sandvik AB	0.0	4.9	4.9
Telia Company AB	0.0	0.9	0.9
Volvo AB	0.0	4.8	6.0
Switzerland			
ABB Ltd	0.0	7.9	9.5
Alcon Inc	0.0	4.1	4.4
Cie Financiere Richemont SA	0.0	6.5	7.1
Givaudan SA	0.0	1.9	2.3
Lonza Group AG	0.0	3.7	4.0
Nestle SA	0.0	20.7	21.3
Novartis AG	0.0	15.1	15.8
Partners Group Holding AG	0.0	1.8	1.8
Roche Holding AG	0.0	13.2	13.6
Sika AG	0.0	2.3	2.9
Swiss Re AG	0.0	1.8	1.8
TE Connectivity Ltd	0.0	4.9	5.1

31 Dec 2023	Shares %	Book value € million	Market value € million
UBS Group AG	0.0	3.2	4.1
Zurich Financial Services AG	0.0	3.1	3.3
Taiwan			
Ase Technology Holding Co., Ltd.	0.0	3.6	3.8
Cathay Financial Holding Co., Ltd.	0.0	2.9	2.9
Delta Electronics, Inc.	0.0	4.4	4.4
Fubon Financial Holding Co., Ltd.	0.0	2.5	2.5
Hon Hai Precision Industry Co Ltd	0.0	2.9	2.9
MediaTek Inc.	0.0	4.5	4.8
Taishin Financial Holding Co Ltd	0.0	0.8	0.8
Taiwan Semiconductor Manufacturing Company Ltd	0.0	29.6	30.0
United Mircroelectronics Corp	0.0	3.4	3.6
Yuanta Financial Holding Co., Ltd.	0.0	2.2	2.3
The Netherlands			
Akzo Nobel NV	0.0	1.9	1.9
ASML Holding NV	0.0	18.4	21.1
Ferrari NV	0.0	4.5	4.5
Heineken NV	0.0	3.9	4.3
ING Groep NV	0.0	2.2	2.4
Koninklijke Ahold Delhaize NV	0.0	3.4	3.4
NXP Semiconductors	0.0	4.8	5.8
Prosus N.V.	0.0	3.7	3.7
Stellantis NV	0.0	5.0	5.8
STMicroelectronics NV	0.0	3.6	4.1
Wolters Kluwer NV	0.0	3.7	3.7
United Kingdom			
Anglo American PLC	0.0	2.7	2.7
AstraZeneca PLC	0.0	14.9	15.4
Aviva PLC	0.0	1.9	2.1
BP PLC	0.0	4.1	4.1
British Land Co PLC	0.0	1.8	1.8
Compass Group PLC	0.0	5.8	6.0
Diageo PLC	0.0	7.3	7.4
GlaxoSmithKline PLC	0.0	6.0	6.0

31 Dec 2023	Shares %	Book value € million	Market value € million
HSBC Holdings PLC	0.0	5.1	5.4
Informa PLC	0.0	4.0	4.3
Legal & General Group PLC	0.0	2.0	2.0
Lloyds Banking Group PLC	0.0	2.0	2.4
London Stock Exchange Group PLC	0.0	2.4	2.7
Reckitt Benckiser Group PLC	0.0	5.0	5.0
Relx PLC	0.0	5.5	5.9
Rio Tinto PLC	0.0	4.0	4.4
Sage Group PLC/The	0.0	1.9	1.9
Segro PLC	0.0	1.7	2.1
Shell PLC	0.0	7.5	7.5
Unilever PLC	0.0	9.9	9.9
Vodafone Group PLC	0.0	3.6	3.6
United States			
3M Company	0.0	4.8	5.3
Abbott Laboratories	0.0	12.7	13.4
AbbVie Inc	0.0	16.2	19.0
ACE Ltd	0.0	3.3	3.4
Adobe Inc	0.0	13.6	17.5
Advanced Micro Devices Inc	0.0	8.9	15.4
Aflac Incorporated	0.0	2.0	2.0
Agilent Technologies Inc	0.0	3.7	4.6
Airbnb, Inc.	0.0	5.1	5.5
Air Products & Chemicals Inc	0.0	2.4	2.4
Alexandria Real Estate Equities Inc	0.0	2.1	2.1
Alphabet Inc	0.0	179.2	190.7
Amazon.com Inc	0.0	209.6	222.7
American Express Co	0.0	3.1	4.3
American Tower Corp	0.0	3.4	3.9
American Water Works Company, Inc.	0.0	4.8	5.1
Ameriprise Financial, Inc.	0.0	1.8	2.1
AMETEK Inc	0.0	3.7	4.5
Amgen Inc	0.0	9.4	10.7
Amphenol Corporation	0.0	5.5	6.1
Analog Devices Inc	0.0	7.3	8.6

31 Dec 2023	Shares %	Book value € million	Market value € million
Apollo Global Management Inc	0.0	2.0	2.0
Apple Inc	0.0	260.0	298.9
Applied Materials Inc	0.0	10.0	10.9
Arista Networks, Inc.	0.0	4.4	4.9
Arthur J. Gallagher & Co.	0.0	2.2	2.2
AT&T Inc	0.0	8.5	8.9
Autodesk Inc	0.0	4.9	5.6
Automatic Data Processing Inc	0.0	7.0	7.2
AutoZone Inc	0.0	4.0	4.0
AvalonBay Communities, Inc.	0.0	2.2	2.4
Baker Hughes Company	0.0	1.8	1.8
Bank of America Corp	0.0	6.6	8.2
Becton Dickinson and Company	0.0	6.1	6.1
Biogen Inc	0.0	3.2	3.3
BioMarin Pharmaceutical Inc	0.0	4.1	4.4
BlackRock Inc	0.0	3.6	4.4
Blackstone Inc.	0.0	2.7	3.6
Block Inc	0.0	1.4	2.2
Booking Holdings Inc.	0.0	8.1	9.4
Boston Scientific Corp	0.0	7.0	8.3
Bristol-Myers Squibb Co	0.0	8.2	8.2
Broadcom Inc	0.0	16.6	30.2
Cadence Design Systems Inc	0.0	4.8	6.1
Capital One Financial Corporation	0.0	2.0	2.4
Carrier Global Corporation	0.0	3.8	4.4
Caterpillar Inc	0.0	8.9	10.6
Cencora, Inc.	0.0	4.0	4.2
Centene Corporation	0.0	3.6	3.7
Charter Communications Inc	0.0	4.4	4.4
Cheniere Energy, Inc.	0.0	1.8	1.8
Chevron Corporation	0.0	9.0	9.0
Chipotle Mexican Grill Inc	0.0	5.3	5.7
Church & Dwight Co., Inc.	0.0	3.5	3.6
Cintas Corporation	0.0	4.2	4.8
Cisco Systems Inc	0.0	16.1	16.1

31 Dec 2023	Shares %	Book value € million	Market value € million
Citigroup Inc	0.0	3.1	3.9
CME Group Inc.	0.0	2.8	2.8
Coca-Cola Co/The	0.0	17.3	17.5
Cognizant Technology Solutions Corporation	0.0	4.6	5.1
Coinbase Global Inc	0.0	1.5	1.6
Colgate-Palmolive Co	0.0	5.9	6.1
Comcast Corp	0.0	13.8	14.2
ConocoPhillips	0.0	5.5	5.5
Consolidated Edison, Inc.	0.0	5.2	5.2
Constellation Brands Inc	0.0	3.7	3.7
Copart Inc	0.0	4.3	4.4
Corning Incorporated	0.0	1.9	1.9
Corteva Inc	0.0	2.3	2.3
Costco Wholesale Corporation	0.0	15.7	18.8
CrowdStrike Holdings Inc.	0.0	3.8	5.0
Crown Castle Inc.	0.0	1.8	2.1
CSX Corp	0.0	5.5	6.0
Cummins Inc	0.0	4.9	5.1
CVS Health Corp	0.0	4.7	5.3
Danaher Corp	0.0	12.1	12.9
Deere & Co	0.0	8.0	8.2
Devon Energy Corp	0.0	2.1	2.1
Dexcom Inc	0.0	4.2	5.5
Diamondback Energy Inc	0.0	2.3	2.3
Digital Realty Trust, Inc.	0.0	1.9	2.0
Discover Financial Services	0.0	1.7	2.2
Dover Corporation	0.0	4.8	5.4
DR Horton Inc	0.0	3.6	4.5
DuPont de Nemours Inc	0.0	2.0	2.1
Ecolab Inc	0.0	2.2	2.5
Edison International	0.0	4.4	4.8
Edwards Lifesciences Corp	0.0	5.0	5.4
Elevance Health Inc	0.0	7.5	7.9
Eli Lilly and Company	0.0	17.3	30.6
Emerson Electric Co	0.0	5.5	6.1

31 Dec 2023	Shares %	Book value € million	Market value € million
EOG Resources Inc	0.0	3.3	3.3
Equifax Inc	0.0	3.9	3.9
Equinix Inc	0.0	3.2	3.4
Equity Residential	0.0	2.0	2.2
Estee Lauder Companies Inc	0.0	4.3	4.6
Eversource Energy	0.0	5.3	5.8
Exelon Corp	0.0	4.3	4.3
Exxon Mobil Corporation	0.0	12.9	12.9
FedEx Corp	0.0	4.1	4.5
Fidelity National Information Services Inc	0.0	1.5	1.8
Fiserv Inc	0.0	2.9	3.2
Ford Motor Co	0.0	4.2	4.9
Fortinet Inc	0.0	3.6	3.9
Freeport-McMoRan Copper & Gold	0.0	3.4	4.1
F-Secure Corp	2.3	5.1	8.1
General Electric Co	0.0	9.2	10.2
General Mills Inc	0.0	5.0	5.1
General Motors Company	0.0	4.5	5.5
Gilead Sciences Inc	0.0	8.3	8.3
Halliburton Co	0.0	2.2	2.2
HCA Holdings Inc	0.0	4.2	4.4
Healthpeak Properties, Inc.	0.0	2.3	2.6
Heico Corporation	0.0	3.8	4.0
Hess Corp	0.0	2.4	2.4
Hilton Worldwide Holdings Inc	0.0	6.1	6.7
Home Depot Inc/The	0.0	21.1	23.3
Howmet Aerospace Inc	0.0	3.2	3.8
Humana Inc	0.0	4.6	4.6
Idexx Laboratories Inc	0.0	3.7	4.6
Illinois Tool Works Inc	0.0	6.0	6.4
Ingersoll-Rand Inc	0.0	4.3	4.4
Intel Corp	0.0	9.8	13.6
Intercontinental Exchange, Inc.	0.0	2.6	3.0
International Business Machines Corp	0.0	9.5	10.1
Intuit Inc	0.0	10.1	13.3

31 Dec 2023	Shares %	Book value € million	Market value € million
Intuitive Surgical Inc	0.0	6.9	9.0
IQVIA Holdings Inc	0.0	3.8	4.2
Johnson & Johnson	0.0	25.3	25.5
JPMorgan Chase & Co	0.0	11.9	15.5
Kellanova	0.0	3.6	3.8
Kenvue Inc	0.0	3.7	3.7
Keurig Dr Pepper Inc	0.0	4.4	4.5
Keysight Technologies Inc	0.0	1.5	1.7
Kimberly-Clark Corporation	0.0	4.7	4.7
Kimco Realty Corporation	0.0	1.9	2.2
Kinder Morgan Inc	0.0	2.0	2.0
KKR & Co. Inc.	0.0	1.6	2.3
KLA Corporation	0.0	5.3	6.7
L3Harris Technologies, Inc.	0.0	5.1	5.7
Lam Research Corporation	0.0	7.1	9.2
Lennar Corp	0.0	3.8	3.9
Lowe's Companies Inc	0.0	8.5	9.4
Lululemon Athletica Inc	0.0	3.9	5.4
Marathon Oil Corporation	0.0	1.7	1.7
Marathon Petroleum Corp	0.0	2.5	2.5
Marriott International Inc/DE	0.0	4.2	5.4
Marsh & McLennan Cos Inc	0.0	3.4	3.4
Marvell Technology Inc	0.0	4.5	5.1
Mastercard Incorporated	0.0	10.0	11.6
McDonald's Corp	0.0	15.1	16.1
McKesson Corp	0.0	5.0	5.7
MercadoLibre Inc	0.0	5.0	5.5
Merck & Co Inc	0.0	16.6	19.3
Meta Platforms Inc	0.0	119.9	131.3
MetLife Inc	0.0	1.9	2.0
MetroPCS Communications Inc	0.0	7.1	7.6
Mettler-Toledo International Inc.	0.0	3.3	3.7
Microchip Technology Inc	0.0	4.3	4.8
Micron Technology Inc	0.0	5.3	6.6
Microsoft Corp	0.0	230.4	275.5

31 Dec 2023	Shares %	Book value € million	Market value € million
Mondelez International Inc	0.0	8.2	8.4
Monster Energy Company	0.0	3.4	3.7
Moody's Corporation	0.0	2.7	3.3
Morgan Stanley	0.0	3.4	4.6
Motorola Solutions Inc	0.0	3.7	4.0
Nasdaq, Inc.	0.0	1.6	1.8
Netflix Inc	0.0	10.5	13.8
Newmont Corporation	0.0	3.7	3.9
NextEra Energy Inc	0.0	9.9	9.9
Nike Inc	0.0	10.4	10.5
Norfolk Southern Corp	0.0	4.6	5.2
Nucor Corporation	0.0	1.8	2.0
NVIDIA Corporation	0.0	54.2	77.0
ONEOK, Inc.	0.0	2.0	2.0
Oracle Corp	0.0	10.5	11.5
O'Reilly Automotive Inc	0.0	4.4	4.9
Otis Worldwide Corporation	0.0	3.7	4.0
PACCAR Inc	0.0	4.9	5.9
Palantir Technologies Inc	0.0	1.5	1.5
Palo Alto Networks Inc	0.0	4.3	6.7
Parker-Hannifin Corp	0.0	5.1	6.5
Paychex Inc	0.0	3.7	3.7
PayPal Holdings Inc	0.0	2.7	2.7
Pepsico Inc	0.0	17.0	17.0
Pfizer Inc	0.0	11.4	11.4
PG&E Corp	0.0	3.8	3.9
Phillips 66	0.0	2.1	2.3
Pioneer Natural Resources Co	0.0	2.7	2.7
PPG Industries, Inc.	0.0	2.0	2.3
Procter & Gamble Co/The	0.0	23.4	23.4
Prologis Inc	0.0	4.1	5.3
Prudential Financial Inc	0.0	1.7	2.4
Public Storage	0.0	1.9	2.2
Qualcomm Inc	0.0	10.7	10.7
Realty Income Corporation	0.0	2.5	2.7

31 Dec 2023	Shares %	Book value € million	Market value € million
Regeneron Pharmaceuticals Inc	0.0	6.0	7.2
Republic Services Inc	0.0	4.1	4.3
ResMed Inc	0.0	1.4	1.6
Roper Technologies Inc	0.0	5.0	5.2
Ross Stores Inc	0.0	3.8	4.3
Salesforce Inc	0.0	12.4	16.5
ServiceNow Inc	0.0	7.9	10.5
Sherwin-Williams Co/The	0.0	2.4	3.0
Simon Property Group, Inc.	0.0	2.2	2.7
Snowflake Inc	0.0	3.8	4.8
S&P Global Inc	0.0	5.1	6.1
Starbucks Corporation	0.0	9.0	9.0
Stryker Corp	0.0	7.1	7.8
Synopsys Inc	0.0	5.6	6.7
Sysco Corporation	0.0	3.8	3.9
Target Corp	0.0	4.6	5.3
Tesla Inc	0.0	45.4	45.4
Texas Instruments Inc	0.0	10.6	11.3
The Bank of New York Mellon Corporation	0.0	1.9	2.2
The Charles Schwab Corporation	0.0	3.0	3.8
The Cigna Group	0.0	5.9	5.9
The Goldman Sachs Group Inc	0.0	3.4	4.7
The Hershey Company	0.0	4.2	4.2
The PNC Financial Services Group, Inc.	0.0	2.3	2.9
The Progressive Corporation	0.0	3.3	3.3
Thermo Fisher Scientific Inc	0.0	14.2	15.3
The TJX Companies Inc	0.0	6.6	8.1
The Trade Desk Inc	0.0	2.1	2.1
The Travelers Companies, Inc.	0.0	1.9	2.1
TransDigm Group Inc	0.0	5.0	5.8

31 Dec 2023	Shares %	Book value € million	Market value € million
Truist Financial Corporation	0.0	2.1	2.5
Uber Technologies Inc	0.0	6.2	8.1
Union Pacific Corp	0.0	8.7	9.8
UnitedHealth Group Inc	0.0	27.4	30.2
United Parcel Service Inc	0.0	7.4	7.7
United Rentals Inc	0.0	4.3	4.3
United States of America	0.0	2.2	2.4
U.S. Bancorp	0.0	2.2	2.8
Valero Energy Corp	0.0	1.9	1.9
Verisk Analytics Inc	0.0	3.4	3.4
Verizon Communications Inc	0.0	10.9	11.2
Vertex Pharmaceuticals Inc	0.0	6.5	7.9
VICI Properties Inc.	0.0	1.9	2.1
Visa Inc	0.0	11.8	13.5
Vulcan Materials Company	0.0	1.9	1.9
Wal-Mart Stores Inc	0.0	15.5	15.5
Walt Disney Co/The	0.0	11.7	11.7
Waste Management Inc	0.0	6.1	6.3
Wells Fargo & Co	0.0	5.0	6.0
Welltower Inc.	0.0	2.4	2.4
Weyerhaeuser Co	0.0	2.0	2.2
Williams Cos Inc/The	0.0	2.1	2.1
Workday Inc	0.0	2.7	3.9
Yum! Brands Inc	0.0	4.9	5.0
Zimmer Biomet Holdings, Inc.	0.0	4.0	4.4
Zoetis Inc	0.0	5.8	6.8
Other			
Foreign equities, total		4,196.6	4,756.1
Listed equities, total		8,066.7	10,721.6

31 Dec 2023	Shares %	Book value € million	Market value € million
Unlisted equities			
Finnish			
eBrands Holdings Oy	5.9	3.1	3.1
Fundu Oy	18.5	4.7	4.7
Haltian Oy	9.9	5.0	5.0
HappySpace Oy	0.0	2.0	22.0
Havator Group Oy	9.6	2.7	2.7
IQM Finland Oy	2.7	10.1	10.1
Keskinäinen Vakuutusyhtiö Kaleva	30.0	2.6	2.6
Mehiläinen Konserni Oy	7.8	75.0	155.9
Sponff Oy	15.3	1.9	7.8
Sponhealth Oy	15.4	0.6	0.6
Swappie Oy	1.0	4.0	4.0
Tornator Oyj	16.4	46.0	357.0
Other		0.1	0.1
Finnish, total		157.8	575.5
Unlisted equities, total		157.8	575.5

31 Dec 2023	Book value € million	Fair value € million
Hedge funds		
Cayman Islands		
Aviator Capital End-Of-Life Offshore Feeder Fund L.P.	30.4	41.3
Aviator Capital Fund IV Global Feeder LP	115.9	145.0
Aviator Capital Fund V Global Feeder LP	84.0	94.9
Aviator Capital InfraFund I Global Feeder LP	43.9	46.5
Aviator Capital Mid-Life Offshore Feeder Fund L.P.	50.5	59.7
Axonic Special Opportunities SBL Overseas Fund Ltd	89.7	109.3
Bayview MSR Opportunity Offshore L.P.	154.1	300.2
Bayview Opportunity Offshore VII L.P.	100.2	109.0
Black Diamond Credit Strategies Offshore Ltd	66.9	79.8
Blackstone First Avenue Offshore Fund Ltd	342.2	595.9
CarVal Credit Value Fund B II L.P.	0.7	3.1
Carval Credit Value Fund B IV L.P.	63.3	99.8
Chenavari European Deleveraging Opportunities Fund II L.P.	3.4	6.3
CS Iris V Fund Ltd	2.8	4.3
CVI Credit Value Fund B III L.P.	11.6	30.3
Double Black Diamond Ltd	1.5	7.1
EJF Debt Opportunities Offshore Fund Ltd	150.0	191.6
Elan Feeder Fund Ltd	25.8	129.7
Elliot International B Ltd	148.9	210.7
Kaamanen Fund L.P.	280.8	300.9
Kevo Fund LP	248.5	359.6
Kitka Fund LP	358.9	451.6
Kuttura Fund L.P.	17.9	63.3
Luomus Fund LP	124.6	136.6
Mortality Fund I	11.4	15.5
NWI Emerging Market Currency Fund	32.2	59.6
Raattama Fund LP	134.7	140.3
Soroban Opportunities Cayman Fund Ltd	68.5	157.5
Systematica 73 Fund	150.9	159.7
Teisko LP	59.4	59.4
Third Point Offshore Fund Ltd	44.4	94.1
Tirro Fund	131.6	138.4
Whippoorwill Distressed Opportunity Fund Ltd	2.6	5.2
Zais Opportunity Fund Ltd	15.0	56.8

31 Dec 2023	Book value € million	Fair value € million
Ireland		
Kirakka ICAV	252.9	252.9
Partakko Fund L.P.	344.0	400.8
Luxembourg		
Kultala Fund	246.4	254.1
Mandatum Life Managed Futures Fund Class X USD	4.6	5.8
Pulju Fund LP	19.0	22.8
Sokosti LP	44.9	48.4
United States		
Bayview Liquid Credit Strategies Domestic L.P.	23.2	39.7
Bayview Opportunity Domestic V L.P.	34.6	103.2
Bayview Opportunity V Oceanview L.P.	167.6	211.3
H/2 Special Opportunities II L.P.	1.6	1.6
H/2 Special Opportunities III L.P.	36.9	51.8
H/2 Special Opportunities IV L.P.	144.2	209.9
H/2 Special Opportunities V	133.3	148.3
H/2 Special Opportunities V Co-Investment Parallel Fund L.P.	82.7	92.3
Inari Fund LP	178.8	247.4
Ivalo Fund L.P.	289.7	733.7
Koitere Fund L.P.	93.8	240.0
Luiro Fund LP	260.6	266.0
Seveti Fund L.P.	770.9	2,016.0
Other	0.4	6.3
Hedge funds, total	6,297.7	9,815.4
Real estate funds		
Cayman Islands		
Ares Pan-European Logistics Partnership L.P.	48.0	54.4
BentallGreenOak Europe Fund IV LP	12.8	14.8
BGO Europe III Co-Investment, LP	20.3	24.1
Finland		
Alandsbanken Lunastustontti I Ky	24,0	27,2
Helsingin Lyyra Ky	23,1	23,1
Herding Yard Properties Ky	60,0	62,1
Hyperco Data Center Strategies I Ky	3,8	3,8
ICECAPITAL Housing Fund VI Ky	9,5	9,5

31 Dec 2023	Book value € million	Fair value € million
ICECAPITAL Housing Fund V Ky	30,0	33,9
NV Property Fund I Ky	5,4	8,7
Vantaan Valo Ky	281,4	281,4
WT Project Fund I Ky	18,4	21,2
WT Property Fund I Ky	31,5	37,5
WT Property Fund II Ky	11,5	12,3
Jersey C.I.		
DRC European Real Estate Debt Fund III L.P.	26,5	26,5
Luxembourg		
Ares European Property Enhancement Partners III SCSp	28,3	31,4
Ares European Real Estate Fund V SCSp	39,5	40,6
Ares Horizon Pan-European Logistics Partnership SCSp	26,2	26,2
AXA Logistics Europe Fund S.C.A. SICAV-RAIF	109,1	114,5
Baumont Real Estate One SCSp	34,2	36,6
Benson Elliot Real Estate Partners VI SCSp	16,1	16,1
BGO Europe IV Tiger Co-investment SCSp	17,0	22,7
Blackstone Real Estate Partners Europe VI SCSp	49,0	57,3
CapMan Hotels II FCP-RAIF	75,0	83,2
CapMan Nordic Real Estate FCP-SIF	4,1	4,2
CapMan Nordic Real Estate II FCP-RAIF	33,4	39,0
CBRE GIP Global Alpha Fund FCP-SIF	62,5	67,3
CCP IV SCSp	14,9	14,9
CM III Feeder SCA SICAV-RAIF	23,8	25,1
ECE European Prime Shopping Centre II A SCSp SIF	70,2	79,5
ECE Progressive Income Growth Fund SCA SICAV-RAIF	73,8	73,8
Encore	57,7	57,7
EQT Real Estate II Co-Investment (A) SCSp	19,8	21,0
European Property Investors Special Opportunities 5 SCSp	38,0	44,3
European Property Investors Special Opportunities 6 SCSp	24,4	24,4
GreenOak Europe (Lux) III SCSp	37,5	39,0
Greystar Equity Partners Europe Fund I SCSp	28,2	35,0
KKR Real Estate Partners Europe II (EUR) SCSp	50,7	50,7
Northern Horizon Aged Care IV SCSp SICAV-RAIF	47,4	47,4
Northern Horizon Aged Care SCSp SICAV-SIF	33,2	38,6
Oreima III	37,1	42,0
Oreima IV	42,2	42,2

31 Dec 2023	Book value € million	Fair value € million
Patrizia Living Cities Residential Fund	95.2	95.2
Prologis European Logistics Fund FCP-FIS	125.1	168.2
TS Saltire II Holdings SCSp	12.4	17.6
TT Holdings SCSp	65.0	94.9
Spain		
Azora European Hotel & Lodging F.C.R.	30.3	40.8
Sweden		
Aros Bostad III AB	0.6	2.3
United Kingdom		
Benson Elliot Real Estate Partners IV L.P.	21.9	35.9
Benson Elliot Real Estate Partners V L.P.	40.0	41.4
Blackstone Real Estate Partners Europe III L.P.	4.6	4.6
Clearbell II L.P.	1.2	12.7
Clearbell III L.P.	26.8	35.0
Clearbell Property Partners IV LP	10.3	10.3
Curzon Capital Partners 5 Long-Life L.P.	80.7	81.8
Curzon Capital Partners IV L.P.	16.6	16.6
Moorfield Audley Real Estate Fund B L.P.	19.2	19.2
MREF V B Limited Partnership	33.9	33.9
Retail Centres V (Sweden) Limited Partnership	57.6	57.6
United States		
EQT Exeter Industrial Value Fund VI, L.P.	7.8	7.8
Other	0.0	0.2
Real estate funds, total	2,348.9	2,591.4
Fixed-income funds		
Cayman Islands		
Apollo Total Return Fund (Offshore) Ltd. A-1	215.2	288.5
EJF Funding Offshore L.P.	194.7	296.1
H/2 Targeted Return Strategies II L.P.	133.6	214.3
Finland		
Mandatum Life Nordic HY Total return Fund I Eur	50.0	61.6
Mandatum Private Debt III B	0.8	0.8
Mandatum Private Debt IV B	0.7	0.7
Ireland		
Blackrock Global Corporate ESG and Credit Screened Fund	12.3	13.3
BlackRock ICS Euro Liquid Environmentally Aware Fund	3.0	3.0

31 Dec 2023	Book value € million	Fair value € million
BlackRock Specialist Strategies Funds-Multi_Stra Credit Fund	27.0	28.1
iShares Global High Yield Corp Bond UCITS ETF	20.8	21.3
iShares Global Inflation Linked Govt Bond UCITS ETF	2.6	2.7
iShares JP Morgan ESG USD EM Bond UCITS ETF	3.7	3.8
iShares USD TIPS UCITS ETF	5.2	5.2
iShares USD Treasury Bond 1-3yr UCITS ETF	37.0	37.9
Luxembourg		
BGF Emerging Markets Bond Fund I2 USD	88.0	100.3
Broad Street Teno Partners, SLP	924.0	954.4
Direct Lending Fund II SLP	2.2	2.2
HSBC Global Emerging Markets Corporate Sustainable Bond Fund	97.6	99.0
Pareto Nordic Corporate Bond I NOK SICAV	69.8	76.9
Permira Credit Solutions Muotka SCSp	144.3	149.2
SSGA Emerging Markets ESG Local Ccy Gov Bond Index Fund	86.6	90.1
State Street Sustainable Climate EUR Corporate Bond Fund	116.4	116.4
State Street Sustainable Climate US Corporate Bond Fund	102.6	106.3
United States		
iShares Core UK Gilts UCITS EURD	4.8	5.0
iShares EUR Corp Bond ESG Paris-Aligned Climate UCITS ETF	97.6	100.7
iShares EUR Corp ESG UCITS	146.0	146.0
iShares EUR HY Corp Bond ESG Paris-Aligned-Climatic UCITS ETF	234.9	241.8
iShares JP Morgan EM Local Government Bond UCITS ETF Dist	119.8	119.8
iShares JP Morgan USD EM Bond ETF	214.1	214.1
iShares USD HY Corp Bond ESG Paris-Aligned Climate UCITS ETF	179.3	180.2
OHA Finlandia Credit Fund L.P.	419.6	741.5
VanEck J.P. Morgan EM Local Currency Bond ETF	94.1	94.1
VANGUARD EMERG MKTS GOV BOND ETF	129.8	129.8
Vanguard Intermediate-Term Corporate Bond ETF	198.6	198.6
Vanguard Short-Term Corp Bond ETF	152.6	152.6
Other	0.5	0.7
Fixed-income funds, total	4,329.9	4,997.0
Equity funds		
Cayman Islands		
L1 Capital Long Short Offshore Feeder Fund Main Series	81.3	214.6
Finland		
Mandatum European Small & Mid Cap Equity S3 Fund	8.5	8.5

31 Dec 2023	Book value € million	Fair value € million
Germany		
iShares MDAX UCITS DE EUR A ETF	148.3	148.3
iShares STOXX 600 Real Estate UCITS ETF	20.0	22.5
iShares STOXX Europe 600 Banks UCITS ETF	70.0	73.8
iShares STOXX Europe 600 Basic Resources UCITS ETF DE	92.7	92.7
iShares STOXX Europe 600 Insurance UCITS ETF	30.0	31.1
iShares STOXX Europe 600 Oil & Gas UCITS ETF	130.0	134.5
iShares STOXX Europe 600 Telecommunications UCITS ETF DE	35.0	35.0
Xtrackers Emerg Mark Carb Re ETF	698.2	698.2
Ireland		
iShares Core MSCI World UCITS	3.7	4.3
iShares Core MSCI World UCITS ETF	6.7	7.7
iShares Edge MSCI World Minimum Volatility ESG UCITS ETF	2.4	2.6
iShares European Property Yield UCITS ETF	20.2	22.8
iShares Global Clean energy UCITS ETF	5.8	6.1
iShares MSCI EM IMI ESG Screened UCITS ETF EUR	7.2	7.6
iShares MSCI Europe ESG Screened UCITS ETF	18.3	19.3
iShares MSCI JAPAN ESG SCRND	10.1	11.2
iShares MSCI World Small Cap UCITS ETF	16.0	16.8
iShares Russell 2000 ETF	515.6	523.9
Vanguard Japan Stock Index Fund JPY	101.2	140.8
Japan		
NEXT FUNDS Solactive Japan ESG Core Index ETF	296.0	311.3
NEXT FUNDS TOPIX BANKS ETF	5.1	5.1
Luxembourg		
Handelsbanken Global Index Criteria Fund A1 EUR SE	204.3	345.1
Nordea 1 Global Climate and Environment Fund BI EUR	152.0	287.4
Nordea 1 Global Sustainable Enhanced Eq Fund BI EUR	100.0	149.1
Ossiam Shiller Barclays Cape Europe Sector Value TR	25.4	26.5
United Kingdom		
L&G Europe ESG Exclusions Paris Aligned	688.4	742.1
L&G US ESG Exclusions Paris Aligned	1,443.3	1,817.2
United States		
BlackRock US Carbon Transition Readiness ETF	201.3	228.0
Communication Services Select Sector SPDR Fund	50.1	50.7
Energy Select Sector SPDR ETF	97.9	97.9
Health Care Select Sector SPDR	50.0	50.1

31 Dec 2023	Book value € million	Fair value € million
Invesco QQQ Trust Series 1 ETF	200.1	200.1
iShares ESG Aware MSCI USA ETF	47.8	52.8
iShares Global Infrastructure USD ETF	7.6	7.6
iShares MSCI Canada ETF	137.6	149.4
iShares MSCI Emerging Markets ETF	29.8	30.3
iShares MSCI Hong Kong ETF	14.1	14.1
iShares MSCI India ETF	70.1	70.6
iShares MSCI USA ESG Screened ETF	91.5	116.1
iShares MSCI USA ESG Select Social Index Fund	1,540.6	1,655.8
iShares US Home Construction ETF	100.2	150.0
Real Estate Select Sector SPDR Fund	30.5	33.0
SPDR Financial Select Sector ETF	55.2	56.2
SPDR S&P China ETF	11.3	11.3
Utilities Select Sector SPDR Fund	5.7	5.7
Vanguard Financials ETF	613.7	670.2
Vanguard Information Technology ETF	278.5	287.0
Other	0.4	0.6
Equity funds, total	8,569.8	9,843.6
Private equity funds		
Australia		
CPEC 8 TRUST C	7.1	7.1
CPEC 9 Trust B	8.0	8.0
Canada		
ISQ Global Infrastructure Fund II (EU) L.P.	98.0	123.2
KKR Azur Co-invest L.P.	10.0	15.0
KKR Charlie Co-Invest L.P.	12.6	12.6
KKR Ear Co-Invest L.P.	15.4	21.2
KKR Gem Co-Invest L.P.	23.8	28.1
KKR Planets Co-Invest GBP L.P.	20.4	58.0
KKR Precise Co-Invest (EUR) LP	24.0	82.0
KKR Sprint Co-Invest L.P.	21.9	21.9
KKR Sunrise Co-Invest L.P.	28.9	49.7
Cayman Islands		
Affinity Asia Pacific Fund V L.P.	20.4	25.1
Auda Asia II L.P.	5.5	5.5
Auda Secondary II Feeder Fund L.P.	1.0	1.0

31 Dec 2023	Book value € million	Fair value € million
BCP Braavos Aggregator (Cayman) LP	22.9	29.1
BDCM Offshore Opportunity Fund IV Ltd	50.4	111.4
BDCM Offshore Opportunity Fund V, Ltd.	31.1	41.1
Bellwether Co-Invest L.P.	17.3	20.9
CDH Fund VI L.P.	16.8	24.5
CDH Fund V L.P.	4.6	16.9
Gamut Investment Overseas Fund I L.P.	48.3	86.4
GPE IX TKE Co-Investment Limited Partnership	18.4	25.6
Hamilton Lane Co-Investment Feeder Fund IV L.P.	53.6	92.9
ISQ Apollo Co-invest Fund III, LP.	15.0	18.1
ISQ KIO Co-Invest Fund, L.P.	10.2	12.4
I Squared Nautilus Partners L.P.	13.0	18.7
I Squared Transportation Europe L.P.	24.1	50.7
JPW TopCo L.P.	11.8	25.2
KKR CK Co-Invest L.P.	14.7	14.7
KKR Sigma Co-Invest II L.P.	20.0	34.0
K-P Co-Investment L.P.	17.5	30.5
MBK Partners Fund III L.P.	25.7	25.7
MBK Partners Fund IV L.P.	64.2	117.5
MBK Partners Fund V, L.P.	48.7	73.9
Navis Asia Fund VII L.P.	57.7	66.6
Onex Partners V L.P.	74.2	105.6
Onex Richmond Co-Investment L.P.	7.6	7.6
Platinum Equity Luna Co-Investors Offshore (Cayman), L.P.	12.8	24.0
Platinum Equity Olympus Co-Investors (Cayman), L.P.	27.2	48.8
Primavera Capital Fund II L.P.	44.4	86.5
Primavera Capital III L.P.	35.1	53.9
Strategic Value Special Situations Feeder Fund III L.P.	8.3	63.7
Strategic Value Special Situations Feeder Fund IV L.P.	49.3	105.5
Strategic Value Special Situations Feeder Fund V L.P.	35.6	42.6
TA XIII-B L.P.	41.4	78.5
TA XIV-B, L.P.	64.4	64.4
TPG Asia VI L.P.	50.0	86.1
TPG Asia VII (B) L.P.	68.1	96.1
VEPP Co-Invest 1-A, L.P.	22.9	35.3
Vista Equity Partners Fund VI-A L.P.	56.3	104.2
Vista Equity Partners Fund VII-A, L.P.	68.2	95.8

31 Dec 2023	Book value € million	Fair value € million
Vista Equity Partners Perennial A, L.P.	69.4	88.5
VMPIC I L.P.	95.4	168.3
Finland		
Icebreaker Fund I Ky	1.8	3.7
Icebreaker Fund II Ky	5.7	6.8
Icebreaker Opportunity Fund I Ky	4.6	4.6
Inventure IV	2.4	2.4
IPR.VC Fund II Ky	2.7	3.0
Isonovan Tuulipuisto Ky	3.2	7.7
Lifeline Ventures Fund IV Ky	8.1	10.5
Lifeline Ventures Fund V Ky	2.0	2.0
MAKI.VC Fund I Ky	4.2	7.7
MAKI.VC Fund II Ky	4.4	7.6
MAM Growth Equity II Ky	1.1	1.1
MB Equity Fund VI Ky	5.5	6.2
Murtotuulen Tuulipuisto Ky	2.8	7.1
Oltavan Tuulipuisto Holding Ky	1.3	5.9
Power Fund II Ky	4.8	4.8
Power Fund III Ky	8.2	12.9
Sponsor Fund IV Ky	2.9	16.3
Sponsor Fund V Ky	19.7	19.7
Vaaka Partners Buyout Fund III Ky	14.4	19.8
Vaaka Partners Buyout Fund IV Ky	4.8	4.8
Verso Fund III Ky	3.1	3.1
France		
Ethypharm Co-Invest FPCI	14.6	19.4
PAI Europe VII-1	74.3	114.1
Guernsey		
CapMan Buyout IX Fund A L.P.	3.2	3.2
CapMan Buyout X Fund A L.P.	5.2	5.2
Cinven Cullinan L.P.	2.7	13.7
Enak Aggregator Limited Partnership	20.0	24.4
Partners Group Client Access 32, L.P. Inc	29.3	32.6
Partners Group Client Access 33, L.P. Inc.	13.8	18.4
Partners Group Client Access 34, L.P. Inc.	15.7	31.9
Partners Group Client Access 44, L.P. Inc.	13.2	16.0
Permira Europe IV L.P.2	5.1	13.4

31 Dec 2023	Book value € million	Fair value € million
Permira Growth Opportunities 1 L.P.	36.7	36.7
Permira VI L.P. 1	70.9	126.2
The Fifth Cinven Fund (No. 1) L.P.	13.0	13.0
The Seventh Cinven Fund (No. 1) L.P.	79.2	99.2
The Sixth Cinven Fund (No. 1) L.P.	43.7	78.9
Jersey C.I.		
CapVest Equity Partners III L.P.	6.1	11.8
NC Aida Co-Invest Alpha, L.P.	17.8	41.4
Luxembourg		
Advent Global Technology A SCSP	8.1	10.1
Advent Global Technology II A SCSP	8.0	10.2
Advent International GPE IX-A SCSP	44.4	62.9
Advent International GPE X-A SCSP	32.6	33.6
AI co-investment I-A SCSP	13.4	13.4
Alpha Co-Invest SCSP	11.8	11.8
Antin Infrastructure Partners IV-B SCSP	76.9	94.8
Antin Infrastructure Partners V-B SCSP	13.8	13.8
Antin NextGen Infrastructure Fund I-B SCSP	9.3	9.3
Apollo Infrastructure Opportunities Fund II (Lux) SCSP	47.4	52.1
Apollo Overseas Partners (Lux) IX SCSP	63.0	90.5
Apollo Overseas Partners (Lux) X, SCSP	14.0	15.7
Bengal Co-Invest SCSP	16.2	17.6
Blackstone Capital Partners VIII (Lux) SCSP	52.4	66.7
CapMan Buyout XI SCSP	13.8	16.9
CapMan Nordic Infrastructure I SCSP	1.7	2.2
CapVest Equity Partners IV (Feeder) SCSP	27.6	46.0
CapVest Strategic Opportunities 6 SCSP	11.4	12.8
EQT Growth Co-Investment (A) SCSP	10.0	10.0
EQT Growth Co-Investment (E) SCSP	9.4	9.4
EQT Growth (No.1) SCSP	6.1	6.1
EQT Infrastructure Fund III (No.1) SCSP	19.9	24.5
EQT Infrastructure III Co-Investment (A) SCSP	40.0	70.4
EQT Infrastructure IV Co-Investment (D) SCSP	56.6	74.0
EQT Infrastructure IV Co-Investment (F) SCSP	42.9	91.5
EQT Infrastructure IV (EUR) (No.1) SCSP	78.9	115.6
EQT Infrastructure V Co-Investment (B) SCSP	37.9	51.6

31 Dec 2023	Book value € million	Fair value € million
EQT Infrastructure V Co-Investment (D) SCSP	21.1	26.7
EQT Infrastructure V Co-Investment (H) SCSP	32.4	42.3
EQT Infrastructure V (No.1) EUR SCSP	102.7	134.1
EQT IX Co-Investment (C) SCSP	7.5	12.3
EQT IX Co-Investment (D) SCSP	28.2	28.8
EQT IX Co-Investment (F) SCSP	21.5	27.3
EQT IX (No.1) EUR SCSP	86.3	113.4
EQT Ventures III (No.2) SCSP (Luxembourg)	2.4	2.4
EQT Ventures II (No.1) SCSP	9.1	12.3
EQT VIII Co-Investment (A) SCSP	18.7	25.0
EQT VIII Co-Investment (C) SCSP	8.9	15.3
EQT VIII (No.1) SCSP	89.5	134.9
EQT X (No.1) EUR SCSP	12.7	13.8
Feline SLP (SCSP)	21.6	21.6
Gator Co-invest SCSP	11.4	15.0
Gauss Co-invest SCSP	24.9	35.6
Guarantee Co-Invest SCSP	9.0	9.0
Hygee International S.a.r.l.	15.2	18.8
IK IX Fund No.2 SCSP	45.9	51.7
IK IX Luxco 12 S.à.r.l.	31.1	39.9
IK Small Cap III DC Fund No.2 SCSP	2.9	3.1
IK Small Cap III Fund No.2 SCSP	8.0	8.0
Islay New Group Holding S.A.	40.3	46.9
ISQ Global Infrastructure Fund III (EU) L.P.	38.1	44.0
Kiliwood Co-invest SCSP	14.1	14.1
KKR Asian Fund IV SCSP	30.1	35.1
KKR European Fund VI (EUR) SCSP	8.2	8.2
KKR Global Infrastructure Investors III EEA	77.6	98.1
KKR Global Infrastructure Investors IV (EUR) SCSP	60.5	64.6
KKR Next Generation Technology Growth Fund II SCSP	16.2	22.8
KKR Next Generation Technology Growth Fund III SCSP	2.2	2.2
KKR North America Fund XIII SCSP	29.2	31.6
Mirage Co-Invest SCSP.	11.9	12.6
MTN Infrastructure Co-Invest 1 SCSP	4.6	9.3
Nordic Capital X Alpha SCSP	37.4	52.9
Nordic Capital XI Alpha, SCSP	5.7	5.7

31 Dec 2023	Book value € million	Fair value € million
Partners Group Direct Infrastructure 2020	66.8	72.9
Permira Growth Opportunities II SCSP	9.2	9.2
Permira VIII - 1 SCSP	23.6	26.6
Permira VII L.P. 2 SCSP	84.7	103.3
Refresco 2 Co-Invest SCSP	8.3	9.2
Refresco Co-Invest SCSP	1.8	5.2
Savory Co-Invest SCSP	17.3	17.3
SEB Private Equity Opportunity Fund IV	15.6	18.2
Stonepeak Global Renewables Fund (Lux) SCSP	18.8	21.0
Taaleri SolarWind III SCSP	7.9	8.3
Taaleri SolarWind II SCSP-RAIF	16.8	17.9
Whistler Co-Invest SCSP	9.1	9.9
Singapore		
Bellini Synergy Pte LTD	13.1	17.2
United Kingdom		
EQT Infrastructure II No. 2 L.P.	4.7	4.7
EQT Kiwi Co-Investment L.P.	14.4	17.2
EQT VII No 1 L.P.	42.6	42.6
Equitix MA Thor LP	47.8	49.5
Hg Capital Mercury 2 L.P.	11.1	31.0
Hg Dreamstart Co-Invest L.P.	15.5	22.6
Hg Genesis 9 B L.P.	53.9	74.3
Hg Genesis 10 B L.P.	7.7	9.5
Hg Mercury 3 B L.P.	14.7	20.5
Hg Parity Co-Invest L.P.	5.3	6.4
Hg Saturn 2 B L.P.	39.7	54.2
Hg Saturn 3 B L.P.	13.5	14.1
Hg Saturn B L.P.	33.4	84.1
Hg Vibranium Co-Invest L.P.	19.3	21.2
Hg Vivaldi 2 Co-Invest LP	8.3	28.6
IK VIII Fund No.3 L.P.	21.8	41.0
IK VII L.P.	3.3	3.3
Macquarie European Infrastructure Fund II L.P.	6.7	6.7
NB Crossroads XXII Asset Allocation Offshore LP	33.5	61.3
PAI Europe VI-1 L.P.	32.1	54.8

31 Dec 2023	Book value € million	Fair value € million
United States		
ACIP Apex Co-Investment, L.P.	86.1	123.2
ACIP Parallel Fund A, L.P.	77.5	82.8
AIOF II Electra Co-Invest B, L.P.	2.6	2.6
AIOF II Njord Co-Invest, L.P.	34.8	49.3
AIOF II Pomodoro Co-Invest, L.P.	41.2	45.1
AIOF II Vanir Co-Invest B, L.P.	6.5	8.9
AIOF II Woolly Co-Invest, L.P.	9.7	9.7
AP DSB Co-Invest II, L.P.	19.0	34.7
AP IX Connect Co-Invest Holdings, L.P.	11.8	11.9
AP IX Tiger Co-Invest (ML Parent), L.P.	4.7	12.2
Apollo Investment Fund VII Euro Holdings L.P.	0.9	0.9
Apollo Overseas Partners (Delaware) VIII L.P.	23.2	27.5
AP Socrates Co-Invest L.P.	4.2	4.2
Ap Windsor Co-Invest, L.P.	16.7	17.0
Ares Prime DC Co-Invest Fund, L.P.	28.6	28.6
Ares SB Co-Invest, L.P.	56.5	60.9
Biloxi Co-Investment Partners, L.P.	18.5	25.3
Blackstone Capital Partners VI L.P.	37.4	40.0
Blackstone Capital Partners VII L.P.	68.1	92.6
Blackstone TN Partners L.P.	8.5	8.5
Cinven Arrow Limited Partnership	12.5	12.6
Clearlake Capital Partners VI (USTE) L.P.	48.3	81.7
Clearlake Capital Partners VII (USTE) L.P.	30.2	32.7
Cookie Monster Holdings, L.P.	10.5	10.5
Falcon Co-Investment Partners, L.P.	19.6	19.8
Genstar Capital Partners IX BL (EU), L.P.	63.1	117.8
Genstar Capital Partners VII L.P.	24.7	49.2
Genstar Capital Partners VIII BL (EU) L.P.	54.7	151.0
Hamilton Lane Co-Investment Feeder Fund III L.P.	22.1	22.6
Hamilton Lane Co-Investment Fund L.P.	0.7	0.7
Hamilton Lane Co-Investment Fund II L.P.	11.4	12.2
Hamilton Lane Equity Opportunities Fund V-B LP	29.2	34.1
Hamilton Lane Parallel Investors L.P.	99.0	132.5
Hg Isaac Co-Invest L.P.	17.5	23.1
Infinite Co-Invest, L.P.	17.7	29.2

31 Dec 2023	Book value € million	Fair value € million
IRI-NPD Co-Invest Aggregator II, L.P.	30.6	35.6
K5 Private Investors L.P.	21.3	26.3
Kelso Investment Associates IX L.P.	24.9	49.6
Kelso Investment Associates X, L.P.	61.9	123.3
Kelso Investment Associates XI, L.P.	23.1	29.8
Kelso XI Tailwind Co-Investment (DE), L.P.	12.9	15.2
Kelso X Pie Co-Investment, L.P.	17.1	22.1
Kelso X RSC Co-Investment, L.P.	16.5	44.0
KKR Banff Co-Invest L.P.	31.0	65.4
KKR Cavalry Co-Invest Blocker Parent L.P.	38.5	45.6
KKR Neon Co-Invest L.P.	55.2	67.5
KKR Phoenix 1 Co Invest L.P.	13.6	13.6
MHR Institutional Partners IV L.P.	77.3	115.8
Moelis Capital Partners Opportunity Fund I-B L.P.	1.1	3.0
New Mountain Partners IV L.P.	17.9	24.9
New Mountain Partners V L.P.	56.4	115.9
New Mountain Partners VI L.P.	65.9	82.0
NexPhase Capital Partners IV L.P.	40.0	56.8
NM Polaris Co-Invest L.P.	14.1	18.6
NM Z Topco L.L.C.	6.2	6.2
NP Clearway Holdings LP	13.5	31.0
NPC/TT Holdings, L.P.	9.8	9.8
NP/MCM Holdings, L.P.	12.4	16.6
NP/OWC Holdings, L.P.	9.9	14.1
Onex Partners III L.P.	15.4	15.4
Onex Partners IV L.P.	54.9	54.9
Pelican Co-Invest Holdings L.P.	26.9	46.5
Platinum Equity Capital Partners II L.P.	5.1	5.1
Platinum Equity Capital Partners III L.P.	9.6	9.6
Platinum Equity Capital Partners IV L.P.	62.9	95.6
Platinum Equity Capital Partners V L.P.	89.8	139.7
Platinum Equity Capital Partners VI, L.P.	32.6	34.4
Platinum Equity Imola Co-Investors Holdings, L.P.	8.4	23.3
Platinum Equity SCRS Co-Investors L.L.C.	8.5	11.1
Platinum Equity Small Cap Fund L.P.	23.4	39.8
RCM Co-Investment Blocker Corp.	7.6	19.3

31 Dec 2023	Book value € million	Fair value € million
Saw Mill Capital Partners L.P.	1.5	1.5
Surgent NPC Holdco, LP	12.0	29.3
TA XII-B L.P.	12.1	49.9
TPG Growth III (B) L.P.	26.8	29.5
TPG GROWTH IV L.P.	35.7	50.7
VEPF VII Co-Invest 5-A, L.P.	23.8	24.1
VISTA CO-INVEST FUND 2022-2, L.P.	27.5	28.6
Vista Equity Partners Fund VIII-A, L.P.	10.1	13.3
Warburg Pincus China L.P.	23.9	38.9
Warburg Pincus China-Southeast Asia II-E L.P.	21.4	22.3
Warburg Pincus Energy L.P.	26.8	38.0
Warburg Pincus Global Growth 14-E, L.P.	32.7	32.7
Warburg Pincus Global Growth-E, L.P.	89.3	136.8
Warburg Pincus Private Equity XII-E L.P.	39.2	81.6
Warburg Pincus Private Equity XI L.P.	15.4	37.8
Other	3.3	143.6
Private equity funds, total	7,197.4	10,565.5
Other funds		
United States		
iShares GSCI Commodity Dynamic Roll Strategy ETF	1.9	1.9
Other funds, total	1.9	1.9
Funds total	28,745.6	37,814.9
Currency hedging of shares and participations		74.5
Parent Company, total	36,970.1	49,186.5
The Group's shareholding deviates from the Parent Company's as follows:		
Keskinäinen Vakuutusyhtiö Kalevan takuupääoma	3.3	3.3
Ruohoparkki Oy	4.8	4.8
Vaasan Toripysäköinti Oy	2.2	2.2
Other	3.7	3.7
Group, total	36,984.0	49,200.6

17. Changes in tangible and intangible assets, Parent Company

31 Dec 2023, € million	Intangible assets	Tangible assets	Tangible assets	Total
	Other intangible assets	Equipment	Other tangible assets	
Acquisition cost, 1 Jan	0.3	3.4	0.9	4.6
Completely depreciated in the previous year	-0.2	0.0	0.0	-0.3
Increase	0.0	0.0	0.0	0.0
Acquisition cost, 31 Dec	0.1	3.4	0.9	4.3
Accumulated depreciation, 1 Jan	-0.3	-1.9	0.0	-2.2
Completely depreciated in the previous year	0.2	0.0	0.0	0.3
Depreciation for the financial year	0.0	-0.3	0.0	-0.4
Accumulated depreciation, 31 Dec	-0.1	-2.2	0.0	-2.3
Book value 31 Dec 2023	0.0	1.2	0.9	2.0
Book value 31 Dec 2022	0.0	1.5	0.9	2.4

Group figures are the same as those of the Parent Company.

18. Loan receivables itemised by guarantee

31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Bank guarantee	40.6	46.1	40.6	46.1
Guarantee insurance	67.2	106.6	67.2	106.6
Other guarantee	21.0	18.9	21.0	18.9
Remaining acquisition cost, total	128.8	171.5	128.8	171.5
Unsecured, remaining acquisition cost, total	1,280.1	1,393.0	1,280.1	1,393.0

19. Total pension loan receivables itemised by balance sheet item

31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Loans guaranteed by mortgages	0.0	136.5	0.0	136.5
Other loan receivables	95.8	137.4	95.8	137.4
Remaining acquisition cost, total	95.8	274.0	95.8	274.0

20. Loans to related parties

31 Dec, € million	Parent Company 2023	Parent Company 2022
Loans to Group companies	425.7	445.7

The loan period is usually at most 15 years, and the interest rate is mainly tied to a fixed interest rate or technical interest rate.

21. Derivatives

31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Other receivables				
Advance payments for option contracts	70.6	56.0	70.6	56.0
Other liabilities				
Advance payments for option contracts	-82.2	67.5	-82.2	67.5
Value adjustments of derivatives	-171.1	-205.0	-171.1	-205.0
Accruals and deferred income				
Net interest expenses from derivatives	-194.2	-138.9	-194.2	-138.9

22. Liabilities to Group companies, other liabilities

31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Other liabilities	0.1	0.2	0.1	0.2

23. Technical provisions

31 Dec, € million	Parent Company 2023	Parent Company 2022	Group 2023	Group 2022
Provision for unearned premiums				
Future pensions	22,163.3	21,559.8	22,163.3	21,559.8
Provision for future bonuses	892.1	1,572.5	892.1	1,572.5
Provision for current bonuses	142.0	173.8	142.0	173.8
Equity-linked provision for current and future bonuses	-16.8	-950.2	-16.8	-950.2
Total provision for unearned premiums	23,180.7	22,355.9	23,180.7	22,355.9
Provision for claims outstanding				
Current pensions	23,785.5	23,016.8	23,785.5	23,016.8
Total provision for claims outstanding	23,785.5	23,016.8	23,785.5	23,016.8
Total technical provisions	46,966.2	45,372.7	46,966.2	45,372.7

24. Solvency capital

31 Dec, € million	2023	2022
Capital and reserves	152.2	145.0
Valuation difference between fair values on assets and book values of balance sheet items	12,974.8	11,628.5
Provision for future bonuses	892.1	1,572.5
Off-balance sheet commitments	-1.7	-1.5
Loading profit for TyEL	-7.4	
Intangible assets	0.0	0.0
	14,010.0	13,344.4
Minimum solvency capital as required under the Employment Pension Insurance Companies Act, Section 17	2,871.4	2,494.1

25. Guarantees and liabilities, Parent Company

31 Dec, € million	2023	2022
Guarantees given on own behalf		
Assets pledged as security for derivatives ¹⁾	274.4	737.3
Guarantees received		
Assets pledged as security for derivatives ²⁾	402.6	441.7
Asset pledged as security for security loans	1 234.3	1 133.9
A counter-security received as a result of an account pledge given in connection with a subsidiary's construction project	3.0	

¹⁾ Given cash guarantees required for the clarification of derivative contracts to the value of EUR 274.39 million are included in the Other receivables balance sheet item.

²⁾ Received cash guarantees required for the clarification of derivative contracts to the value of EUR 402.60 million are included in the Other liabilities balance sheet item

26. Capital and reserves

31 Dec, € million	Parent Company 2023	Group 2023
Basic capital, 1 Jan	11.9	11.9
Basic capital, 31 Dec	11.9	11.9
Other reserves, 1 Jan	120.8	120.8
Profit brought forward from 2022	6.0	6.0
Other reserves, 31 Dec	126.8	126.8
Profit/loss brought forward	12.3	-65.5
Transfer to contingency fund	-6.0	-6.0
	6.3	-71.5
Profit/loss for the financial year	7.2	8.5
Total capital and reserves	152.2	75.8

27. Capital and reserves after proposed profit distribution

31 Dec, € million	Parent Company 2023
Policyholders	152.2
Total	152.2

28. Distributable profits

31 Dec, € million	Parent Company 2023
Profit for the financial year	7.2
Other capital and reserves	
Other reserves	126.8
Profit brought forward	6.3
Total distributable profits	140.3

29. Guarantees and liabilities, Parent Company

31 Dec, € million	2023	2022
Contingent liabilities and liabilities not included in the balance sheet		
Derivatives		
Derivatives for hedging purposes		
Currency derivatives		
Forward contracts		
Underlying instrument, absolute value	1,552.1	4,656.1
Underlying instrument, risk-adjusted value	124.5	-2,468.0
Fair value	13.1	41.8
Currency swap contracts		
Underlying instrument, absolute value	18,554.7	21,724.1
Underlying instrument, risk-adjusted value	-16,966.9	-15,695.6
Fair value	-83.4	-303.3
CTM derivatives		
Value of underlying instrument	20,106.8	26,380.3
Fair value	-70.3	-261.6
Derivatives for other than hedging purposes		
Interest rate derivatives		
Forward and futures contracts		
Underlying instrument, absolute value	4,643.7	100.0
Underlying instrument, risk-adjusted value	-3,173.8	132.9
Fair value	15.1	-6.1
Option contracts		
Bought		
Underlying instrument, absolute value	11,300.0	1,950.0
Underlying instrument, risk-adjusted value	2,654.1	1,288.8
Fair value	-97.9	-167.9
Sold		
Underlying instrument, absolute value	21,662.0	2,800.0
Underlying instrument, risk-adjusted value	-2,222.0	-693.3
Fair value	84.0	134.7
Interest rate swap contracts		
Underlying instrument, absolute value	1,438.6	1,089.3
Underlying instrument, risk-adjusted value	-71.9	-421.2
Fair value	31.9	31.7
STM derivatives		
Value of underlying instrument	33,955.7	300.0
Cumulative amount of daily payments	16.3	-8.3
CTM derivatives		
Value of underlying instrument	5,088.6	5,639.3
Fair value	16.7	0.7

31 Dec, € million	2023	2022
Currency derivatives		
Option contracts		
Bought		
Underlying instrument, absolute value	352.5	0.0
Underlying instrument, risk-adjusted value	-193.8	0.0
Fair value	6.1	0.0
Sold		
Underlying instrument, absolute value	599.1	0.0
Underlying instrument, risk-adjusted value	93.4	0.0
Fair value	-2.1	0.0
Forward and futures contracts		
Underlying instrument, absolute value	1,049.4	822.6
Underlying instrument, risk-adjusted value	189.1	8.2
Fair value	-5.2	6.5
Currency swap contracts		
Underlying instrument, absolute value	1,365.1	520.1
Underlying instrument, risk-adjusted value	274.4	0.0
Fair value	0.1	-0.6
STM derivatives		
Value of underlying instrument	0.0	0.0
Cumulative amount of daily payments	0.0	0.0
CTM derivatives		
Value of underlying instrument	3,366.1	1,342.8
Fair value	-1.0	5.9
Equity derivatives		
Option contracts		
Bought		
Underlying instrument, absolute value	1,940.6	296.2
Underlying instrument, risk-adjusted value	-5.1	62.2
Fair value	-8.2	7.8
Sold		
Underlying instrument, absolute value	2,104.5	440.6
Underlying instrument, risk-adjusted value	4.4	29.5
Fair value	-2.2	10.2
Forward and futures contracts		
Underlying instrument, absolute value	37.3	0.0
Underlying instrument, risk-adjusted value	-17.6	0.0
Fair value	-0.2	0.0
Equity swap contracts		
Underlying instrument, absolute value	42.0	0.0
Underlying instrument, risk-adjusted value	-0.2	0.0
Fair value	-0.1	0.0

31 Dec, € million	2023	2022
STM derivatives		
Value of underlying instrument	4,082.4	736.8
Cumulative amount of daily payments	-10.6	18.0
CTM derivatives		
Value of underlying instrument	42.0	0.0
Fair value	-0.1	0.0
Other derivatives		
Forward and futures contracts		
Underlying instrument, absolute value	8.7	0.0
Underlying instrument, risk-adjusted value	-1.4	0.0
Fair value	0.0	0.0
Swap contracts		
Underlying instrument, absolute value	69.4	0.0
Underlying instrument, risk-adjusted value	69.4	0.0
Fair value	-0.2	0.0
STM derivatives		
Value of underlying instrument	8.7	0.0
Cumulative amount of daily payments	0.0	0.0
CTM derivatives		
Value of underlying instrument	69.4	0.0
Fair value	-0.2	0.0
Total		
Underlying instrument, absolute value	66,719.7	34,399.1
Underlying instrument, risk-adjusted value	-19,243.6	-17,756.6
Fair value	-49.1	-245.2

STM derivatives refer to derivatives which are centrally cleared, and the clearing is primarily based on the Settled-to-Market (STM) approach specified in the central clearing counterparty's rules. CTM derivatives refer to bilateral derivatives in which the clearing and collateral transfers are based on the Collateralized-to-Market (CTM) approach. The fair values of quoted derivatives have been calculated using the price quoted on the stock exchange. The fair values of other derivatives are based on market prices of corresponding quoted contracts or on estimates of the fair values presented by outside parties. Most of the derivative contracts will mature in 2024. Swap contracts have longer durations and will mature between 2024 and 2030.

Currency hedging

Currency hedging is used to protect against a fall in the value of foreign-currency-denominated investments due to the strengthening of the euro. Varma hedges its open exchange rate risks in all other asset classes except equity investments. The hedge accounting model used is fair value hedge. The risk that is hedged is the exchange rate risk. Varma hedges its foreign-currency-denominated investment position, and the amount

of the position changes according to the investment decisions and the market situation. The hedging instruments used are foreign currency forwards, foreign currency swaps and foreign currency options, used to sell the currency risks that are included in Varma's investment portfolio. Approximately two thirds of the financial instruments hedging against the exchange rate risk will mature in 2023. The rest will mature in a maximum of five years.

The hedged item and the hedging instrument can be considered to have an inverse correlation in terms of the hedged amount and the currency. The effectiveness of hedging is assessed day by day and currency by currency by means of hedge effectiveness testing. The hedge effectiveness testing shows the negative correlation between the hedged item and hedging instrument. Hedge effectiveness (negative correlation) must be within the range of 80–125 per cent.

Accounting treatment complies with chapter 5, section 2 of the Accounting Act. Derivative contracts for hedging purposes are treated as items not included in the balance sheet when the fair value of the derivative contract is positive on the closing date. Derivative contracts with a negative fair value that are used for hedging purposes are treated as items not included in the balance sheet when their volume at any given moment is below the maximum hedging ratio established in the derivatives policy.

Varma applies continuous retrospective assessment of the effectiveness of derivative contracts. Furthermore, as part of its risk management activities Varma dynamically recalibrates currency hedges on a daily basis, if needed.

Currencies that made up a significant part of investments' currency distribution on 31 December:

31 Dec, € million	USD 2023	JPY 2023	GBP 2023	USD 2022	JPY 2022	GBP 2022
Foreign-currency-denominated investments	30,434.4	1,035.3	822.8	26,792.6	1,009.4	904.3
of which investments left unhedged against currency risk	14,466.9	1,028.9	433.9	9,907.5	1,009.4	618.7
of which investments hedged against currency risk	15,967.6	6.4	388.9	16,885.1	0.0	285.7
Hedging currency derivatives	-16,044.3	-7.9	-394.7	-17,479.3	0.0	-298.9
Non-hedging currency derivatives	121.3	244.1	0.0	-34.9	0.0	0.0
Open currency position	14,511.4	1,271.4	428.1	9,278.4	1,009.4	605.4
Hedging ratio according to the hedging policy	100%	123%	101%	104%	100%	105%

The principles applied to the use of derivative contracts and the risk management strategy for derivatives are described in the note on risk management.

30. Guarantees and liabilities, Parent Company

31 Dec, € million	2023	2022
Investment commitments		
Private equity funds	3,459.7	3,915.6
Other funds	3,959.3	3,255.2
Pension liabilities		
Pension commitments (recognised as debt)	0.9	0.9
Other pension commitments	0.3	0.4
Leasing and renting liabilities		
Expiring next year	0.6	0.6
Expiring later	0.7	0.6
Other liabilities		
Varma Mutual Pension Insurance Company belongs to a value-added tax liability group together with Veritas Pension Insurance (until 31 Dec 2022), Tieto Esy Oy and real estate companies owned by the aforementioned companies.		
Group members are collectively responsible for the value-added tax payable by the group, receivable 2023.	-1.2	2.7
Obligation to verify VAT allowances of real estate investments	62.6	83.6
An account pledge given in connection with a subsidiary's construction project	3.0	
Security to meet shareholder agreements' terms and conditions	10.0	10.0
Loaned securities		
Bonds		
Nominal value	971.5	1,081.2
Remaining acquisition cost	943.5	1,058.7
Fair value	929.8	1,007.5
Equities		
Remaining acquisition cost	230.3	78.7
Fair value	230.3	78.9

Loaned securities are included in the balance sheet. The counterparty to the lending operations is the custodian bank, Northern Trust Co. London, with which borrowers post collateral. The collateral of the loans are securities. The loans can be cancelled at any time.

31. Balance sheet and income statement at fair values

Balance sheet at fair value, Parent Company

31 Dec, € million	2023	2022	2021	2020	2019
ASSETS					
Investments	59,078	56,204	59,024	50,157	48,709
Receivables	1,339	1,235	1,173	1,130	1,161
Equipment	2	2	3	3	4
	60,419	57,441	60,200	51,289	49,873
LIABILITIES					
Capital and reserves	152	145	137	130	136
Valuation differences	12,975	11,628	14,416	9,995	10,721
Provision for future bonuses	892	1,573	2,339	1,393	790
Other liabilities and deductions not included in the balance sheet	-9	-2	-1	-1	-1
Total solvency capital	14,010	13,344	16,890	11,517	11,646
Provision for current bonuses (for client bonuses)	142	174	222	54	171
Equity-linked provision for current and future bonuses	-17	-950	2,434	775	1,424
Actual technical provision	45,949	44,577	40,230	38,503	36,223
Total	45,932	43,626	42,664	39,278	37,647
Other liabilities	335	297	423	440	409
	60,419	57,441	60,200	51,289	49,873

Income statement at fair value, Parent Company

1 Jan–31 Dec, € million	2023	2022	2021	2020	2019
Premiums written	6,466	6,119	5,635	4,931	5,286
Claims paid	-6,775	-6,238	-5,980	-5,702	-5,623
Change in technical provisions	-2,134	-390	-3,222	-749	-2,610
Net investment income	3,396	-2,833	9,290	1,395	5,268
Total operating expenses	-137	-136	-130	-110	-124
Other result	2	16	-1	7	8
Taxes	-2	-4	-6	-3	-7
Total result ¹⁾	815	-3,466	5,587	-231	2,197

¹⁾ Result at fair value before change in provision for current and future bonuses and equalisation provision.

Risk Management

Risk management as an element of internal control

Varma's internal control is a process that aims to ensure:

- the achievement of the goals and objectives set,
- economical, efficient and productive use of resources,
- sufficient management of operations-related risks,
- reliability of reporting and other management information,
- compliance with the decisions of the Board and other bodies and with internal rules, regulations and practices.

Risk management is an element of internal control and involves the identification, assessment, measurement, limitation and control of risks arising from and closely connected with the company's business operations. Risk management takes into account all major internal and external risks affecting the company's operations. Internal control is a management tool that helps the company to function efficiently, economically and reliably.

Risk management — organisation, responsibilities, supervision and reporting

The Supervisory Board's task is to supervise the administration of Varma, which is entrusted to the Board of Directors and the President and CEO.

In order to fulfil its supervisory task, the Supervisory Board has established a supervisory function, whose meetings address issues that are material with respect to Varma's task and governance.

The Board of Directors annually approves the principles of the risk management system that covers all operations, the principles of internal control, and the continuity plan. The Board also assesses whether the company's internal control is appropriately arranged. The Board makes, together with the Executive Group, a risk and solvency assessment.

The Board of Directors' Audit Committee assists the Board especially in matters related to internal control, monitoring of financial reporting and auditing, and reports on its activities to the Board. Furthermore, the Audit Committee plays a key role in supporting the Board of Directors in corporate sustainability reporting and preparing for it by monitoring the reporting. The Audit Committee reports to the Board on the results of the sustainability report assurance and how the assurance improves the reliability of the data presented in the sustainability report.

The President and CEO monitors the company's risks in accordance with the principles of the risk management system and the principles laid down in the investment and continuity plans approved by the Board of Directors.

The Executive Group monitors the risk management processes and maintains and develops guidelines for risk management and continuity planning.

The Compliance function ensures that decrees, official regulations, the decisions of governance bodies, and internal guidelines as well as corporate governance guidelines as applicable to earnings-related pension companies are complied with. The Compliance Officer reports on their activities to the Board of Directors.

Material risks that are realised are reported to the Board of Directors quarterly and, if the risks have changed significantly, without delay.

The company's supervisory auditors and the person in charge of the internal audit take part, if necessary, in the meetings of the Audit Committee.

Line managers and other supervisors are responsible for organising internal control, risk management, and good governance in their areas of responsibility, in accordance with the company-level operating principles. The detailed plans and guidelines of each business function supplement the plans and principles approved by the Board of Directors. Risk-taking limits and the indicators used are laid down and monitored separately by each function. Each function is responsible for implementing action plans and budgets, and for operating efficiency, the supervision of outsourced operations and preparing for unsettled conditions. IT provides the expertise for the development, maintenance, project management, infrastructure, information security implementation and risk management of systems that are the responsibility of the business functions. The targets, responsibilities and means of information security management are defined in the information security policy approved by Varma's Board of Directors. IT maintains a separate recovery plan relating to IT disruption.

The function responsible for preparing and implementing investment decisions (Investment Operations) and the supervisory and reporting function (Financial Administration and the actuarial function) have been separated. The decision-making powers and the maximum limits for investments are presented as separate risk limits in the investment plan. The risk control function, which is independent of the Investment Operations, is responsible for monitoring investment risks in accordance with the limits set by the Board of Directors, including a financial-theory- and risk-theory-based assessment of investment risks and the reporting of results. The independent risk control function is involved in reviewing the changes in the investment plan and in the implementation process of new investment products, controls instrument pricing through random inspections, is in charge of calculating the solvency limit and reports on the impact of derivatives on the solvency position. The independent risk control function is also tasked with stating its observations about risks in the investment proposals that are to be submitted to the Board of Directors.

The Chief Financial Officer is responsible for the independent monitoring of investment positions and risks, and for overseeing operative, financial, investment and strategic risks. Financial Administration reports monthly to the Board of Directors on observations relating to investment risk management. Major observations are reported to the management without delay.

According to the Act on Insurance Companies, the company's responsible actuary must prepare, for the purpose of arranging risk management and investment operations, a statement for the compa-

ny's Board of Directors on the requirements posed by the nature of and return requirement on technical provisions and maintaining the company's solvency and liquidity, and on the appropriateness of the company's underwriting risk management, taking into account the nature and scope of the company's operations. Pursuant to the Finnish Employee Pension Insurance Companies Act, the company's actuary must provide a written statement on whether the drafted investment plan meets the requirements posed by the nature of technical provisions on the company's investment operations. The tasks of the investment risk management within the actuarial function include the identification of the risks contained in the investments, measurement of risk levels and reporting on these. The officer responsible for investment risk management within the actuarial function reports to the Investment Committee on a monthly basis.

Investment risks and the impacts their realisation would have on Varma's risk-bearing capacity are monitored in a monthly report by the officer responsible for investment risk management in the actuarial function. The actuarial function also reports to the Board of Directors on Varma's risk level in relation to the risk level of the earnings-related pension system.

Investment management is responsible for arranging the handling of the investment portfolio and operative investment risk management. The risk management function of Investment Operations monitors the trends in the portfolio position vis-à-vis the risk limits defined in the investment plan and the basic allocation, and reports on them on a daily basis. Adherence to decision-making powers and

allocation and investment assignments are monitored by the Investment Operations on a daily basis.

The Financial Administration coordinates the identification and management of operational, strategic, financial and investment risks in different functions. It also prepares a summary of the risk assessments drawn up by the functions.

In order to manage the risks relating to malpractice, Varma emphasises the continuous observing of ethical operating principles and applies different control methods for protection against malpractice risks. Each function bears responsibility for managing risks relating to malpractice. Varma has specific guidelines in place to prevent money laundering and the financing of terrorism. The Compliance Officer reports to the Board of Directors on compliance with the insider guidelines.

Varma complies with the Finnish Corporate Governance Code for listed companies where applicable.

Goals and general risk management principles

Risk management aims to secure the rights of pensioners and policyholders. Risks relating to the company's operations are identified, assessed, measured, limited and supervised, taking a long-term perspective. Risk management ensures that if risks are realised, they will not cause significant financial losses, or endanger Varma's customer service and other services, the continuity of operations, the attainment of the company's business targets, or affect trust in the company. Varma applies efficient and reliable processes both internally and when co-operating with its partners.

Varma is subject to statutory limitations related to outsourcing. Outsourcing is also limited by the requirement for an adequate and effective governance system. When agreeing on the terms of outsourcing, Varma's responsibility for the outsourced functions, e.g. for conforming to regulations, continuous and disturbance-free business operations and contingency planning, are taken into account. The function in charge of outsourcing must take into consideration clear contracts and processes, supervision of the outsourced activities and risks relating to the outsourcing.

Varma also observes good insurance principles and treats all policyholders in a fair manner. All business transactions with policyholders are on market terms. Particular attention is paid to transactions covering the financing of a policyholder's operations, real estate and other transactions, and leases.

The Corporate Governance Report drawn up by the Board and the Salary and Remuneration Statement are published on Varma's website.

Risk and solvency assessment

Under Section 12 k of the Finnish Act on Earnings-Related Pension Insurance Companies the Board of Directors and the executive management of an earnings-related pension insurance company must carry out, as part of strategic decision-making and risk management, a risk and solvency assessment that assesses the impact of the relevant risks on the operations of the company and the measures that are necessary to manage the risks that have arisen in the assessment.

Varma updated its risk and solvency assessment in December 2023.

Material risks

The company's core processes comprise insuring employees and entrepreneurs, managing the disability risk, securing pensions and retirement. Varma's most material risks are related to investments, reputation management, processing of sensitive information, customers' data security, the highly networked operation of the pension system, increasing digitalisation of the sector, adjusting the control system and operating models to the rapidly changing economic situation and the efficient implementation of legislative changes. Through corporate sustainability reporting, sustainability risks related to value chains will also emerge as material risks, in addition to other ESG risks.

Varma's most important operational requirement is to manage all pension benefits and insurance transactions correctly and on time. Financially the most important risks are those concerning investment operations. As of 2023, the companies must cover their operating expenses with an expense loading component, which they determine themselves and the Ministry of Social Affairs and Health confirms. The sufficiency of the component can thus also be considered a business risk. The impact of this is, however, fairly small, as the deficit or surplus in the expense loading component will be taken into account when the expense loading component for the following years is determined.

The pension system may also be affected by risks connected with its structure and functioning, and the country's economy. These are discussed in more detail in the section 'Strategic risks'.

Insurance risks

The Finnish earnings-related pension system functions on a partially funded basis with respect to the Employees Pensions Act (TyEL). Around one fifth of the pensions paid each year is previously funded, while the remaining part is a pooled component, which is covered by annually collected insurance contributions. The funded parts of the pension are the responsibility of individual pension institutions, while the pooled components are the joint responsibility of all the pension institutions.

The provision for pooled claims contained in the technical provisions acts as a buffer for jointly managed insurance business. The amount of the provision for pooled claims in the entire earnings-related pension system is estimated to correspond to around 76 per cent of the following year's PAYG pension expenditure. The clearing system eliminates the effects caused by the varying development of the number and age structure of employees insured by different pension insurance institutions. Thus the cost of the pooled components presents no risk for the individual pension institution.

Pensions under the Self-employed Persons Pensions Act (YEL) are financed in full by the insurance contributions collected annually in accordance with the pay-as-you-go system and by the State's contribution and do not present a risk for the individual pension institution.

The level of earnings-related pension cover is based on a defined benefit pension scheme, and is therefore not based directly on the return on funded pension assets. Earnings-related pension benefits are secured for the insured and pensioners by a statutory joint and several liability for bankruptcy that

applies to all earnings-related pension insurance institutions. The costs of pension provision are borne by employers and employees together. The Ministry of Social Affairs and Health annually confirms the primarily common calculation bases concerning the insurance contribution and technical provisions for earnings-related pension insurance companies. The calculation bases include issues such as actuarial assumptions used in the calculation of technical provisions, for example, mortality and disability incidence rate. Under the TyEL act, the calculation bases must be secure and, should the bases for technical provisions prove insufficient for all earnings-related pension insurance institutions, the technical provisions can be supplemented with a clearing system. The TyEL calculation bases specific to each earnings-related pension insurance company have, since 2018, included the distribution of client bonuses and, since 2023, the expense loading component of the insurance contribution.

The risks of Varma's insurance business are linked to the sufficiency of the insurance contributions collected and the technical provisions accumulated from them in relation to the pensions that are the company's responsibility. Because common calculation bases can be changed annually, and the clearing system acts as a buffer for all insurance risks concerning earnings-related pension insurance institutions, the risk for the individual pension institution lies in its deviation from the average of the pension system. Insurance risks are carried by the provision for future bonuses, which is a component of the solvency capital, and they are also taken into account in the calculation of the solvency limit.

Technical provisions are calculated per person

The structure of Varma's technical provisions on 31 December 2023

	€ million	%
TyEL basic insurance		
Provision for unearned premiums		
Future pension liabilities	22,136.5	47.1 %
Provision for future bonuses	892.1	1.9 %
Equity-linked provision for current and future bonuses	-16.8	0.0 %
Provision for current bonuses	142.0	0.3 %
Provision for unearned premiums, total	23,153.9	49.3 %
Provision for claims outstanding		
Current pension liabilities	23,393.7	49.8 %
Total provision for claims outstanding	23,393.7	49.8 %
TyEL basic pension insurance, total	46,547.6	99.1 %
TEL compliant supplementary pension insurance, total	391.9	0.8 %
YEL basic pension insurance, total	26.8	0.1 %
YEL compliant supplementary pension insurance, total	0.0	0.0 %
Total technical provisions	46,966.2	100.0 %

and insurance after the financial year. The Finnish Centre for Pensions carries out the clearing in the year following the end of the financial year, at which time the remaining components of the technical provisions can be calculated.

Neither the age structure of the employees insured by Varma nor the employers' lines of business deviate significantly from the average for all earnings-related pension institutions. Thus Varma carries little risk relating to an atypical insurance portfolio in terms of the actual insurance business.

Risk management in insurance business applies insurance technique analyses. Insurance risks are analysed using, for example, a risk assumption analysis (mortality, disability intensity), financial statements and business result analyses (insurance technique, distribution of responsibility) and by

compiling statistics on contribution losses and disability pension expenditure.

The risks involved in technical provisions and the assets covering technical provisions, i.e. insurance and investment risks, are provided for by the solvency capital. The amount of solvency capital is monitored in relation to the technical provisions and to the solvency limit calculated on the basis of investment allocation. The calculation of the solvency limit also takes into account the insurance risk. Thus, solvency capital provides the company with a buffer especially for years in which the return on the assets covering the technical provisions is below the interest credited on technical provisions.

A part of the interest credited on technical provisions (20 per cent) is determined retroactively and is based on the pension insurance companies' actual

equity returns. An equity-linked provision for current and future bonuses, which is between -20 – +1 per cent of the technical provisions, helps the insurance companies to carry the risks involved. If a pension institution's equity returns differ from the average, it must employ its solvency capital to carry the risks that this involves. When the average equity return is calculated, the weights of the largest pension institutions are limited.

Investment risks

Investment risk definitions

Varma's investment risks are described as follows.

Market risk is the fluctuation of the value of investments. The greatest market risk relates to equities. Other market risks are the interest rate risk, foreign currency risk, and the value change risk of real estate. Interest rate risk can be realised as a price risk, or as a reinvestment risk.

Inflation risk means the decrease of the real value or return of assets.

Credit risk refers to a danger of loss caused by the inability of the counterparty to honour its commitment.

Liquidity risk refers to the realisation of cash flow at a different amount than expected. A risk is also constituted by investments that cannot be converted into cash at all or can only be converted at a major loss.

Sustainability risk refers to an event or circumstance related to the environment, society or governance (ESG) that may have an actual or potential material negative impact on the value of an investment if realised.

Concentration risk refers to the increase in market, credit and liquidity risks as a result of insufficient diversification of the portfolio.

The model risk is constituted by the risks involved in risk measurement. In measurement it is necessary to make assumptions and simplifications concerning calculation methods and data, which may deviate from reality. There may also be risks related to the valuation of investments, and some of the investments' values are available with a delay.

General risk management principles for investments

Management of investment risks involves the determination of acceptable risk levels for different investment categories within the framework approved by the Board of Directors, continuous risk measurement using selected methods, comparison with acceptable levels, and reporting. Risk management also involves adaptation of the investment portfolio so that a correct risk/return ratio can be maintained. The nature of technical provisions and their return requirement are also taken into account when the time span and liquidity of investments are considered.

The investment plan approved by the Board of Directors defines, among other things, the following:

- the general security goals set for investments,
- the general principles for investment allocation,
- the return, diversification and liquidity goals of investments,
- the criteria for using derivative contracts, and
- the principles for arranging currency risk hedging.

At least once a year, the Board of Directors assesses the status and outlook of Varma's operating environment, the investment risks in terms of changes in value, expected returns, security, and the principles of foreign currency policy. The Board also assesses the requirements imposed by the nature of technical provisions on investment returns and liquidity, and on the foreign currency policy. The company's short-term and long-term risk-bearing capacity and the development of the company's solvency is also assessed by the Board at least once a year.

The basic allocation of the investment portfolio laid down in the investment plan approved by the Board of Directors also determines the basic level

for the total portfolio risk. The investment portfolio may differ from the target allocation within the allocation limits specifically defined in the investment plan.

Varma aims to maximise the yield expectation at the selected total risk level, which means that investments will have optimum profitability to the extent allowed by the company's risk-bearing capacity. The portfolio's realised market risks and returns generated by investments are regularly monitored and reported in Investment Operations.

Furthermore, Varma takes into account the social responsibility principles of investment allocation, the ownership policy and principles of responsible investment, in which key factors related to environmental, social and governance matters are taken into account in investment decisions.

Varma's investment portfolio's risk structure

Varma's investment portfolio's structure by asset class and returns by asset class for 2023 are presented in the notes to the financial statements.

Geographical allocation of investments in listed equities:

	Risk position 31 Dec 2023 € million	%	Risk position 31 Dec 2022 € million	%
American equities	9,619	46.6	5,965	34.4
European equities and shares	2,240	10.9	2,078	12.0
Other areas	2,695	13.1	3,172	18.3
Finnish equities	6,072	29.4	6,127	35.3
Listed equities	20,626	100.0	17,342	100.0

Direct investments in real estate according to purpose of use:

	Risk position 31 Dec 2023 € million	%	Risk position 31 Dec 2022 € million	%
Residential premises	877	29.0	968	30.5
Business premises	326	10.8	327	10.3
Other premises	671	22.2	652	20.6
Industrial and warehouse premises	14	0.5	11	0.4
Office premises	1,133	37.5	1,212	38.2
Direct real estate investments	3,021	100.0	3,171	100.0

The vacancy rate of business premises was 9.9 per cent (8.1 per cent).

Bonds according to credit rating:

	Market value (excl. derivatives) 31 Dec 2023 € million	%	Market value (excl. derivatives) 31 Dec 2022 € million	%
AAA	192	2.3	190	2.2
AA	2,088	25.2	2,953	34.5
A	1,046	12.6	723	8.4
BBB+ – BBB-	1,594	19.3	1,581	18.5
BB+ or worse	2,699	32.6	2,302	26.9
Not rated	651	7.9	821	9.6
	8,269	100.0	8,570	100.0

Loans itemised by guarantee are presented in the notes to the financial statements under 'Loan receivables'.

Varma's foreign-currency-denominated investments amount to EUR 33,575 (29,584) million, accounting for 57 (53) per cent of all investments. The investments' currency risk is partly hedged

through currency derivatives. The open currency position amounted to EUR 17,088 (11,428) million on 31 December 2023.

Varma's largest individual corporate risk position is in Sampo Plc, the market value of which was EUR 889 (1,098) million on the closing date.

The table below shows how falls in equity prices and real estate values and increases in interest rates would affect return and solvency in the financial statements:

	Value 31 Dec 2023	Share prices (listed) -30%	Effect Interest rates +1 pp	Real estate value -10%
Solvency capital, € million	14,010	10,601	13,663	13,446
of technical provisions, %	130.4	124.6	129.8	129.3
in relation to solvency limit	1.6 times	1.47 times	1.59 times	1.57 times
Investment return, % 1 Jan 2023–31 Dec 2023	6.0	-5.0	5.4	5.0

As regards the calculation of the solvency limit, the Board of Directors decides on the criteria concerning how indirect investments' risks are taken into account, the criteria for applying other essential investment risks, i.e. risk category 18, and the criteria for calculating the duration of investments exposed to interest and credit margin risk.

Investment risk measurement and mitigation

The market risk of investments, mainly equities, constitutes the biggest risk relating to the result and solvency. The VaR (Value-at-Risk) figure, which measures the total risk of Varma's investments, stood at EUR 2,311 (2,727) million at year-end 2023. The figure indicates the greatest possible fall in the market value of the company's investment portfolio over a period of one month at a confidence level of 97.5 per cent. The CVaR (Conditional Value at Risk) figure refers to expected losses exceeding VaR, and this figure amounted to EUR 2,756 (3,253) million.

The general security goals for investments are catered for by ensuring that the total risk caused by fluctuating portfolio returns remains within the

risk-bearing capacity. The total portfolio risk in relation to the risk-bearing capacity is dynamically limited using an internal risk indicator defined in the investment plan. The indicator is used to determine the maximum risk-management weight for listed equities. By determining the maximum risk level, the company strives to ensure disruption-free operation also after capital market shocks. Furthermore, investments are diversified in accordance with diversification objectives.

The maximum risk level is measured such that even after a 25 per cent drop in the value of listed equity investments and certain hedge fund investments, the solvency capital still exceeds the minimum solvency capital (1/3 of the solvency limit) by at least the amount of the CVaR and is, in any case, always at least at the solvency limit.

The different maximum limits of investments are presented as separate risk limits in the investment plan. The diversification of the investment portfolio is based on allocation that takes into account the return correlations of asset classes.

Investment risks can be abated and eliminated, for example,

- by diversifying investments by asset class and item,
- by analysing the investment portfolio and items,
- by avoiding risk concentrations,
- by limiting the amount of unlisted securities,
- through a securing guarantee policy,
- through careful valuation practices,
- by integrating assets and liabilities,
- by using derivatives,
- by applying adequate and on-time supervision and monitoring arrangements, and
- by minimising counterparty risks.

The risk limits and authorisations laid down in the investment plan are regularly monitored. In addition to analyses of investment markets, Varma monitors matters such as investment duration, credit rating and liquidity. In real estate investments, Varma pays special attention to technical and location risks, among others.

New investment instruments with return and risk profiles that are significantly different from the instruments contained in Varma's present portfolio are examined by the Investment Committee and are also presented to the Board of Directors before the investments are made.

Principles for using derivative contracts

Here we describe the principles applied to the use of derivative contracts and the risk management strategy for derivatives. The Board of Directors decides on the principles for the use of derivative contracts. In the investment portfolio, derivative

contracts are considered equal with their underlying instruments and are allocated to the asset class in question. Limits by asset class are examined in terms of the overall position, combining cash instruments and derivative instruments. The value change risk inherent in cash instruments and derivative contracts is made commensurable by converting derivative contracts mainly into delta-adjusted risk positions.

The main purposes for the use of derivatives are:

- currency hedging
- managing overall portfolio risk
- increasing or reducing equity risk through index derivatives
- reducing or increasing the fixed-income portfolio's interest risk (duration) through interest rate futures or swaps
- managing the fixed-income portfolio's credit risk through credit default swaps
- commodity and factor investing is mainly implemented through derivative instruments.

In terms of risk management, derivative contracts are classified in risk-decreasing and other than risk-decreasing derivatives. In the investment organisation, authorisations to use derivatives are laid down in the investment plan. They have been set in euro amounts by contract type and by underlying instrument, separately for risk-decreasing and other derivatives.

Financial risks

Financial risk assessment and reporting take place as part of the operational risk assessment. A summary of the assessment is presented to Varma's

Executive Group at the same time as operational and strategic risks. Thereafter, the report is discussed first by the Board of Directors' Audit Committee and then by the Board.

Operational risks

Operational risks entail

- a risk of loss due to incorrect operations caused either by company's internal processes or by unanticipated external events,
- a threat to the continuity of operations, or
- a diminishing of trust in the company.

Sustainability is an integral part of Varma's core task – securing pensions. For Varma, sustainable business means first and foremost taking care of pension assets and pension payments, investing responsibly and promoting sustainable working life.

The company always makes every effort to eliminate any defects in its supervision systems that would permit unintentional or intentional errors or misuse concerning such matters as insurance or claims handling, investments, reporting, payment transactions, register details, data processing, division of work, partners' operations, or documentation.

Operational risks are related to processes and methods, information systems, information networks and digital services, possible malpractice, property damage and staff competence. Operational risks are assessed on a regular basis. Compliance and sustainability risks are also identified at the same time as operational risks. The potential impacts and likelihood of identified risks are asses-

sed on a risk-specific basis, and the risks are linked to strategic aims and processes. Identified risks are compiled in a risk chart in which risks are classified on the basis of an overall evaluation and in accordance with their potential to threaten Varma's success and the goals approved by the Board of Directors. Overall consideration of the impacts of the risks and deciding on measures take place in accordance with Varma's standard planning and decision-making system. A continuity plan is drawn up for functions that may involve substantial risks. The preparation of the plan is at the discretion of the line management.

Strategic risks

The earnings-related pension system is based on insuring work carried out in Finland. The financing of statutory earnings-related pensions is dependent on economic growth, a high employment rate, the development of the population's age structure and investment returns. The majority of pensions that are currently being paid are financed directly through contributions paid by employers and employees. Successful investment activities help offset the need to raise pension contributions.

Varma's strategic risks mean risks that, when realised, would jeopardise the achievement of Varma's strategic goals. Executing the strategy is part of normal business.

Varma's strategic risks are regularly assessed by identifying and evaluating the risks from the perspective of business development, the operating model, operating environment, business restructuring and co-operation partners. Summaries of the assessments are presented to Varma's Execu-

tive Group. Following the approval of the Executive Group, the risks are reported to the Board of Directors' Audit Committee and the Board of Directors.

In order to control strategic risks, Varma co-operates closely with its stakeholders and other players in the field and is developing its processes so that it can react to any changes in the earnings-related pension system on time.

Varma's preparation for unsettled and exceptional circumstances

Earnings-related pension institutions are under statutory obligation to ensure their tasks can be handled with minimum disruption, even under exceptional circumstances. According to the National Security Strategy, the pension and book entry systems, among others, are functions that must be secured.

Principal threat types and their concomitant special circumstances related to pension payments and funding include serious perturbations in the infrastructure required by the networked operating model, citizens' health and income security, and society's economic capacity. Due to the distributed management of pension cover, there is a lot of co-operation within the earnings-related pension system. This increases mutual dependency and vulnerability. The globalisation of information technology services and bank services creates challenges for contingency operations.

Contingency operations secure critical activities in exceptional circumstances and in serious disturbances within normal circumstances. Contingency measures were used to organise operations during the pandemic. Also in exceptional circumstances

or when threatened by them, Varma will fulfil its statutory and contractual obligations as comprehensively and for as long as possible. In co-operation with other operators, banks, authorities, and the emergency supply organisation, priority will be given to securing services connected with citizens' income security.

Varma has a recovery plan for situations where IT is disrupted and a continuity plan approved by the Board of Directors, which is supplemented by detailed plans prepared by different functions. A contingency unit, consisting of the supervisors of core functions, coordinates the activities in possible contingencies.

Significant risks in exceptional circumstances include

- the payment of pensions is jeopardised,
- the financing of pensions and liquidity management become more difficult,
- the implementation of processes during exceptional circumstances does not happen quickly enough,
- bank systems, investment trading systems or other societal infrastructures fail to work,
- the earnings-related pension systems, telecommunication lines or co-ordination within the sector fail to work
- our own IT applications or networks fail to work, stoppage of services provision,
- counterparty risks and the invalidity of contracts under exceptional circumstances, and
- risks related to the availability of data at the onset of a crisis.

Varma participates in operational exercises together with other pension insurance institutions, insurance companies, banks and financial operators.

Compliance

Compliance activities are an element of Varma's internal control. It refers to internal activities which aim to ensure compliance with laws, decrees and regulations that apply to Varma, as well as with internal guidelines and the decisions of governance bodies. The purpose of Compliance activities is to identify situations where Varma could be exposed to various legal risks, and to ensure sufficient controls to mitigate these risks. They also involve assessing the sufficiency of measures taken to prevent and rectify any compliance shortcomings. Compliance activities are headed by the Compliance Officer, who reports on the activities to the Board of Directors and its Audit Committee.

Internal audit

Internal audit operates in accordance with the principles defined in the professional standards of internal audit. It comprises independent and objective assessment, assurance and consulting activities whose purpose is to support the organisation in achieving its goals by producing assessments and development proposals concerning the status of risk management and other internal controls. The organisational status, tasks, responsibilities and powers of the internal audit are laid down in the instructions approved by the Board of Directors. The areas to be audited are set out in an annual audit plan, which is approved by the Board of Directors

after it has been discussed by the Executive Group and the Audit Committee. The audit observations are reported to the company management, the Audit Committee and the Board of Directors. The internal audit is administratively subordinate to the President and CEO.

Supervision by authorities

In addition to laws and decrees, Varma's operations are governed by the instructions and regulations of the Financial Supervisory Authority. Varma provides the Financial Supervisory Authority with information and reports on a regular basis or as required. The supervising authority carries out appropriate inspections related to administration, solvency, investment operations and operational risks, among other things.

Key Figures and Analyses

32. Summary

31 Dec, € million	2023	2022	2021	2020	2019
Premiums written, € million	6,466.4	6,118.6	5,634.6	4,930.9	5,285.6
Pensions paid and other payments made, € million	6,775.1	6,237.6	5,980.0	5,702.3	5,623.0
Net investment income at fair value, € million	3,363.4	-2,867.7	9,256.5	1,371.6	5,240.6
Net return on invested capital, %	6.0	-4.9	18.5	2.8	12.0
Turnover, € million	8,496.8	6,053.0	10,485.6	7,053.6	7,828.1
Total operating expenses, € million	137.5	136.4	129.6	109.6	124.0
Total operating expenses of turnover, %	1.6	2.3	1.2	1.6	1.6
Operating expenses, % of total TyEL payroll and YEL income	0.3	0.4	0.4	0.4	0.4
Total result, € million	814.7	-3,466.3	5,586.5	-230.6	2,197.5
Technical provisions, € million	46,966.2	45,372.7	45,225.0	40,725.7	38,608.0
Solvency capital, € million	14,010.0	13,344.4	16,890.3	11,516.8	11,646.3
in relation to solvency limit	1.6	1.8	2.0	1.7	1.8
Pension assets, € million	60,057.3	57,119.7	59,754.4	50,828.6	49,444.7
of technical provisions, %	130.4	130.5	139.4	129.3	130.8
Transfer to client bonuses of TyEL payroll, %	0.56	0.72	0.99	0.26	0.81
TyEL payroll, € million	25,367.3	24,103.2	22,535.3	21,142.4	21,083.9
YEL payroll, € million	942.7	867.3	815.4	806.7	811.5
TyEL policies	33,840	29,900	30,300	28,250	27,590
TyEL insured persons	563,580	547,700	531,200	505,170	504,131
YEL policies	43,960	42,500	40,000	37,800	37,800
Pensioners	350,500	352,200	345,700	347,100	343,700

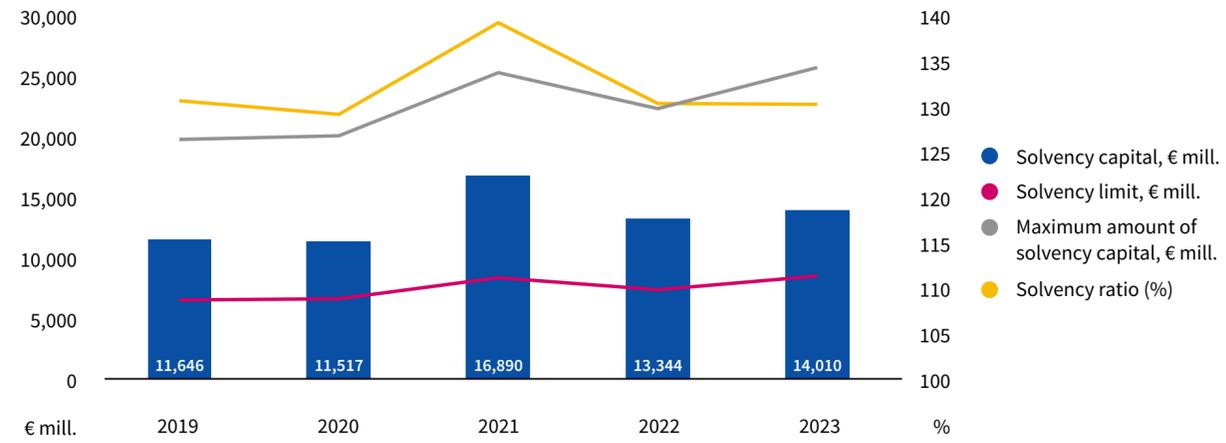
33. Performance analysis

31 Dec, € million	2023	2022	2021	2020	2019
Sources of profit					
Technical underwriting result	69.6	114.9	48.3	22.2	-1.9
Investment surplus at fair value	738.9	-3,635.9	5,487.8	-308.9	2,138.7
+ Net investment income at fair value	3,363.4	-2,867.7	9,256.5	1,371.6	5,240.6
- Return requirement on technical provisions	-2,624.4	-768.2	-3,768.7	-1,680.5	-3,101.9
Loading profit	4.3	38.2	51.2	49.3	52.9
Other result	1.8	16.5	-0.9	6.8	7.9
Total result	814.7	-3,466.3	5,586.5	-230.6	2,197.5
Appropriation of profit					
Change in solvency	673.2	-3,640.1	5,364.1	-284.8	2,026.5
Change in equalisation provision included in the solvency capital	0.0	0.0	0.0	0.0	0.0
Change in provision for future bonuses	-680.4	-860.9	936.6	435.5	-697.4
Change in difference between fair value and book value	1,346.3	-2,787.5	4,420.7	-726.2	2,717.2
Profit for the financial year	7.2	8.4	6.8	6.0	6.7
Other change in the equalisation provision	0.0	0.0	0.0	0.0	0.0
Transfer to client bonuses	141.5	173.8	222.4	54.2	171.0
Total	814.7	-3,466.3	5,586.5	-230.6	2,197.5

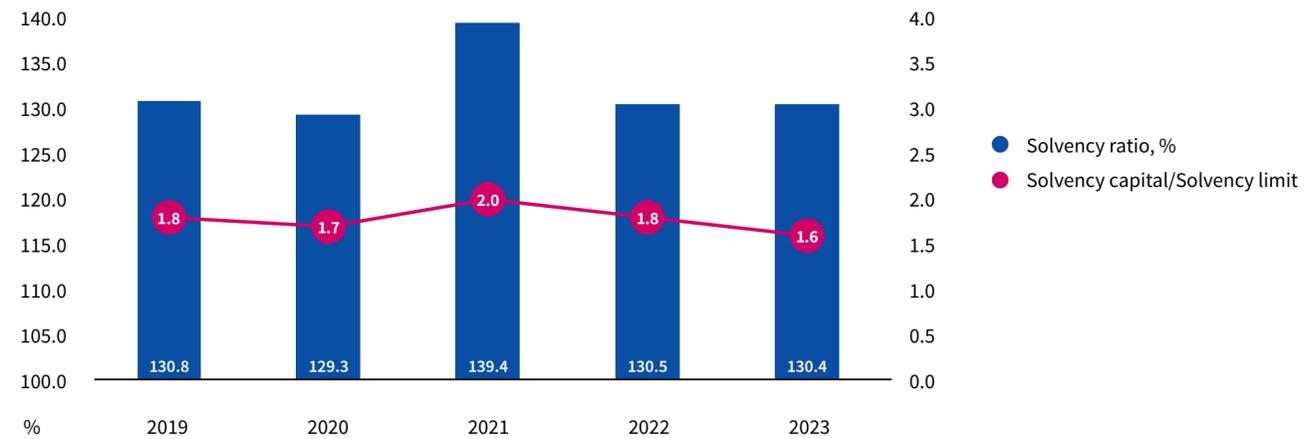
34. Solvency

Solvency capital and limits	2023	2022	2021	2020	2019
Solvency limit, € million	8,614.3	7,482.3	8,472.8	6,734.4	6,633.5
Maximum amount of solvency capital, € million	25,842.8	22,446.9	25,418.4	20,203.3	19,900.5
Solvency capital, € million	14,010.0	13,344.4	16,890.3	11,516.8	11,646.3
Solvency capital (solvency ratio), %	130.4	130.5	139.4	129.3	130.8
Solvency capital/Solvency limit	1.6	1.8	2.0	1.7	1.8

Solvency capital and limits



Solvency capital/Solvency limit



35. Investment allocation at fair value

	Market value 2023 € million	%	Market value 2022 € million	%	Risk position 2023 € million	%	Risk position 2022 € million	Risk position 2022 %	Risk position 2021 %	Risk position 2020 %	Risk position 2019 %
Fixed-income investments	12,081.4	20.5	14,565.8	25.9	9,306.8	15.8	15,301.8	27.2	26.1	22.7	26.8
Loan receivables	2,598.5	4.4	2,829.2	5.0	2,598.5	4.4	2,829.2	5.0	4.6	5.4	4.8
Bonds	8,304.4	14.1	8,562.8	15.2	8,966.9	15.2	8,877.6	15.8	17.4	14.9	22.0
Other money-market instruments and deposits	1,178.5	2.0	3,173.8	5.6	-2,258.5	-3.8	3,595.1	6.4	4.1	2.5	0.1
Equity investments	31,874.2	54.0	27,459.3	48.9	31,865.8	53.9	27,532.9	49.0	49.7	46.0	46.1
Listed equities	20,634.2	34.9	17,268.4	30.7	20,625.8	34.9	17,342.0	30.9	34.3	33.5	35.4
Private equities	10,424.7	17.6	9,498.5	16.9	10,424.7	17.6	9,498.5	16.9	14.7	11.9	10.2
Unlisted equities	815.3	1.4	692.4	1.2	815.3	1.4	692.4	1.2	0.8	0.6	0.6
Real estate investments	5,640.8	9.5	5,740.8	10.2	5,640.8	9.5	5,740.8	10.2	9.2	9.6	9.1
Direct real estates	3,021.0	5.1	3,171.0	5.6	3,021.0	5.1	3,171.0	5.6	5.2	5.7	5.7
Real estate funds	2,619.8	4.4	2,569.8	4.6	2,619.8	4.4	2,569.8	4.6	4.0	3.9	3.3
Other investments	9,481.3	16.0	8,438.5	15.0	9,480.4	16.0	8,438.5	15.0	15.6	17.6	19.6
Hedge funds	9,480.2	16.0	8,432.6	15.0	9,480.2	16.0	8,432.6	15.0	15.6	17.6	18.2
Commodities	2.0	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	-1.0	0.0	5.9	0.0	-1.0	0.0	5.9	0.0	0.0	0.0	1.4
Investments	59,077.7	100.0	56,204.4	100.0	56,293.9	95.3	57,014.0	101.4	100.6	96.0	101.6
Impact of derivatives					2,783.9	4.7	-809.6	-1.4	-0.6	4.0	-1.6
Investments at fair value, total	59,077.7	100.0	56,204.4	100.0	59,077.7	100.0	56,204.4	100.0	100.0	100.0	100.0
Modified duration of the bond portfolio	4.2										

36. Investment return breakdown and result

	Net return on invested capital, market value 2023 € million	Invested capital 2023 € million	Return on invested capital 2023 %	Return on invested capital 2022 %	Return on invested capital 2021 %	Return on invested capital 2020 %	Return on invested capital 2019 %
Return on invested capital, €/%							
Fixed-income investments	749.1	13,313.0	5.6	-5.2	1.9	1.9	4.5
Loan receivables	189.5	2,607.9	7.3	3.9	5.4	0.5	4.0
Bonds	525.9	9,013.8	5.8	-10.2	1.4	3.0	5.1
Other money-market instruments and deposits	33.7	1,691.3	2.0	-0.1	-0.9	-1.0	0.4
Equity investments	2,405.0	28,081.0	8.6	-8.7	32.2	5.9	22.8
Listed equities	1,808.0	17,592.0	10.3	-16.8	26.4	5.2	25.4
Private equities	532.3	9,765.2	5.5	7.9	49.6	7.8	15.1
Unlisted equities	64.6	723.8	8.9	40.7	26.3	8.6	16.9
Real estate investments	-248.8	5,823.2	-4.3	5.7	5.9	2.0	4.1
Direct real estates	-126.6	3,160.6	-4.0	4.2	4.1	3.4	3.9
Real estate funds	-122.2	2,662.6	-4.6	7.6	8.5	-0.2	4.7
Other investments	489.9	8,815.6	5.6	2.7	15.3	-2.0	4.5
Hedge funds	537.3	8,783.6	6.1	2.3	15.3	-1.0	5.0
Commodities	0.8	1.4					
Other investments	-48.1	30.6					
Investments	3,395.3	56,032.8	6.1	-4.8	18.6	2.9	12.1
Unallocated income, costs and operating expenses from investment activities	-32.0	20.9					
Net investment income at fair value	3,363.4	56,053.7	6.0	-4.9	18.5	2.8	12.0

37. Loading profit

31 Dec, € million	2023	2022	2021	2020	2019
TyEL contribution's expense loading components	64.1	121.0	128.8	120.5	131.4
Income from the provision for pooled claims for handling insurance policies for small employers	10.1				
Components available to cover operating expenses arising from compensation decisions	6.1	5.6	6.5	6.8	7.0
Other income	0.0	0.0	0.0	0.0	0.5
TyEL loading income, total	80.3	126.6	135.3	127.3	138.9
TyEL activity-based operating expenses	-72.9	-88.4	-84.1	-78.0	-86.1
Other expenses					
TyEL operating expenses, total	-72.9	-88.4	-84.1	-78.0	-86.1
TyEL loading profit	7.4	38.2	51.2	49.3	52.9
YEL loading income	12.4				
YEL operating expenses	-15.5				
YEL loading profit	-3.1				
Loading profit total	4.3				
TyEL operating expenses, percentage of payroll	0.3				
YEL operating expenses, percentage of YEL loading income	124.8				

38. Managing disability risk

31 Dec, € million	2023	2022	2021	2020	2019
Premiums written; the administrative cost component of the disability risk	7.9	7.4	6.9	6.5	6.4
Expenses covered by the administrative cost component of the disability risk, entered under claims incurred, %	7.9	7.4	6.9	5.1	6.4
Expenses arising from the management of the disability risk, entered under operating expenses and covered by the expense loading	0.2	0.1	2.2	0.0	0.2
Expenses covered by the administrative cost component of disability risk/ The administrative cost component of the disability risk, %	100.0	100.0	100.0	78.5	100.0

39. Technical underwriting result

31 Dec, € million	2023	2022	2021	2020	2019
Premium income from underwriting business under the company's own account	1,173.0	1,459.8	1,189.1	1,646.0	956.5
Interest rate on the technical provisions of the underwriting business under the company's own account	1,217.3	1,106.3	1,053.4	977.1	947.9
Underwriting income	2,390.3	2,566.1	2,242.5	2,623.1	1,904.4
Pensions paid out of funds	1,770.3	1,578.2	1,492.5	1,368.4	1,320.8
Contribution losses	9.3	8.3	7.9	20.4	10.8
Change in the technical provisions of the underwriting business under the company's own account	541.1	864.7	693.8	1,212.2	574.8
Total claims incurred	2,320.7	2,451.2	2,194.2	2,600.9	1,906.3
Technical underwriting result	69.6	114.9	48.3	22.2	-1.9

Distribution of Profit

Distributable profits as presented in the notes to the financial statements	140,282,369.43 euros
The Board of Directors proposes that the profit for the year be distributed as follows:	7,248,748.20 euros
to be transferred to the contingency fund (optional reserve)	7,000,000.00 euros
to be carried over on the Profit and Loss Account	248,748.20 euros

Helsinki, 15 February 2024

Jaakko Eskola, Chairman of the Board

Riku Aalto	Anu Ahokas	Anja Frada
Ari Kaperi	Kristiina Mäkelä	Teo Ottola
Antti Palola	Risto Penttinen	Pekka Piispanen
Merja Ranta-aho	Saana Siekkinen	Risto Murto, President and CEO

Auditor's report

(Translation of the Finnish original)

To the Annual General Meeting of Varma Mutual Pension Insurance Company

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Varma Mutual Pension Insurance Company (business identity code 0533297-9) for the year ended 31 December, 2023. The financial statements comprise the balance sheet, income statement, cash flow statement and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in *the Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5 (1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 8 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most significant assessed risks of material misstatement

We have fulfilled the responsibilities described in *the Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

As for the financial statements there are no significant risks of material misstatements referred to in Article 10 section 2c of regulation (EU) 537/2014.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report

to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Information on our audit engagement
We were first appointed as auditors by the Annual General Meeting on March 15, 2018, and our appointment represents a total period of uninterrupted engagement of six years.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the information and, in doing so, consider whether the information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other opinions based on assignment of the Annual General Meeting

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Finnish Insurance Companies Act. We support that the members of the Supervisory Board and the Board of Directors and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, 15 February 2024

Ernst & Young Oy
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Antti Suominen
Authorized Public Accountant

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