

# **SUSTAINABILITY-RELATED DISCLOSURES, MANDATUM AM**

**DIRECT EQUITY  
DIRECT FIXED INCOME**



MANDATUM  
ASSET MANAGEMENT

## Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites

This document presents the website product disclosure for financial products (specific products listed in table 4 at the end of this document) that promote environmental or social characteristics in accordance with Article 10 of the EU 2019/2088 Sustainable Finance Disclosure Regulations (“SFDR”) and Article 24 of the EU 2022/1288 Regulatory Technical Standards (“RTS”).<sup>1</sup>

Pursuant to Article 10 of the SFDR, financial market participants shall publish and maintain on their websites the following information for each financial product referred to in Article 8(1) and Article 9(1), (2) and (3):

(a) description of the environmental or social characteristics or the sustainable investment objective;

(b) information on the methodologies used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the financial product, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the financial product;

(c) the information referred to in Articles 8 and 9;

(d) the information referred to in Article 11.

For further information please visit the following disclosures:

Responsible Investment Policy: Responsible Investment Policy (**Mandatum Responsible Investment Policy 2023 (mandatumlife.fi)**)

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<sup>1</sup> This disclosure applies also to Mandatum Life Insurance Company Limited which is deemed as a financial market participant in accordance with the SFDR and of which unit-linked insurance-based investment products are managed by Mandatum Asset Management Ltd.

## No sustainable investment objective

Mandatum Asset Management Ltd (“MAM”) offers portfolio management services for various funds and investment baskets (hereinafter together the “products”) that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, and the companies in which the investments are made follow good governance practices pursuant to Article 8 of the SFDR, but the products of MAM do not have as their objective sustainable investment within the meaning of Article 2(17) of the SFDR.

## Environmental or social characteristics of the financial product

MAM invests its customers’ funds responsibly, and the responsibility forms a key part of its risk management process. MAM believes that, in the long run, the securities of companies and issuers who operate responsibly will yield better results as investment objects, thanks to their more favorable growth prospects and more predictable cost development. The environmental and social characteristics that are promoted among other characteristics vary between financial products which is presented in the table 4 of this document.

The main ESG characteristics being promoted are the consideration of compliance with international norms and standards (i.e., the UN Global Compact and the OECD Guidelines for Multinational Enterprises), incorporating sustainability analysis into investment analysis and sensitive sectors and norm-based screening.

## Investment strategy

MAM has incorporated a sustainability analysis into all investment processes and monitors investment objects in its portfolios also from the perspective of sustainability while taking into account product specificities. When analyzing the risks of an investment object, MAM considers sustainability factors as a key part of risk management. In decision-making, MAM employs both negative and positive screening, considering the characteristics of different asset classes. Investments can also be made with an emphasis on certain sustainability themes, such as climate change and climate risk mitigation. MAM expects its external partners to take sustainability into account in investments in all asset classes. The materiality of sustainability risks varies depending on the asset class. Thus, different emphasis is made in certain sustainability criteria related to asset class.

For direct equity and fixed income investments, the good governance of target companies is primarily checked and monitored based on the analysis of the external data providers, except for direct private equity investments where a separate ESG due diligence process is conducted. The separate ESG due diligence process includes evaluation of good governance practices.

## Proportion of investments

All investments in the products managed by MAM that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics (i.e., Article 8 SFDR financial products) are aligned with E/S characteristics described in this document, and the investments are investigated comprehensively in terms of possible ESG risks during the due diligence phase.

The pre-contractual disclosures of each product present further information on the asset allocation within the products. The products' investments are divided into #1 and #2 categories, where #1 presents the investments aligned with E/S characteristics as a percentage of the whole portfolio. In addition, category #2 presents other assets, which include cash and derivatives held by the product to ensure the smooth operation when fulfilling its investment strategy. MAM employs the minimum safeguards by screening for compliance with the international norms and standards including the UN Global Compact and the OECD Guidelines for Multinational Enterprises. The pre-contractual disclosures are available on the website.

## Monitoring of environmental or social characteristics

Investments are continuously monitored from a sustainability perspective. Portfolio managers and analysts monitor the news flow on their investment objects daily. In addition to which an external service provider specialising in sustainability matters reviews the direct equity and fixed income investments quarterly. MAM carries out the sustainability monitoring and is responsible for reporting the results.

The direct equity and fixed income investment products are monitored on a regular basis for their ESG risk ratings and screened based on sensitive sector and norm-based screening such as UN Global Compact and OECD Guidelines. The carbon footprint of the direct equity and fixed income investments is measured and disclosed annually. In addition, the periodic reports will be published for the products, pursuant to the SFDR requirements.

## Methodologies

Sustainability indicators are used to measure the attainment of the environmental or social characteristics (for Article 8 SFDR financial products). The indicators are used consistently across products managed by MAM given the data availability and relevance. The sustainability indicators specified by MAM are ESG risk rating, breaches of international norms and standards, exposure to fossil fuels, carbon footprint and carbon intensity.

In some financial products, data coverage may be lower due to the lower coverage of the portfolio companies by the ESG service provider.

### 1.1. ESG-risk rating

The ESG risk rating is based on Sustainalytics' ESG Risk Rating, and it describes the amount of the company's unmanaged ESG risk. Risk levels are described on a scale of low, medium, high, or severe risk. The company's sector affects the risk assessment, which is why a high or even a severe risk level does not always mean that the company's operations would be irresponsible. Based on Mandatum's Responsible Investment Policy, investments in investment objects with a severe ESG risk can only be made with the approval of the Chief Investment Officer. Investing in a high-risk investment requires a separate review. See the table 1 below for further information.

Risk category	Measures required by the risk category
Low risk	Making an investment decision does not require separate actions from a responsible investment perspective
Moderate risk	The risk related to ESG factors is considered to be moderate. The portfolio manager/analyst must be sure to have taken into account in his/her analysis the ESG risks that have led to a raised risk level, as well as the consequences of the potential realisation of such risks.
High risk	The risk related to ESG factors is considered to be high. Due to a high risk level, the portfolio manager/analyst must prepare a report on the reasons for and potential consequences of the ESG risks in the context of the entire portfolio.
Severe risk	The risk related to ESG factors is considered to be severe. Due to a severe risk level, the portfolio manager/analyst must prepare a report on the reasons for and potential consequences of the ESG risks in the context of the entire portfolio. Making the investment requires the approval of the Chief Investment Officer responsible for client assets.

Table 1. ESG-risk ratings and measures by category

### 1.2. Breaches of international norms and standards

The investments are monitored based on international norms and standards laid down in international conventions, such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

### 1.3. Exposure to fossil fuels

Direct equity and fixed income investments' exposure to fossil fuels is monitored quarterly. Positions are screened for both direct and indirect involvement. Direct business refers to the manufacture or production of a product or service. Indirect business refers to various parts of the value chain of product or service production, such as subcontracting, transport or distribution.

#### 1.4. Carbon footprint

An investment portfolio's total emissions are calculated by allocating companies' emissions to the investment portfolio based on the share of ownership in equity investments and the share of owned debt or the enterprise value in fixed-income investments. The emissions include scope 1 and scope 2 emissions, i.e., emissions from the company's operations and purchased energy.

The carbon footprint of direct equity and fixed income investments is measured and disclosed annually. The annual carbon footprint of products is disclosed either through product-specific monthly or quarterly reviews, or in a separate responsible investment review. The carbon footprint of investments is reported on both in absolute terms and in relation to benchmark indices when applicable to make it more understandable and comparable with both the development in the industry and development overtime.

#### 1.5. Carbon intensity

Average carbon intensity expresses emissions in relation to the company's revenue. The reported figure is a weighted average of the investments' carbon intensity. The emissions include scope 1 and scope 2 emissions, i.e., emissions from the company's operations and purchased energy.

#### 1.6. Active ownership and sustainability in ownership practices

MAM only engages with companies it has invested in and can decide not to engage with a company, for example, to avoid conflicts of interest. Additional criteria to consider before engaging can be e.g., materiality of the sustainability issue, size of the investment, actions already taken by the investee company, and geographical location. MAM also publishes an Annual Disclosure of the Implementation of the Engagement Principles to ensure transparency of the engagement activities.

Voting at annual general meetings ("AGM") is also a tool for shareholders to express their views and can be used in conjunction with other engagement activities. Portfolio managers are responsible for voting at companies' AGMs. The portfolio managers keep records of the AGMs they have attended and the votes they have cast at the meetings. MAM votes by proxy and in person by attending AGMs or a combination of both depending primarily on the geographical location of the investee company. Voting decisions are made by the portfolio managers assisted by the ESG team and approved by the Chief Investment Officer, if necessary, given the nature of the voting decision. In addition to voting at AGMs, MAM engages through pooled engagement with other investors, if it is believed that it can be an effective means of achieving a desired change in the investment company. Pooled engagement is used mainly in a reactive manner to address issues that may have already occurred.

## 1.7. Sensitive industries screening

Certain industries are considered to carry more sustainability risks and cause adverse sustainability impacts than others. Such risks include, for example, reputational risk, climate risks, and regulatory risks. Investments in industry sectors identified as sensitive are monitored regularly to identify potential sustainability risks and quantify them. Industries identified as sensitive include the manufacture or production of the following products or services, as well as the subcontracting, logistics or distribution of the manufacture or production of those products. Table 2 contains a list of the criteria that have been set and which new investments in direct equity and fixed income investment products that are determined to promote environmental or social characteristics (SFDR Article 8) must meet. If an investment object in the portfolio no longer meets the criteria, MAM will divest the investment within a reasonable time frame, taking into account clients' best interests and the market situation.

Industry/Product group	Key risk factors	Percentage of sales		Description
		Direct business	Indirect business	
Zero tolerance				
Controversial weapons	Reputational risks, regulatory risks	0 %	0 %	Investments are not made in companies that derive revenue from manufacturing, subcontracting or distribution of controversial weapons. Controversial weapons are, for example, biological, chemical, nuclear and cluster weapons.
Low tolerance				
Coal	Reputational risks, technology risks, transition risks, regulatory risks	5 %	40 %	Investments are not made in companies that derive over 5% of revenue from mining of coal or whose share of revenue from coal mining subcontracting or distribution of coal exceeds 40 %. Investments are not made in companies whose share of revenues from coal-based energy production exceeds 40 %, unless the company has a clear strategy to transition to a more sustainable business model*.
Tobacco	Reputational risks, labor rights risks, human rights risks	0 %	50 %	Investments are not made in companies that derive revenue from manufacturing of tobacco products or derive more than 50% of revenue from subcontracting or distribution of tobacco products.
Adult entertainment	Reputational risks, labor rights risks, human rights risks	0 %	50 %	Investments are not made in companies that derive revenue from production of adult entertainment or that derive more than 50% of revenue from adult entertainment industry subcontracting or distribution.
Gambling	Reputational risks, governance risks, money laundering risks	50 %	50 %	Investments are not made in companies that derive more than 50% of revenue from gambling or gambling subcontracting.
Military equipment	Reputational risks, regulatory risks	50 %	50 %	Investments are not made in companies that derive more than 50% of revenue from manufacturing, subcontracting or distribution of military equipment.
Oil	Reputational risks, technology risks, transition risks, regulatory risks	45 %	45 %	Investments are not made in companies that derive more than 45% of revenue from exploration, extraction, production or refining and processing of fossil oil or the production of fossil oil-based energy, unless the company has a clear strategy to transition to a more sustainable business model*.

Table 2. Limits set on direct equity and bonds as a share of sales by industry/product group. The limits are applied to equity, and fixed income products that are determined to promote environmental or social characteristics or to be sustainable investments, but they serve as guidelines in other asset classes as well.

## 1.8. Principal Adverse Impacts

MAM does not consider the adverse impacts of its investment decisions at entity level in accordance with the SFDR Article 4. Notwithstanding the foregoing, MAM aims to recognize and mitigate the adverse impacts of its investment operations to the environment, climate, society, employees, respect for human rights, and anti-corruption and anti-bribery. Therefore, MAM has incorporated sustainability into its investment operations, and the company's investment decisions consider not only financial aspects, but also sustainability factors, as well as the related risks. The Responsible Investment Policy outlines the minimum level of measures taken to mitigate sustainability risks and adverse sustainability impacts. Stricter rules and engagement procedures can be applied to certain products or portfolios. The following Principal Adverse Impact indicators are monitored and disclosed for the products:



Adverse sustainability indicator		Metric
Greenhouse gas emissions	2. Carbon footprint	Carbon footprint
	3. GHG intensity of investee companies	GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

Table 3. Principal Adverse Impact indicators

## Data sources and processing

MAM uses various ESG data sources in its investment and risk management processes. ESG data sources are an integral part of the whole investment life cycle, e.g., during due diligence, screening of investments and reporting. MAM cooperates for norm-based screening, sensitive industries screening and carbon emission data with ISS ESG and the Upright Project. The ESG risk ratings are provided by Sustainalytics. In addition, Upright Project is used for a sub-set of the investments to model their net impact.

## Limitation to methodologies and data

The current and potential data providers are surveyed and reviewed regularly in order to gain an even better understanding of the industry's development. In addition to this, MAM also presents its own views and requirements regarding data availability, comparability, and quality. As a rule, we use the data published directly by the investee companies to calculate alignment with the EU taxonomy and the company's carbon footprint. External data providers are used as well to extend the coverage.

## Due diligence

Direct equity and fixed income investments are monitored through ESG risk rating and sector/norm-based screening. Sustainalytics' ESG risk rating is also used to quantify the extent to which risks related to ESG criteria may affect the company's value. To ensure smooth operation when fulfilling their investment strategy, the products may also hold cash and potentially hedging instruments, which are subject to minimum safeguards (ensured by screening for compliance with the international norms and standards

including the UN Global Compact and the OECD Guidelines for Multinational Enterprises).

## Engagement policies

Sustainability risks and factors, especially those related to climate change, are taken into account in all engagement activities and MAM aims to ensure that all investee companies have implemented sustainability factors into their corporate strategies. Further information can be found in MAM’s Engagement Principles ([Mandatum Asset Management Engagement Principles \(mandatumam.com\)](https://www.mandatam.com)).

## Designated reference benchmark

The environmental and/or social characteristics are attained by using the sustainability indicators defined above and no index has been designated as a reference benchmark to determine whether the financial products are aligned with the environmental and/or social characteristics that are promoted.

Product	SFDR Classification	Fund committed to make sustainable investments	Sustainability analysis incorporated into investment analysis	Norms-based screening	Sensitive industries screening & Exclusion	Monitoring of exposure to fossil fuels	Active ownership & engagement	PAI*
Mandatum AM European Small & Mid Cap	8		✓	✓	✓	✓	✓	✓
Mandatum AM Global Sustainable Equity	8		✓	✓	✓	✓	✓	✓
Mandatum AM Fixed Income Portfolio	8		✓	✓	✓	✓	✓	✓
Mandatum AM Nordic Active Ownership	8		✓	✓	✓	✓	✓	✓
Mandatum AM Private Equity Opportunities II	8		✓	✓	✓	✓	✓	✓
Mandatum AM Money Abs	8		✓	✓	✓	✓	✓	✓
Mandatum AM Senior Loan Strategy	8		✓	✓	✓	✓	✓	✓
Mandatum AM Stamina Equity	8		✓	✓	✓	✓	✓	✓
Mandatum Nordic Equity	8		✓	✓	✓	✓	✓	✓

\* Principal Adverse Impact indicators of the products under the Regulatory Technical Standards are disclosed and reported by the June each year

Table 4. Methodologies for Mandatum Asset Management products E/S characteristics

## Tiivistelmä

Tämä asiakirja on tiivistelmä verkkosivustolla annettavista, ympäristöön tai yhteiskuntaan liittyviä ominaisuuksia edistäviä rahoitustuotteita koskevista tuotetiedoista EU-asetuksen 2019/2088 (kestävyyteen liittyvien tietojen antaminen rahoituspalvelusektorilla, "SFDR") 10 artiklan ja EU-asetuksen 2022/1288 (tekniset sääntelystandardit, "RTS") 24 artiklan mukaisesti.<sup>1</sup>

### Ei kestävien sijoitusten tekemistä koskevaa tavoitetta

Mandatum Asset Management Oy ("MAM") tarjoaa salkunhoitopalveluita useilla rahastoilla ja sijoituskoreilla (jäljempänä yhdessä "tuotteet"), jotka edistävät muiden ominaisuuksien ohella ympäristöön tai yhteiskuntaan liittyviä ominaisuuksia tai näiden ominaisuuksien yhdistelmiä, ja joiden sijoitusten kohteena olevat yritykset noudattavat hyviä hallintotapoja SFDR:n 8 artiklan mukaisesti, mutta tuotteilla ei ole SFDR:n 2 artiklan 17 kohdassa tarkoitettua kestävien sijoitusten tekemistä koskevaa tavoitetta.

### Rahoitustuotteen ympäristöön tai yhteiskuntaan liittyvät ominaisuudet

Ympäristöön ja yhteiskuntaan liittyvät ominaisuudet ("E/S ominaisuudet"), joita muiden ominaisuuksien ohella edistetään, vaihtelevat tuotteiden välillä, mikä on esitetty Sustainability-related Disclosures -taulukossa 4. Pääasialliset E/S ominaisuudet, joita tuotteet voivat edistää ovat kansainvälisten normien ja standardien vaatimuksenmukaisuuden huomiointi (eli YK:n Global Compact aloite ja OECD:n toimintaohjeet monikansallisille yrityksille), sekä kestävyysanalyysin, sensitiivisten toimialojen ja normipohjaisen seulonnan sisällyttäminen sijoitusanalyysiin.

### Sijoitusstrategia

MAM on sisällyttänyt vastuullisuusanalyysin sijoitusprosesseihinsa ja seuraa salkkujensa sijoituskohteita myös kestävyuden näkökulmasta. Sijoituskohteen riskejä analysoidessaan MAM pitää kestävyystekijöitä keskeisenä osana riskienhallintaa. Päätöksenteossa MAM käyttää sekä negatiivista että positiivista seulontaa ottaen huomioon eri omaisuusluokkien ominaispiirteet. Suorien osake- ja korkosijoitusten osalta kohdeyhtiöiden hyvää hallintotapaa tarkistetaan ja seurataan ensisijaisesti ulkoisten tiedontuottajien analyysin perusteella, lukuun ottamatta suoria pääomasijoituksia, joissa tehdään erillinen ESG-due diligence -prosessi. Erillinen ESG-due diligence -prosessi sisältää hyvän hallintotavan arvioinnin.

### Sijoitusten osuus

Kaikki sijoitukset MAMin hallinnoimissa tuotteissa, jotka edistävät muiden ominaisuuksien ohella ympäristöön tai yhteiskuntaan liittyviä ominaisuuksia tai näiden ominaisuuksien yhdistelmiä (eli SFDR:n 8 artiklan mukaiset tuotteet) ovat jokaiselle tuotteelle määriteltyjen ja tässä dokumentissa selostettujen E/S ominaisuuksien mukaisia.

### Ympäristöön tai yhteiskuntaan liittyvien ominaisuuksien seuranta

Suoria osakesijoituksia ja korkosijoituksia seurataan säännöllisesti niiden ESG-riskiluokituksen perusteella, ja niitä seulotaan sensitiivisten toimialojen seulonnalla ja normipohjaisella seulonnalla esimerkiksi YK:n UN Global Compact -aloitteen ja OECD:n toimintaohjeiden perusteella. Suorien osakesijoitusten ja korkosijoitusten hiilijalanjälki mitataan ja julkaistaan vuosittain, jonka lisäksi sijoitustuotteista julkaistaan SFDR:n vaatimusten mukaisesti määräaikaikatsaukset.

### Metodologiat

E/S ominaisuuksien toteutumista mitataan kestävyysindikaattoreiden avulla (SFDR:n 8 artiklan mukaiset rahoitustuotteet). Indikaattoreita käytetään johdonmukaisesti kaikissa MAMin tuotteissa datan saatavuus ja merkityksellisyys huomioiden. MAMin määrittelemiä kestävyysindikaattoreita ovat ESG-riskiluokitus,

<sup>1</sup>Nämä tiedot koskevat myös Mandatum Henkivakuutusosakeyhtiötä, joka katsotaan SFDR:n mukaisesti rahoitusmarkkinatoimijaksi ja jonka sijoitussidonnaisia vakuutus tuotteita Mandatum Asset Management Oy hallinnoi.

kansainvälisten normien ja standardien rikkomukset, altistus fossiilisille polttoaineille, hiilijalanjälki ja hiili-intensiteetti.

### **Datalähteet ja datan käsittely**

MAM käyttää sijoitus- ja riskienhallintaprosesseissaan erilaisia ESG-datalähteitä. ESG-datalähteet ovat olennainen osa sijoituksen koko elinkaarta, esim. due diligence -prosessin aikana, sijoitusten seulonnassa ja raportoinnissa. MAM tekee yhteistyötä ISS ESG:n ja The Upright Projectin kanssa normipohjaisen seulonnan, sensitiivisten toimialojen seulonnan ja hiilipäästöjä koskevien tietojen osalta. ESG-riskiluokitukset toimittaa Sustainalytics. Osaan sijoituksista käytetään lisäksi Upright Projectia niiden nettovaikutusten arvioimiseksi.

### **Metodologioiden ja datan rajoitukset**

Pääasialliset rajoitukset liittyvät datan saatavuuteen, vertailtavuuteen ja datan laatuun. Nykyisiä ja potentiaalisia datapalveluntarjoajia seurataan ja katselmoidaan säännöllisesti, jotta saadaan parempi käsitys alan kehityksestä. Joissakin omaisuusluokissa arvioihin pohjautuvan datan käyttö saattaa olla tarpeellista datan heikon saatavuuden takia. Pääsääntöisesti käytämme sijoituskohteena olevien yritysten suoraan julkaisemaa dataa EU-taksonomian mukaisuuden ja yhtiön hiilijalanjäljen laskemiseen, mutta kattavuutta voidaan lisätä käyttämällä arvioihin pohjautuvaa dataa ulkoisilta datapalveluntarjoajilta.

### **Due diligence**

Suoria osakesijoituksia ja korkosijoituksia seurataan ESG-riskiluokituksen ja toimiala-/normipohjaisen seulonnan kautta. Lisäksi hyödynnetään Sustainalyticsin ESG-riskiluokituksia arvioitaessa, kuinka suuri vaikutus ESG-kriteereihin liittyvällä riskillä voi olla yhtiön arvoon. Varmistaakseen toiminnan sujuvuuden toteuttaessaan sijoitusstrategiaansa tuotteet saattavat pitää myös käteistä ja mahdollisesti suojausinstrumentteja, joihin sovelletaan vähimmäistason suojatoimia (varmistetaan seulomalla sijoituskohteet sen perusteella, noudattavatko ne kansainvälisiä normeja ja standardeja, kuten YK:n Global Compact -aloitetta ja OECD:n toimintaohjeita monikansallisille yrityksille).

### **Vaikuttamispolitiikat**

Etenkin ilmastonmuutokseen liittyvät sekä muut kestävyysriskit ja -tekijät otetaan huomioon kaikessa vaikuttamisessa, ja MAM pyrkii varmistamaan, että kaikki sijoituskohteena olevat yhtiöt sekä ulkoiset rahastonhoitajat ovat sisällyttäneet kestävyysriskit yritystrategiaansa. Lisätietoja voi saada MAMin vaikuttamisperiaatteista (**Mandatum Asset Management Vaikuttamisperiaatteet (mandatumam.com)**).

### **Nimetty vertailuarvo**

E/S ominaisuudet toteutetaan käyttämällä edellä määriteltyjä kestävyysindikaattoreita, ja mitään indeksiä ei ole nimetty vertailuarvoksi, jonka perusteella arvioitaisiin, vastaavatko rahoitustuotteet edistettäviä E/S ominaisuuksia.