

**SUSTAINABILITY-RELATED
DISCLOSURES, MANDATUM AM
FINLAND PROPERTIES II**



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 product Mandatum AM Finland Properties II special investment fund (the “Fund”) that promotes 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”).

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:

Sustainability-related Disclosure: **Mandatum AM AIFM Ltd - Mandatum Asset Management**

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

No sustainable investment objective

Mandatum AM AIFM Ltd (the “Management Company”) is a subsidiary of Mandatum Asset Management Ltd and manages Mandatum AM Finland Properties II fund registered in Finland. Mandatum AM Finland Properties II fund is an alternative investment fund as meant in the Finnish Act on Alternative Investment Fund Managers (162/2014) and the European Union Alternative Investment Fund Managers Directive (2011/61/EU), and it promotes, 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 Fund does not have as its objective sustainable investment within the meaning of Article 2(17) of the SFDR.

Environmental or social characteristics of the financial product

Management Company invests its customers’ funds responsibly, and the responsibility forms a key part of its risk management and value creation process. Additionally, ESG-related improvements help to create value during the ownership period. The Fund promotes, 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 the Article 8 of SFDR. The Fund promotes environmental and/or social characteristics in the following way:

1. Due Diligence: Environmental and social characteristics are considered as a part of our ESG due diligence, which aims to find out what are the most material risks, issues or opportunities for each investment target.
2. Monitoring overall energy consumption, monitoring the utilisation of renewable energy sources, energy efficiency investments.
3. Sustainable Development Goals: The Fund aims to contribute positively to at least two UN Sustainable Development Goals (SDGs). UN SDG 13 (Climate Action) as an environmental characteristic, and UN SDG 8 (Decent Work and Economic Growth) as a social characteristic are promoted across the portfolio of the Fund.

The SDG #13 (Climate Action) will be promoted on a portfolio level by following GHG emissions of the Fund’s investments. The SDG #8 (Decent Work and Economic Growth) will be promoted on a portfolio level by monitoring the tenant satisfaction feedback of the tenants of the Fund.

4. Investment selection: The Fund applies exclusion criteria defined in Mandatum's Responsible Investment Policy (RI Policy) and therefore promotes certain minimal environmental and social standards. The exclusions are made in areas of business determined as most sensitive in our RI Policy (incl. controversial weapons, coal mining, tobacco). The exclusions have varying thresholds depending on the sector and whether the business activity is direct (production/exploration) or indirect (e.g. subcontracting/distribution).

Investment strategy

The Fund invests in domestic real estate in Finland's largest growth centres, mainly outside the capital region. The majority of the properties are commercial properties, i.e. office and retail premises, but the Fund also owns multiuse and warehouse properties. The Fund's portfolio consists of properties that vary in building age and require active and local real estate asset management, expertise, and resources.

The Fund incorporates an ESG assessment into the acquisition process of all new properties as part of the due diligence process. Carrying out a comprehensive ESG assessment in the acquisition phase enables effective responsibility measures in the property during its ownership. From the perspective of energy efficiency, the aim of an ESG assessment is to identify areas of improvement in the property's HVAC systems or other aspects of the buildings' energy efficiency rather than screen out energy inefficient properties, as Mandatum sees that transforming the existing building stock in a more environmentally friendly direction plays a key role in reducing the emissions of the built environment as a whole.

All the Fund's acquisitions and contracts consider the goal of a long-life cycle. In this way, the goal is to achieve both monetary savings and to ensure that the properties are aligned with tightening regulations and tenants' requirements.

The Fund generates value for its tenants by offering pleasant and safe premises that support the tenants' business. The maintenance and active development of shopping centres and other open spaces create value for the entire community. The Fund's properties also employ many property maintenance professionals around Finland.

Proportion of investments

All investments in the Fund that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics are aligned with E/S characteristics of described above and the investments are investigated comprehensively in terms of possible ESG risks during the due diligence phase.

The pre-contractual disclosure of the Fund presents further information on the asset allocation within the Fund. The Fund's 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 Fund to ensure the smooth operation when fulfilling its investment strategy. The Management Company 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 disclosure is available on the website: [**Mandatum AM AIFM Ltd - Mandatum Asset Management**](#)

Monitoring of environmental or social characteristics

Investments are monitored from a sustainability perspective. Overall energy consumption, the utilisation of renewable energy sources, and energy efficiency investments are monitored annually. The tenant satisfaction is monitored at least annually by using a tenant questionnaire. Moreover, GHG emissions, exposure to fossil fuels through real estate assets, exposure to energy-inefficient real estate assets, energy consumption, and waste production in operations are monitored on an annual basis.

Methodologies

Sustainability indicators are used to measure the attainment of the environmental or social characteristics. The indicators are used consistently across products managed by the Management Company given the data availability and relevance. The sustainability indicators specified for this product by the Management Company are breaches of international norms and standards, active ownership and sustainability in ownership practices, contribution to UN SDGs, and exposure to fossil fuels.

1.1. Active ownership and sustainability in ownership practices

Active property management requires a proactive approach to sustainability. Management Company's goal is to significantly reduce its properties' emissions and, at the same time, generate cost savings and increase the value of the properties. A multidimensional approach to sustainability considers not only energy efficiency, but also greenhouse gas emissions, water consumption, waste sorting and recycling and the social dimensions of properties.

1.2. Contribution to the UN SDGs

The Fund aims to contribute positively to at least two UN Sustainable Development Goals (SDGs). UN SDG 13 (Climate Action) as an environmental characteristic, and UN SDG 8 (Decent Work and Economic Growth) as a social characteristic are promoted across the portfolio of the Fund. The SDG #8 (Decent Work and Economic Growth) will be promoted on a portfolio level by monitoring the tenant satisfaction feedback of the tenants of the Fund.

1.3. Exposure to fossil fuels

Exposure to fossil fuels is monitored annually. The impacts of fossil fuel sector activity, GHG emissions and involvement in controversial weapons and the other restricted/excluded industries are considered in the initial investment stage. In addition, exposure to these matters in investments is monitored annually.

Data sources and processing

The Management Company uses a limited number of ESG data sources in its investment and risk management processes. The tenant satisfaction is monitored by collecting and processing the feedback of the tenants of the Fund.

Limitations to methodologies and data

The current and potential data providers are surveyed and reviewed regularly to gain an even better understanding of the industry's development. In addition to this, the management company also presents its own views and requirements regarding data availability, comparability, and quality.

Due diligence

Environmental and social characteristics are considered as a part of the Fund's ESG due diligence, which aims to find out what are the most material risks, issues, or opportunities for each investment target. Legal, technical and financial & tax due diligence will be performed before making any investment.

Engagement policies

Active ownership and sustainability in ownership practices: Sustainability risks and factors, especially those related to climate change, are considered in all engagement activities and the Management Company aims to ensure that all investee companies have implemented sustainability factors into their corporate strategies.).

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 attain the environmental and/or social characteristics that are promoted by the Fund.