

# SUSTAINABILITY-RELATED DISCLOSURES, MAM AIFM



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 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”).

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 (mandatumam.com)**

## No sustainable investment objective

Mandatum AM AIFM Oy (the “Management Company”) is a subsidiary of Mandatum Asset Management and manages Mandatum AM Growth Equity II fund (the “MAM GE II”) registered in Finland. MAM GE II 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 MAM GE II 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. Management Company 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 favourable growth prospects and more predictable cost development. Additionally, ESG-related improvements help to create value during the ownership period. The environmental and social characteristics that are promoted among other characteristics are:

**Due diligence:** This product considers compliance with international norms and standards, including the UN Global Compact and the OECD Guidelines for Multinational Enterprises as part of its due diligence when making investments. Environmental and social characteristics are considered as a part of our ESG due diligence. We aim to find out what are the most material risks, issues, or opportunities for each company we invest in.

**Sustainable Development Goals:** The Partnership aims to contribute positively to one or more UN Sustainable Development Goals (SDGs) in each portfolio company. UN SDG 13 (Climate Action) as an environmental characteristic, and UN SDG 8 (Decent Work and Economic Growth) as social characteristics are promoted across the portfolio of the Partnership. The SDG #13 (Climate Action) will be promoted on a portfolio level by following GHG intensity. The SDG #8 will be promoted on a portfolio level by following the portfolio’s viable job creation. These SDGs are monitored on a fund-specific level, while own individual KPI’s and SDGs are set for each portfolio company.

**Investment selection:** As part of the investment selection process, the product applies exclusion criteria defined in the 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 (subcontracting/distribution).

## Investment strategy

MAM GE II is an actively managed fund which aims to achieve long-term capital appreciation by making, holding, managing, developing, and disposing of equity and equity-related investments. MAM GE II will primarily make minority investments in Finnish unlisted companies in their scale-up stage and act as an active owner supporting their growth ambitions. Management Company has incorporated a sustainability analysis into its investment processes and monitors all investment objects in its portfolios also from the perspective of sustainability. When analyzing the risks of an investment object, the Management Company considers sustainability factors as a key part of risk management and value creation. In decision-making, the Management Company employs both negative and positive screening. Investments can also be made with an emphasis on certain sustainability themes, such as climate change and climate risk mitigation. At the due diligence stage and during the holding period, the investments of the funds are screened based on international norms and standards including the UN Global Compact and the OECD Guidelines for Multinational Enterprises. If abuses or breaches related to the standards are observed in the investee company, the incident is investigated, and measures are taken on a case-by-case basis. Depending on the severity, nature and extent of the breach, the portfolio management measures may consist of direct dialogue with the company's executive management, an engagement action or, as a last resort, selling the investment if the engagee company does not respond to the engagement efforts and does not take measures to prevent the abuse or breach within a reasonable time frame.

## Proportion of investments

All investments in the fund 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 of described above and the investments are investigated comprehensively in terms of possible ESG risks during the due diligence phase.

The fund-specific tables in the appendices to this file under (e) 'Proportion of investments' describe the allocation of each funding product. In addition, the Pre-contractual disclosures pursuant to the SFDR Article 10 present further information on the asset allocation with the fund. The fund's investments are divided into #1 and #1B categories, where #1 presents the investments aligned with E/S characteristics as a percentage of the whole portfolio and the sub-category #1B Other E/S characteristics covers investments aligned with the E/S characteristics that do not qualify as sustainable investments. The Pre-contractual disclosures are available on the Website: **Mandatum AM AIFM Ltd - Mandatum Asset Management**

## 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 The Upright Project, an external service provider, which specializes in sustainability matters reviews the investments on a regular basis. We receive ESG-related data directly from our portfolio companies at least annually, follow up on their progress on a selected ESG KPIs. The selected ESG KPIs are reported to the investors as a part of periodic reports prepared by Mandatum Asset Management Ltd and the Management Company. Additionally, we ensure that ESG-matters are also handled at the level of the board of directors.

The investment product is monitored regularly based on sensitive sector and international norms and standards, such as the UN Global Compact and OECD Guidelines. The contribution to the UN SDGs as well as GHG intensity of the fund is measured and disclosed annually. The periodic reports will be published for the product 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 portfolio companies are measured and monitored for sensitive sectors and norm-based screening (breaches of international norms and standards), contribution to the SDG 8 (Decent Work and Economic Growth) and SDG 13 (Climate Action).

### 1.1. 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.

### 1.2. Contribution to the UN SDGs

For SDG 13 (Climate Action), the relevant sustainability indicator is annual GHG intensity and for SDG 8 (Decent Work and Economic Growth), the relevant sustainability indicator is viable job creation, which will be closely monitored based on information received from the portfolio companies. This data is measured at least annually.

### 1.3. Exposure to fossil fuels

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. GHG intensity**

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

#### **1.5. Sensitive industries screening**

Certain industries are considered to carry more sustainability risks and cause more 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 1 contains a list of the criteria that have been set and which new investments in 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, Management Company 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.

## 1.6. Principal Adverse Impacts

The Management Company does not consider the adverse impacts of its investment decisions at entity level in accordance with the SFDR article 4. Notwithstanding the foregoing, the Management Company 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, the Management Company 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 MAM GE II:

Adverse sustainability indicator		Metric
Greenhouse gas emissions	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

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

Mandatum 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. Mandatum 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. Mandatum 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 CIO, if necessary, given the nature of the voting decision. The MAM Private Equity team aims to get board representation in all its portfolio companies, where it also promotes ESG matters. In addition, MAM Private Equity team ensures that ESG topics are part of the annual board calendar.

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	UN SDG contribution	Active ownership & engagement	PAI*
Mandatum AM Growth Equity II	8	✓	✓	✓	✓	✓	✓	✓

\*Principal Adverse Impact indicators of the fund under the Regulatory Technical Standards are disclosed and reported in the annual report by the end of March each year

Table 4. Methodologies for MAM GE II fund's E/S characteristics

## Data sources and processing

The Management Company uses a limited number of ESG data sources in its investment and risk management processes. Furthermore, it is in dialogue with the board and receives data directly from companies. The Management Company cooperates for norms-based screening, carbon emission data and screening the companies' active in fossil fuel sector and controversial weapons with the Upright Project. In addition, Upright Project is also used to model investments' net impact. ESG data provided by Upright Project is an integral part of the whole investment life cycle, e.g., during due diligence, screening of investments and reporting.

## Limitation 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, Management Company 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 as well as exposure to sensitive sectors. External data providers are used as well to extend the coverage.

## Due diligence

Investments are monitored based on sensitive sectors and international norms and standards, including the UN Global Compact and the OECD Guidelines for Multinational Enterprises as part of its due diligence when making investments. ESG factors are integrated into the investment process by assessing and defining material ESG risks and ESG-related opportunities during due diligence process. When assessing what is material for each investment, established standard frameworks can be utilized as tools to help identify industry specific ESG topics.

## 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. Further information can be found in Mandatum AM's Engagement Principles (**Engagement Principles (mandatumam.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.

## Section of website product disclosure for financial products that promote environmental or social characteristics

This section includes information of financial products that promote environmental or social characteristic in accordance with Article 24 of supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm'. The following information is divided per investment product and supplementary information can be found from above sections. Section '(a) Summary' is disclosed on the Website: **Mandatum AM AIFM Ltd - Mandatum Asset Management**. The sections required by this Regulation are the following:

- (a) 'Summary';
- (b) 'No sustainable investment objective';
- (c) 'Environmental or social characteristics of the financial product';
- (d) 'Investment strategy';
- (e) 'Proportion of investments';
- (f) 'Monitoring of environmental or social characteristics';
- (g) 'Methodologies';
- (h) 'Data sources and processing';
- (i) 'Limitations to methodologies and data';
- (j) 'Due diligence';
- (k) 'Engagement policies';
- (l) where an index is designated as a reference benchmark to attain the environmental or social characteristics promoted by the financial product, 'Designated reference benchmark'.

<b>Product name: Mandatum AM Growth Equity II</b>	
<b>Legal entity identifier: N/A</b>	
(b) 'No sustainable investment objective'	This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.
(c) 'Environmental or social characteristics of the financial product';	The Management Company invests its customers' funds responsibly, and the responsibility forms a key part of its risk management process. The environmental and social characteristics that are promoted among other characteristics are compliance with international norms and standards, sustainability analysis incorporated into investment analysis and investment selection by using sensitive sector/norm-based screening. The Partnership also aims to contribute positively to one or more UN Sustainable Development Goals (SDGs) in each portfolio company. UN SDG 13 (Climate Action) as an environmental characteristic, and UN SDG 8 (Decent Work and Economic Growth) as social characteristics are promoted across the portfolio of the Partnership.
(d) 'Investment strategy'	MAM GE II will primarily make minority investments in Finnish unlisted companies in their scale-up stage and act as an active owner supporting their growth ambitions. The purpose of the MAM GE II product is to seek long-term capital appreciation by making, holding, managing, developing and disposing of equity and equity related investments. MAM supports exceptional growth paths by being an active minority investor and providing its expertise, access to local and international partners and flexible growth financing to established and ambitious teams. Product intends to make investments in 10-15 companies, and the investment horizon is expected to be 4 to 8 year per portfolio company. MAM PE team makes its assessment carefully and profoundly, and selects only the most suitable and promising growth companies for its portfolio. Investment product utilizes comprehensive ESG due diligence before investing, including e.g. negative and norms/standards-based screening. See the section Methodology used to assess, measure, and monitor the E/S characteristics and Table 2 above for further information on the realization of ESG in the investment product.
(e) 'Proportion of investments'	All investments in the fund 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 of described above and the investments are investigated comprehensively in terms of possible ESG risks during the due diligence phase.
(f) 'Monitoring of environmental or social characteristics'	The impacts of fossil fuel sector activity, GHG intensity, UNGC/OECD norm violations 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. The contribution to the UN SDGs is measured and disclosed annually. The periodic reports will be published for the product, pursuant to the SFDR requirements.
(g) 'Methodologies'	Sustainability indicators are used to measure the attainment of the environmental or social characteristics (for Article 8 SFDR financial products). The portfolio companies are measured and monitored for sensitive sectors and norm-based screening (breaches of international norms and standards), their contribution to the SDG 8 (Decent Work and Economic Growth) and SDG 13 (Climate Action). For Climate Action, the relevant sustainability indicator is annual GHG intensity and for Decent Work and Economic Growth the relevant sustainability indicator is viable job creation, which will be closely monitored based on information received from the portfolio companies. This data is measured at least annually. Further information above under section 'Methodologies'.
(h) 'Data sources and processing'	The Management Company cooperates for norms-based screening, carbon emission data and screening the companies' active in fossil fuel sector and controversial weapons with the Upright Project. In addition, Upright Project is also used to model investments' net impact.
(i) 'Limitations 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, Management Company also presents its own views and requirements regarding data availability, comparability, and quality.
(j) 'Due diligence'	This product considers compliance with international norms and standards, including the UN Global Compact and the OECD Guidelines for Multinational Enterprises as part of its due diligence when making investments. Environmental and social characteristics are considered as a part of our ESG due diligence.
(k) 'Engagement policies'	Active ownership and sustainability in ownership practices: Sustainability risks and factors, especially those related to climate change, are taken into account in all engagement activities and the Management Company aims to ensure that all investee companies have implemented sustainability factors into their corporate strategies.