

# Sustainability Risk Statement

02 April 2024

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## 1. Introduction

Mandatum Fund Management S.A. (LEI code 5493002HIZQQVP6JNL03) (“Management Company” or “Mandatum”) is authorised under Chapter 15 of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended from time to time (the “UCI Law”). As such, the IFM acts as management company to undertakings for collective investment in transferable securities authorised pursuant to part I of the UCI Law transposing Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended (“UCITS”).

## 2. Legal Framework

The sustainability risk integration is a regulatory requirement according to the Regulation (EU) 2019/2088 of the European parliament and of the Council of 27 November 2019 on sustainability related disclosure requirements in the financial sector (“SFDR”). According to the Article 2 paragraph 22 of the SFDR, a sustainability risk is defined as “*an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment*”. According to the Article 3 of the SFDR, the Management Company, as financial market participant, shall publish on its websites information about their policies on the integration of sustainability risks in their investment decision-making process.

## 3. The integration of sustainability risks in the investment decision-making process

The Management Company invests its customers’ funds responsibly and sustainability risks form a key part of our risk management process. Mandatum strongly believes that, in the long run, the securities of companies and issuers who operate sustainably will yield better results as investment objects, thanks to their more favourable growth prospects and more predictable cost development. For these reasons, we have integrated sustainability risks into our decision-making process for investments.

The Management Company has incorporated sustainability into its investment operations, and the company’s investment decisions take into account not only financial aspects, but also sustainability factors, as well as the related risks. Responsible investment is an approach to managing assets so that environmental, social and governance issues are included in investment analysis, decision-making and reporting. Responsible investment also includes active ownership. It aims to combine better risk management with improved portfolio returns, and to reflect investor values. It complements traditional financial analysis.

All investment professionals are required to account for sustainability factors when selecting and monitoring investment objects. Portfolio managers and analysts are in the best position to understand the sustainability aspects of investee companies and business partners they are monitoring and to engage in a dialogue with management to influence matters. As part of their investment market monitoring, portfolio managers and analysts also look at how sustainability issues are incorporated in investor information and investment product offerings.

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When making investment decisions for direct equity and fixed income investments, Mandatum applies a sustainability risk rating from an external provider to investment objects. Using this risk rating, investment objects are categorised as either low, medium, high, or severe risk. Apart from where an investment object is categorised as “low risk”, we carry out a range of proportionate sustainability risk management measures before making an investment decision. These range from considering the consequences of realisation of such sustainability risks to requiring approval from the Chief Investment Officer. In decision-making, both negative and positive screening is employed taking into account the characteristics of different asset classes.

Further information of integration of sustainability in Mandatum Group’s investment processes can be found in the Responsible Investment Policy of Mandatum Group, which can be found [here](#).

#### **4. Statement Review**

The Sustainability Risk Statement is reviewed in case of any amendments to the regulatory framework and/or to applicable policies on the integration of sustainability risks in the investment decision-making process.