

SUSTAINABILITY-RELATED DISCLOSURES, MANDATUM AM

PE OPPORTUNITIES 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 the financial product Mandatum AM PE Opportunities II, 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”).¹

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 \(mandatumlife.fi\)](#))

¹ 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. When making direct co-investments into companies the main ESG characteristics 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 excluding sensitive sectors according to MAM’s Responsible Investment Policy.

Some of the investments are made in funds managed by external fund managers. When investments are made in funds managed by external fund managers, the ESG focus is on the due diligence (DD) phase and on the annual analysis conducted on the managers and their funds. The environmental and social characteristics promoted by the underlying funds can be, for example, the compliance with international norms and standards (e.g., the UN Global Compact), adherence to the specified exclusion criteria, and incorporating sustainability analysis into investment process.

Investment strategy

MAM has incorporated a sustainability analysis into all of its 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. Investments can also be made with an emphasis on certain sustainability themes, such as climate change and climate risk mitigation.

In order to invest in funds managed by external partners, certain ESG criteria need to be fulfilled in the pre-investment phase. The criteria are specified for each financial product separately (e.g., the fund manager is a UN PRI signatory, the investment complies with

the exclusion list described in MAM's Responsible Investment Policy, the fund is an SFDR Article 8/9 fund).

MAM expects its external partners to take sustainability into account in investments in all asset classes. In selecting and monitoring investment products managed by external partners, the sustainability analysis focuses on the partner's investment process and reporting. MAM aims to ensure that the external partners consider good governance in their target companies and have sufficient processes and mechanisms to monitor good governance in their target companies. This can be done by assessing relevant documents, such as sustainability-related disclosures, produced by the external partners or through questionnaires, as well as through the external partners' reporting. In the DD phase, the managers are sent an ESG questionnaire, and the answers are analyzed by MAM. The analysis is also conducted on an annual basis and managers can be contacted in engagement purposes (e.g., if the manager seems to perform worse than its peers).

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. For the category #2 assets, 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

In direct co-investments GHG Intensity and compliance with the international norms and standards including the UN Global Compact and the OECD Guidelines for Multinational Enterprises are monitored regularly.

When using an external partner, the investment operations have been outsourced to an external partner within defined limits, and MAM has no discretion to the individual investment decisions. Hence, the external partner's investment process is at the centre of the sustainability analysis and the monitoring is conducted on an annual basis through the ESG questionnaire sent to the external managers. The environmental and social characteristics are measured by, for example, monitoring the share of fund managers that have signed the UN PRI, the share of investments in funds for which the application of sector restrictions/exclusion criteria as defined in MAM's Responsible

Investment Policy has been agreed through bilateral agreements with the manager, and the share of the underlying funds that are SFDR Article 8 or 9 funds. Moreover, the share of investments in funds for which the compliance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises has been agreed through bilateral agreements with the manager and where the manager has committed to not investing in any companies that have breached these guidelines, is monitored. In addition, separate ESG reports produced by the managers are monitored on an on-going basis.

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 in direct co-investments are the portfolio companies' GHG-intensity, which is measured and reported yearly, and the portfolio companies' possible breaches of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

The sustainability indicators for investments where the asset management has been outsourced to an external partner specified by MAM are, for example, the proportion of fund managers that are UN PRI signatories or who have agreed to take into account the sector exclusions (defined in MAM's Responsible Investment Policy) or the share of funds that are SFDR Article 8 or 9 fund. The sustainability indicators described above may vary depending on the financial product in question. In addition, the level of managers reporting PAI indicators is monitored, and managers are asked to report their available fund-level PAI indicators in the annual ESG questionnaire.

Data sources and processing

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 the Upright Project. In addition, the Upright Project is used for a sub-set of the investments to model their net impact. As regards to the products investing primarily through other investment products, the sustainability analysis of an investment is based on information collected from public sources and received from external managers.

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. As of now, for products investing in funds managed by external fund managers, MAM does not use external data providers but relies on the data provided by the fund managers.

Due diligence

The due diligence phase of the investment process offers the best opportunities to influence the operating principles in strategies managed by external managers. When selecting strategies that are managed by external managers, a due diligence covering sustainability factors is required in order to qualify the investment. In the due diligence phase, special attention is paid to the manager's investment process, resources and reporting from a sustainability perspective. To ensure smooth operation when fulfilling their investment strategy, the product 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 and external fund managers have incorporated sustainability factors into their corporate and investment strategies. Further information can be found in MAM's Engagement Principles ([Mandatum Asset Management Engagement Principles \(mandatumam.com\)](https://www.mandatmam.com/mandatum-asset-management-engagement-principles)). When investing in strategies where the investment decisions are outsourced to external asset managers, MAM's Engagement Principles are complied with when applicable.

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**
	8		✓	✓	✓	✓		✓

* Some of the managers commit, through side letter agreements, to comply with the exclusion criteria described in Mandatum's Responsible Investment Policy.

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

Table 1. Methodologies for Mandatum Asset Management products E/S characteristics

Summary

This document is summarizing 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").¹¹

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 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

The environmental and social characteristics ("E/S characteristics") that are promoted among other characteristics are presented in the table 1 of the Sustainability-related Disclosures. The main E/S characteristics that the product promotes are the consideration of compliance with international norms and standards (i.e., the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises), incorporating sustainability analysis, sensitive sectors and norm-based screening into investment analysis.

Investment strategy

MAM has incorporated a sustainability analysis into its investment processes and monitors investment objects in its portfolios also from the perspective of sustainability. When analysing the risks of an investment object, MAM considers sustainability factors as a key part of risk management. MAM expects its external partners to take sustainability into account in investments in all asset classes. In selecting and monitoring investment products managed by external partners, the sustainability analysis focuses on the partner's investment process and reporting.

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 products) are aligned with E/S characteristics defined for each product and described in this document, and the investments are investigated comprehensively in terms of possible ESG risks during the due diligence phase.

Monitoring of environmental or social characteristics

In direct investments GHG Intensity and compliance with the international norms and standards including the UN Global Compact and the OECD Guidelines for Multinational Enterprises are monitored regularly. When using an external partner, the investment operations have been outsourced to an external partner within defined limits, and MAM has no discretion to the individual investment decisions. Hence, the external partner's investment process is at the centre of the sustainability analysis.

Methodologies

Sustainability indicators are used to measure the attainment of the E/S 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 in direct co-investments are the portfolio companies' GHG-intensity and possible breaches of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. When

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investing in a fund managed by an external fund manager, the sustainability indicators can be, for example, the share of managers that have signed the UN PRI or who have taken into account the sector exclusions (defined in MAM's Responsible Investment Policy) or the share of funds classified as SFDR Article 8 or 9.

Data sources and processing

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 with The Upright Project for norm-based screening, sensitive industries screening and carbon emission data. The Upright Project is also used for a sub-set of the investments to model their net impact. When investing in investment products through an external fund manager, the sustainability analysis of an investment is based on information collected from public sources and received from external managers.

Limitations to methodologies and data

Main limitations relate to availability, comparability and quality of data. The current and potential data providers are surveyed and reviewed regularly to gain better understanding of the industry's development. In some asset classes, the use of estimated data may be necessary due to poor data availability. As a rule for EU taxonomy alignment calculation and the company's carbon footprint, MAM uses data published directly by the investee companies but the coverage may be extended with estimated data from external data providers.

Due diligence

Direct equity investments are monitored through sector/norm-based screening. To ensure smooth operation when fulfilling their investment strategy, the product 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 incl. the UN Global Compact and the OECD Guidelines). The due diligence phase of the investment process offers the best opportunities to influence the product's operating principles for outsourced asset management. When selecting strategies that are managed by external managers, a due diligence covering sustainability factors is required in order to qualify the investment. In the due diligence phase, special attention is paid to the manager's investment process, resources and reporting from a sustainability perspective.

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 and external fund managers 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.mandatmam.com)). In products where the investment decisions are outsourced to external asset managers, MAM's Engagement Principles are complied with when applicable.

Designated reference benchmark

The E/S 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 E/S characteristics that are promoted.