

# MANDATUM

## RESPONSIBLE INVESTMENT REVIEW 2025

### MARKETING COMMUNICATION

Always consult the official documentation of the investment product before making any final investment decisions. More information about the consideration of sustainability risks and factors in investment operations is available on Mandatum's website and in product-specific documentation. Mandatum Asset Management Ltd acts as a portfolio manager for and on behalf of Mandatum Group and as an insurance agent for its sister company, Mandatum Life Insurance Company Limited. Unit-linked insurances are issued, and investment baskets are owned by Mandatum Life Insurance Company Limited.

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# INTRODUCTION

# THIS IS MANDATUM

Mandatum is a major financial services provider, combining expertise in asset and wealth management and life insurance. Clients include institutional investors, companies, and private individuals. Mandatum offers a broad range of services encompassing asset and wealth management, compensation and rewards, supplementary pensions, and personal risk insurance. Skilled personnel, a strong brand, and a proven investment track record are at the centre of Mandatum's success. The company has been listed on Nasdaq Helsinki since 2023.

The company's head office is located in Helsinki. In addition to Finland, Mandatum has offices in Sweden and Luxembourg. Beyond Finland, Mandatum has institutional asset management clients in other Nordic countries, especially in Sweden and in Denmark, and in Central Europe.

In total, the company has around 20,000 corporate and institutional clients and 250,000 retail clients. Mandatum has divided its business into four areas: institutional and wealth management, corporate clients, retail clients, and with-profit business.

Mandatum aims to become the fastest-growing Nordic asset and wealth manager. During this strategy period, the company's focus is on expanding the foothold of asset management internationally, accelerating the growth of private wealth management in Finland, increasing sales by leveraging excellent corporate client relationships, and improving operational efficiency.



# FOREWORD

**Mandatum’s sustainability work progressed steadily in 2025. We published our Climate Transition Plan and interim targets on the path toward net zero, and we received strong recognition in the PRI and GRESB assessments. In an uncertain global environment, long-term actions that build sustainable value creation become ever more important.**

During 2025, we prioritised the areas of sustainability work that have the greatest impact on investment portfolio risk management, transparency, and long-term value creation.

Climate work was one of our key priorities, and we developed it actively throughout the year. We published Mandatum’s Climate Transition Plan, which outlines how our operations are guided toward net-zero emissions in line with the Paris Agreement’s 1.5-degree target, and we set interim targets on the path to net zero. For the emissions from our assets under management, the aim is to reduce the carbon intensity of direct listed equities and corporate bonds by 75 per cent by 2030, compared to the 2020 baseline. In the future, we intend to extend the targets to other asset classes as well. We also invested in internal training on the topic.

The progress of our sustainability work was also reflected in external benchmarks. We once again achieved excellent results in the highly competitive UN Principles for Responsible Investment (UN PRI) assessment, which covers the year 2024. Mandatum participated in twelve evaluated areas and received the highest five-star rating in seven of them. In addition, we participated for the first time in the passive indirect fixed income category, where we immediately achieved a four-star rating.

In real estate investments, the management of sustainability is measured through the international Global Real Estate Sustainability Benchmark (GRESB) assessment. The Special Investment Fund Mandatum AM Finland Properties II received a full five-star rating for the second time, ranking sixth in its peer group. The direct real estate investment portfolio under Mandatum’s own balance sheet ranked first in its peer group, maintaining its four-star rating for the fifth consecutive year.

To serve our clients even better, we engaged in dialogue with several ESG data providers during the year. The aim was to ensure that the ESG data we use will, going forward, meet both our own needs and those of our clients even more effectively.

We closely monitored the development of the EU Sustainable Finance Disclosure Regulation (SFDR) throughout the year, including the Commission’s proposed SFDR 2.0 revision. From an end-investor perspective, the aim of the Commission’s proposal is to improve the comparability of sustainability-related characteristics. We view the objectives of the proposal positively. We participated actively in various working groups and contributed our own expertise to them.

We updated our exclusion principles related to the defence sector in 2025 to reflect the changed security environment. Business involving controversial weapons remains excluded, and investments are assessed on a case-by-case basis from the perspectives of transparency, compliance with norms, and good governance. The aim of the new guidelines, which are based on internationally recognised criteria, is to enable investments in companies that are essential to Europe’s overall security.

Geopolitical uncertainty has increased, but sustainability and climate issues have not disappeared.

In an uncertain operating environment, the need for continuous sustainability work that supports long-term value creation becomes even more pronounced. The discussions we have with our clients also show that investing in sustainability matters is important.

Warm thanks to our clients and partners for the constructive dialogue that supports the continuous development of our responsible investment practices.

**Janne Sarvikivi**  
EVP, Asset & Wealth Management



**Sari Rajakangas**  
Head of Responsible Investments



# HIGHLIGHTS OF RESPONSIBLE INVESTMENT IN 2025

## FULL FIVE STARS IN SEVERAL CATEGORIES IN THE PRI ASSESSMENT

The annual PRI assessment measures responsible investment practices and the implementation of the UN Principles for Responsible Investment in investment operations.

In the latest assessment, Mandatum participated in a total of twelve categories and received the highest five-star rating in seven of them.<sup>1</sup>

[Read more](#)

## SUCCESS FOR MANDATUM'S REAL ESTATE PORTFOLIOS IN THE GRESB ASSESSMENT

The Special Investment Fund Mandatum AM Finland Properties II achieved a full five-star rating for the second time in the international GRESB assessment, which measures the sustainability and performance of real estate investments.

Mandatum's direct real estate investment portfolio improved its score and ranked first in its peer group.

[Read more](#)

## MANDATUM SET INTERIM TARGETS IN PURSUIT OF NET-ZERO EMISSIONS AND PREPARED A CLIMATE TRANSITION PLAN

Mandatum made progress toward its commitment of supporting the goal of net-zero emissions in its investments and own operations by setting its first interim targets for 2030.

The company also prepared a climate transition plan that outlines how its operations will be steered towards net-zero emissions in line with the Paris Agreement's 1.5-degree target.

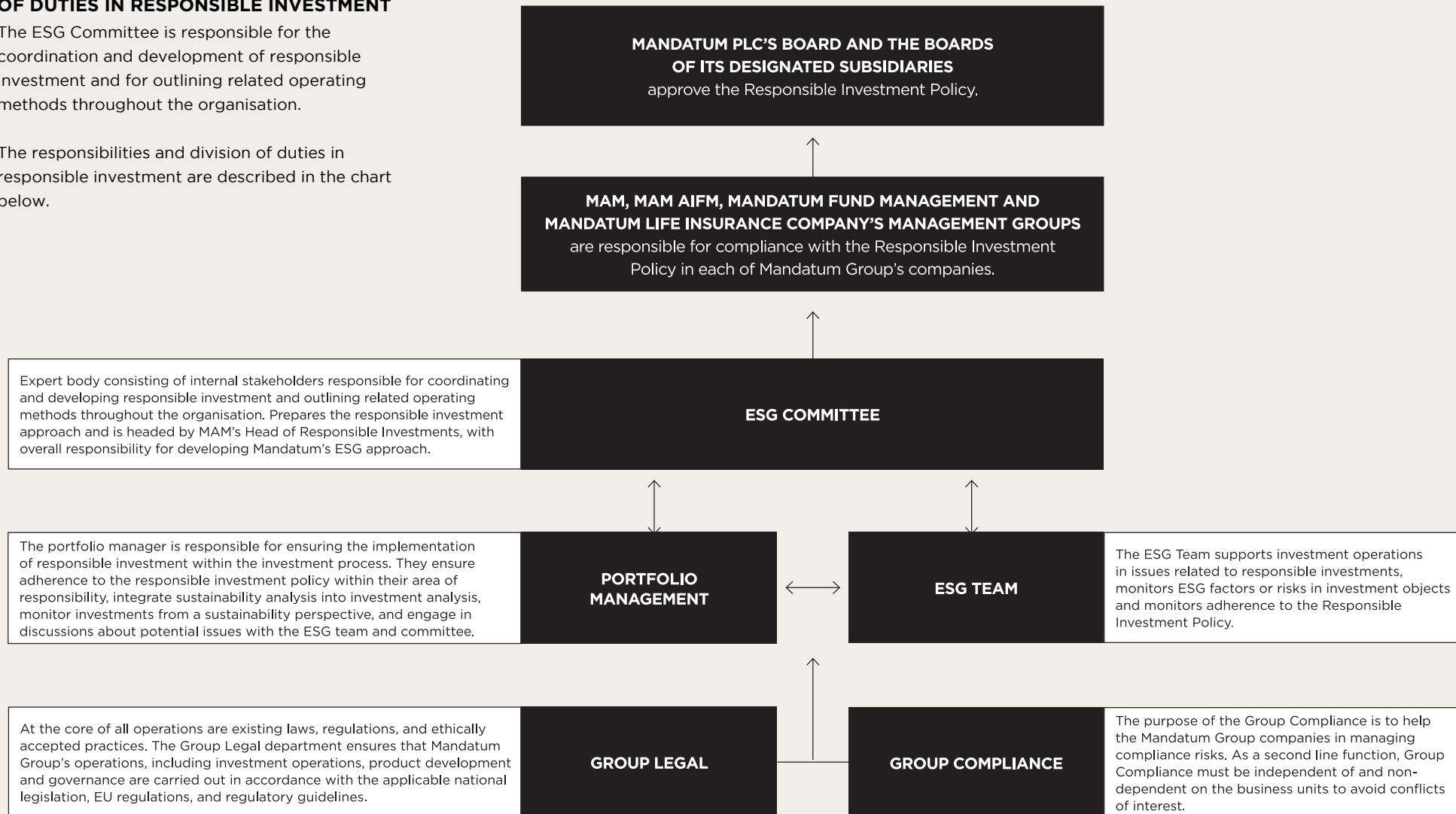
[Read more](#)

1) Source: The 2025 PRI reports: [Assessment Report](#) & [Transparency Report](#)

**RESPONSIBILITIES AND DIVISION OF DUTIES IN RESPONSIBLE INVESTMENT**

The ESG Committee is responsible for the coordination and development of responsible investment and for outlining related operating methods throughout the organisation.

The responsibilities and division of duties in responsible investment are described in the chart below.





# GENERAL APPROACH TO RESPONSIBLE INVESTMENT

# GENERAL APPROACH TO RESPONSIBLE INVESTMENT

**At Mandatum, taking sustainability aspects into consideration is part of investment operations. Sustainability is integrated into the investment process, taking into account the special characteristics of each asset class. The assessment of sustainability factors follows the same principle as the selection of investments: the focus is directly on the company, and the decision is based on an analysis of the company and its sector.**

Mandatum's Responsible Investment Policy defines the company's responsible investment principles and is binding on the entire personnel. The policy describes the minimum level of measures to be taken to address sustainability risks and adverse sustainability impacts. Certain products may be subject to stricter principles and investor engagement procedures. The policy is reviewed and updated annually.

## Responsible Investment Policy

### **ASSESSMENT OF THE SUSTAINABILITY FACTORS OF INVESTMENTS**

In addition to financial aspects, the investment analysis looks at factors related to sustainable development and related risks and opportunities. The materiality of

sustainability risks varies depending on the investee company's sector and business model. A sustainability risk is an environmental, social, or governance event or condition that, if it occurs, could have a negative impact on the value of the investment. Transition risks refer to how companies are able to adapt their business to a low-carbon and sustainable economy and develop their operations in relation to the expectations of clients and society. Potential sustainability risks related to investee companies' value chains must also be taken into account as part of the investment analysis. In analysing investments, Mandatum also seeks to identify and mitigate the adverse impacts of its investment operations on the environment, society, and employees, as well as promote human rights and issues related to anti-corruption and anti-bribery. In its climate strategy, Mandatum follows the double materiality principle. This means that both the impacts of climate risks on the investee company and the company's impacts on sustainability factors are taken into consideration.

### **IMPACT ASSESSMENT**

To complement the assessment of sustainability factors, an impact assessment has been incorporated in the analysis of

investee companies' business. It is an evaluation of the positive and negative impacts of companies and their net impacts on society and the environment on a wider scale. For some of Mandatum's investment products, the impact assessment uses a model designed by a third-party service provider, the Upright Project, which quantifies the positive and negative impacts of companies in four categories. These are: society, environment, health, and knowledge. In the Upright model, the highest possible net impact score is 100 per cent, but there is no lower limit for negative scores.

### **EXCLUSION OF SECTORS AND PRODUCT GROUPS**

Mandatum has identified sensitive business areas that are considered to carry more sustainability risks and cause more adverse sustainability impacts than other areas. The Responsible Investment Policy lists the exclusion criteria by sector and product group for direct investments in equities, bonds, and loans that have been defined as promoting environmental or social characteristics (SFDR Article 8) or as having sustainable investments as their objective (SFDR Article 9). The criteria serve as a guideline for portfolio managers in all asset

classes. Stricter exclusion criteria may also be applied on a product-by-product basis. Investments in companies in the coal and oil industry that exceed set revenue limits can be allowed for products other than Article 9 products if the company has a credible transition plan based on internal criteria. If an equity or fixed income investment compliant with Article 8 or 9 in the portfolio no longer meets the criteria, Mandatum will divest the investment within a reasonable period of time, taking into account its clients' best interests and the market situation. In addition to sector-specific monitoring, Mandatum complies with statutory exclusions (such as investments excluded on the basis of domestic or international laws, bans, treaties, or embargos). Direct business refers to the manufacture or production of products or services. Indirect business refers to the various parts of the manufacturing or production value chain, such as subcontracting, transportation, or distribution.

Mandatum's aim is to reduce exposure to the fossil fuel industry while investing in companies that produce energy from renewable sources or have a clear and credible strategy to transition from fossil fuels to a more sustainable business model.

Industry / Product group	Percentage of sales		Description
	Direct business	Indirect business	
<b>Zero tolerance</b>			
Controversial weapons	0%	0%	Investments are not made in companies that derive any revenue from the manufacturing, subcontracting, or distribution of controversial weapons. This exclusion applies without exception to anti-personnel mines, cluster munitions, and chemical and biological weapons. It also applies to nuclear weapons that fall outside the scope of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). <sup>1</sup>
<b>Low tolerance</b>			
Coal	5%	30%	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 30%. Investments are not made in companies whose share of revenues from coal-based energy production exceeds 30%. Exemptions may be granted to companies that present a credible transition plan. <sup>2</sup>
Tobacco	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	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	50%	50%	Investments are not made in companies that derive more than 50% of revenue from gambling or gambling subcontracting.
Oil	40%	40%	Investments are not made in companies that derive more than 40% of revenue from direct business to the fossil oil industry, including exploration, extraction and production of fossil oil. Investments are not made in companies that derive more than 40% of revenue from indirect business to the fossil oil industry, including distribution, refining and processing of fossil oil or production of fossil oil-based energy. Exemptions may be granted to companies that present a credible transition plan. <sup>2</sup>

Limits set on direct equity (incl. direct private equity investments) and fixed income as a share of sales by industry/product group, in accordance with the Responsible Investment Policy approved in December 2025. The limits are applied to equity and fixed income investment 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) Investments in companies that derive revenue from nuclear weapons inside the NPT are evaluated against an internal set of criteria. The portfolio manager responsible will prepare a summary of the target company, which will then be reviewed by the ESG team for their opinion.

2) Exemptions may be granted to companies that present a credible transition plan, evaluated against an internal set of criteria.

**MONITORING THE SUSTAINABILITY FACTORS OF INVESTMENTS**

Sustainability factors are assessed based on criteria set for each asset class. Sectors that are sensitive from an ESG perspective and violations of international norms and standards are monitored in direct equity and fixed income investments through both external service providers and Mandatum’s own company analyses. International norms and standards include the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the UN Guiding Principles on Business and Human Rights, implementation of the UN ‘Protect, Respect and Remedy’ Framework, and the Paris Agreement on Climate Change. A detailed description of the monitoring of sustainability factors in each asset class is provided in Mandatum’s Responsible Investment Policy.

Mandatum assesses the sustainability risks of its external investment funds annually based on available information. In addition, the managers of the target funds of the Private Debt (PD) and European Real Estate (ERE) programmes are required to respond to an extensive ESG questionnaire during the due diligence phase preceding an investment decision and annually during the investment’s life cycle. The questionnaire is used to monitor the development of performance in sustainability issues. Potential areas for improvement are

addressed by discussing them with the manager of the target fund and by providing the manager with a comprehensive feedback package on the results of the questionnaire.

**DIRECT AND POOLED ENGAGEMENT**

The aim is to identify material sustainability risks during the due diligence phase, but their monitoring and assessment is continued throughout the life cycle of the investment. Mandatum strives to mitigate identified risks related to sustainable development and responsibility in co-operation with investee companies. Pooled engagement is used especially when it is believed that the company’s operating methods can be changed effectively together with other investors. Pooled engagement is mainly used in a reactive manner to address issues that have already occurred.

**REGULAR SUSTAINABILITY REPORTING**

Mandatum publishes sustainability reports on most liquid investment products twice a year and on the PD, ERE, and Private Equity Opportunities programmes once a year. Depending on the investment product, the reports include, among other things, the net impact, the development of carbon intensity and fossil exposure, detected violations of norms, and the development of the ESG risk rating. For certain products, sustainability issues are reported on a quarterly basis in connection with other

financial reporting. For the PD and ERE programmes, a summary of the results of the sustainability questionnaire sent to ESG managers is published in the autumn in connection with the programmes’ sustainability reporting. The requirements of the second phase, or Level 2, of the SFDR entered into force at the beginning of 2023. As a result, Mandatum reports annually on products complying with Articles 8 and 9 with a separate periodic disclosure about how the environmental and/or social characteristics promoted by the product have been realised or to what extent the product’s sustainable investment goal has been achieved, for example. Mandatum actively follows the development of sustainability regulation and develops its operations and responsible investment reporting accordingly.



**CASE**

**MANDATUM RECEIVES EXCELLENT SCORES IN THE PRI ASSESSMENT - FULL FIVE STARS IN SEVERAL CATEGORIES**

Mandatum once again achieved excellent results in the most recent UN PRI (Principles for Responsible Investment) assessment. The assessment covers the year 2024.

The company participated in twelve evaluated areas and received the highest star rating in seven of them. These were active indirect fixed income, indirect private equity, indirect real estate, direct listed equity, direct real estate, direct private equity, and direct fixed income corporate. Additionally, the company participated in the passive indirect fixed income category for the first time, immediately receiving four stars.

“I’m delighted that we once again achieved excellent results, as the standards for the participants continue to rise year after year. I would also like to thank our clients for these excellent results. We have continued our active dialogue on diverse sustainability themes throughout the year,” states **Sari Rajakangas**, Mandatum’s Head of Responsible Investments.

PRI is an international non-profit organisation that annually assesses its members’ investment activities and responsible investment practices. The assessment tells the organisation how well the UN PRI’s principles are implemented in the organisation’s investment activities by asset class, and which areas of investment operations can be improved.

Read more:

[PRI Assessment Report](#)

[PRI Public Transparency Report](#)

<b>Module</b>	<b>Star score</b>
Policy Governance and Strategy	★★★★☆
Indirect - Listed Equity - Passive	★★★★☆☆
Indirect - Listed Equity - Active	★★★★☆
Indirect - Fixed Income - Passive	★★★★☆
Indirect - Fixed Income - Active	★★★★★
Indirect - Private equity	★★★★★
Indirect - Real estate	★★★★★
Direct - Listed equity - Active fundamental	★★★★★
Direct - Real estate	★★★★★
Direct - Private equity	★★★★★
Direct - Fixed income - Corporate	★★★★★
Confidence building measures	★★★★☆



# SUSTAINABILITY IN DIFFERENT ASSET CLASSES

# SUSTAINABILITY IN DIFFERENT ASSET CLASSES

**Mandatum invests broadly across different asset classes, and its responsible investment approach is tailored to each asset class. Different approaches are presented in more detail on [Mandatum's Asset Management website](#). The highlights of Mandatum's responsible investment in different asset classes in 2025 are described below.**

## ALLOCATION PRODUCTS

Allocation solutions invest in equity, fixed income, and alternative investment objects managed by Mandatum and in funds managed by leading external portfolio managers.

The portfolio management of allocation solutions uses the net impact model developed by the Upright Project. The model is used to assess the impact of external funds, ETFs, and asset allocation solutions as part of the pre-investment sustainability analysis and in monitoring over the investment's life cycle. When selecting an external investment fund, the portfolio manager can also consider, among other things, whether the external asset manager has signed the UN Principles for Responsible Investment, whether it has its own responsible investment policy, and what resources the asset manager has for implementing responsible investment. On a

fund-specific basis it is possible to examine, for example, which article of the EU's Sustainable Finance Disclosure Regulation (SFDR) the product falls under and how sustainability has been taken into account in the fund's selection of investments.

## LOAN INVESTMENTS

Mandatum's loan strategies invest mostly in the syndicated loan facilities of European mid-cap and large-cap unlisted companies. The portfolios are actively managed, and the selection of investee companies emphasises defensive industries.

The selection is aligned with the sector restrictions and exclusion criteria in Mandatum's Responsible Investment Policy. The analysis examines the investee company's risks, opportunities, and impacts on society and the environment. The net impact model supports the analysis. The investments' greenhouse gas emissions and exposure to fossil fuels are regularly monitored. Investments are also monitored for violations of international norms, such as the UN Global Compact principles.

## PRIVATE DEBT INVESTMENTS

In strategies that invest in externally managed funds, such as the Private Debt programme, the due diligence process, continuous monitoring and feedback, as

well as dialogue with external fund managers are key to ensuring engagement aimed at responsibility and sustainable development.

Mandatum's Private Debt investments are divided into direct lending and opportunistic strategies. The two sub-segments have different roles in the portfolio, which is why different factors influence the selection of managers and ESG assessment. The good track record of Private Debt strategies in the management of ESG characteristics is based on its four-stage investment process, extensive annual sustainability questionnaires, and a sustainability framework developed based on their results. In the assessment of target funds, the fund's investment strategy as well as the manager's sustainability commitments and their implementation are taken into account.

In the first phase, Mandatum assesses the manager's investment experience and history and the implementation of ESG policies and practices. As part of a thorough due diligence assessment, an external asset manager answers an ESG questionnaire, which is used to assess the realisation of ESG principles. In the contract negotiations, Mandatum aims to ensure that the principles of responsible investment are

implemented. For example, a bilateral agreement may exclude sensitive sectors from Mandatum's investments or aim to increase the transparency of the fund's investments. The ESG integration and development of the selected external asset manager is monitored regularly after the investment decision has been made.

## Enhanced sustainability efforts in the Private Debt programme

Mandatum conducts an annual ESG questionnaire to assess external Private Debt fund managers' progress in sustainability work. According to the 2025 questionnaire, clear progress has been made in the sustainability work within Mandatum's investment baskets.

The questionnaire was answered by a total of 24 European and U.S. fund management companies, through which Mandatum has invested in a total of 46 funds. All of Mandatum's Private Debt strategy's fund managers responded to the questionnaire, evaluating each fund on two aspects: ESG practices and ESG policy. According to the 2025 analysis, ESG practices gained 7 percentage points, and ESG policy gained 4 percentage points. The improvements can be attributed to funds increasingly taking into account themes related to human rights and biodiversity in their investments.

All the funds take ESG factors into account in their investment processes, and responsible investment policies as well as active ownership practices are widely used. Over 80 per cent of fund managers have a climate change-related policy or strategy in place. Consideration of climate change and

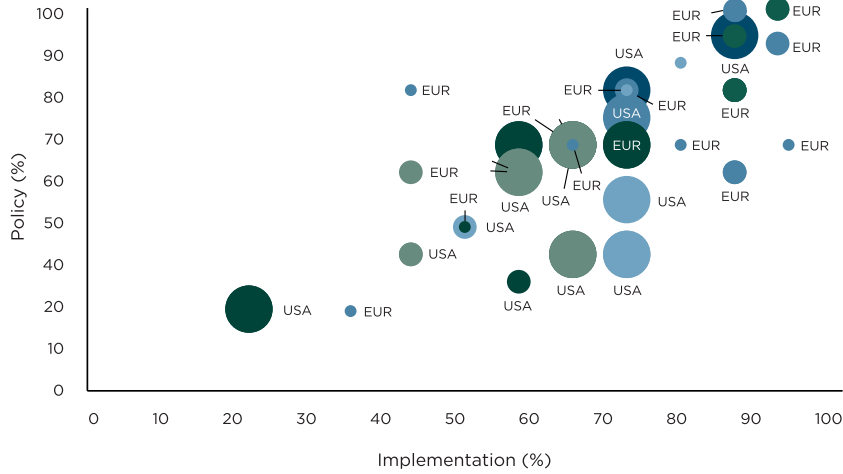
biodiversity has become more prevalent, and reporting and monitoring in particular have improved compared to previous years. In 2025, half of the managers reported the carbon footprint of their funds, while in 2024 the share was less than half. In addition, nearly 80 per cent of managers

reported on the sustainability of their portfolio companies.

Net-zero targets and other sustainability goals have become more common, and the long-term commitment of funds is reflected in the progress seen in all areas. Strategies

with weaker performance in previous ESG questionnaires have made significant progress in their sustainability efforts. European funds take sustainability issues into account slightly better than their U.S. counterparts.

**There is still disparity in funds' responsibility - the majority perform well in both implementation and policy**



**Strategies with weaker performance in ESG questionnaires in recent years improved significantly in 2025**



Comparison is for illustrative purposes only. Holdings and allocations subject to change. The characteristics and ESG criteria of the compared target funds may differ from each other.

**PRIVATE EQUITY INVESTMENTS**

The MAM Growth Equity II fund provides a growth platform for established and ambitious companies, where sustainability is considered a key part of the growth strategy. As part of its cooperation with the portfolio companies, the fund aims to create value by helping investee companies develop their ESG practices and monitor their implementation and results.

The fund helps established companies with proven business performance to embark on a new growth trajectory, with sustainability as a key driver. The sustainability work focuses on both the impacts of business activities and ESG practices as well as on identifying risks and opportunities. Another aim is to help companies define and achieve their sustainability goals. Sustainability considerations are integrated throughout the investment lifecycle, from investment analysis to exit and beyond. The implementation of sustainability in Private Equity investments can be divided into three phases: pre-investment due diligence screening, the holding period of the investment, and the post-exit period.

The pre-investment due diligence screening includes a comprehensive review of the investee company's industry, identified potential risks, and outlook. Based on the screening, sustainability-related targets, and the metrics used to monitor them are defined together with the investee company. Objectives defined at the start of

the holding period are addressed in collaboration with the Board of Directors and other management and in various working groups, and their performance is monitored regularly. The post-exit objective is that ESG practices are integrated into the company's operations as an integral part of the growth story, and that they are maintained in the company after exit.

**Sustainability work in growth companies is monitored with the help of an ESG questionnaire and developed in collaboration with the company's management**

Mandatum has developed the ESG monitoring of its growth investments in 2024-2025 by renewing the ESG questionnaire aimed at growth companies. Information on the development of companies' sustainability efforts is collected through the questionnaire. The 2025 questionnaire was conducted in such a way that all sustainability data could be collected at once. A basic questionnaire was sent to all growth companies, and its results were used to follow up on the sustainability of growth investments. A broader questionnaire was conducted for the MAM Growth Equity II fund's SFDR Article 8 investment objects, making it possible to meet the requirements of the EU's SFDR regulation and the requirements of other investors.

The results of the questionnaire indicate that all companies in the GE II fund have systematically developed their sustainability

efforts. All companies that were in the fund at the end of 2024 responded to the 2025 questionnaire. The common sustainability metrics for all investee companies in the MAM Growth Equity II fund are emissions calculation, monitoring of emissions intensity, and job creation. In addition, for each company, 2-3 metrics and targets that are aligned with the company's strategy and targets are also chosen for monitoring.

Based on the questionnaire, the sustainability work of growth companies covers several key themes. All companies in the fund monitor greenhouse gas emissions and emissions intensity. In two out of three companies, emissions calculations have been verified by an external party, and two companies have set emission reduction targets. One company is also committed to a net-zero target by 2035.

Information security and data protection are significant themes, especially in companies that process personal data. All companies in the fund have cyber security and information management practices in place, and they emphasised the importance of data protection in their business.

The companies cited keeping track of changing regulation and challenges in the accuracy of emissions calculation, among other things, as challenges related to promoting sustainability. Reported advancements included, for example, more structured management of sustainability matters, improved emissions calculation,

and the development of in-house sustainability reporting. Through active dialogue and board work, Mandatum aims to support the fund companies in further developing their sustainability efforts.

**EQUITY AND BOND INVESTMENTS**

Key means for addressing ESG and sustainability in the equity and bond investments of Mandatum's own strategies include assessing the financial impacts and risks of sustainability factors as part of the investment analysis. The investment analysis makes use of analytics by Sustainalytics and ISS ESG and the net impact model by the Upright Project.

Mandatum tracks the greenhouse gas emissions of investments, as well as the weight and development of companies in its portfolios that derive revenue from fossil fuels. Investees are also regularly monitored for violations of international norms, such as the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. Efforts are made to engage with investees if violations are identified. The emissions of investments have been significantly reduced through measures taken within the portfolio, including company selection and investments in lower-emitting sectors.

Mandatum's Responsible Investment Policy includes minimum restrictions and exclusion criteria for sensitive sectors and product groups. These are followed in direct equity

and fixed income investments that comply with Articles 8 and 9 of the SFDR. Sensitive sectors include controversial weapons, coal, tobacco, adult entertainment, gambling, and oil. Stricter exclusion criteria may also be defined on a product-by-product basis.

The investment process for equity and bond investments in Mandatum's own strategies includes an assessment of ESG factors as part of each step. First, a preliminary assessment is carried out to assess the compatibility of the company's sustainability principles with the strategy and to exclude investees that do not meet the Responsible Investment Policy's criteria for the industry or product group. In the investment analysis, ESG risks and opportunities are identified. In bonds, this also includes a risk assessment of the investee company and loan documentation. For new investees or investees with elevated risk, the analysis is more thorough and may require review by the Investment Committee. Before making an investment decision, in addition to the ESG analysis, the assessments of external service providers are also taken into account, for instance the ESG risk rating, which is monitored regularly after the investment decision. When the risk class changes to a higher level, the investment is reassessed, and the portfolio manager may be required to take additional measures before making an additional investment or maintaining an existing investment in the portfolio.

### **Mandatum launched a new European High Yield fund classified under Article 8 of the SFDR**

In 2025, Mandatum expanded its UCITS fund portfolio by launching a new European High Yield Total Return Fund. The new fund complements the fixed income offering, particularly in the asset class with a higher return expectation, and provides investors with the opportunity to diversify their portfolios more broadly into the European high yield market.

The fund invests primarily in European high yield bonds, but the flexible strategy allows the portfolio management team to also take advantage of other high yield sub-asset classes depending on market conditions. The goal is to improve the fund's risk-return ratio through an active and considered approach. The fund is managed by the same experienced team that is responsible for Mandatum's successful Nordic High Yield fund. The portfolio management emphasises active company selection and thorough analysis without index tracking. The daily open UCITS fund is available to both retail and institutional investors in Finland, other Nordic countries, and Central Europe.

Sustainability aspects have been integrated into the investment process in accordance with Article 8 of the SFDR, meaning that the product promotes environmental and social characteristics while also taking into account good governance. Investment objects are selected in accordance with

Mandatum's Responsible Investment Policy, and companies that do not meet the sustainability criteria are excluded. Exclusion criteria are used to identify sensitive industries that are exposed to more sustainability risks and are estimated to cause more adverse sustainability impacts than other industries. An assessment is also conducted based on ESG risk ratings and international norms.

### **Exclusion principles related to the defence sector were updated**

In 2025, Mandatum updated its exclusion principles related to the defence sector. With the update, Mandatum opened up the possibility to invest more broadly in companies in the defence sector for some of its products, provided that the investment object is otherwise compatible with the investment product and its strategy.

The update was driven by a change in the European security policy situation, which has led investors to reassess their policies regarding the defence sector. The EU's defence funding programmes and the goals announced by EU countries to increase defence spending have further accelerated the discussion on investing in the defence sector, which was also reflected in defence sector stocks over the past year.

Mandatum's previous Responsible Investment Policy excluded companies that derived more than half of their revenue

from the defence sector. In the updated Responsible Investment Policy, this limit has been removed. Mandatum still does not invest in companies that are involved in controversial weapons, such as cluster munitions, and chemical or biological weapons. Mandatum's definition of controversial weapons is aligned with the definition of the EU's Sustainable Finance Disclosure Regulation (SFDR).

Mandatum does not invest in companies whose business related to nuclear weapons is connected to the nuclear weapons programmes of countries operating outside the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Investments can be made in companies that serve the nuclear weapons programmes of countries that are parties to the NPT. The grounds for the policy change is to enable investments in significant European defence industry companies that also manufacture components that can be used in nuclear weapons. These investments are evaluated on a case-by-case basis according to separate criteria that aim to ensure that the investment decision is based on as comprehensive information as possible regarding the potential risks and impacts related to the company or its products. One of the criteria is that the company is headquartered in a NATO country. The assessment pays special attention to the transparency of companies' reporting, adherence to international norms, and anti-corruption and anti-bribery matters.

The update of the Responsible Investment Policy mainly concerns direct equity and fixed income investments as well as direct private equity investments. In certain products, such as those making sustainable investments, stricter exclusion criteria may still apply.

The change does not apply, for example, to indirect alternative fixed income investments or indirect real estate investments (Mandatum's Private Debt and European Real Estate programmes), where the investment operations have been outsourced to external partners with predefined limitations, and Mandatum does not have the opportunity to assess individual investment objects before making an investment decision.

More information about the exclusion criteria is provided in [Mandatum's Responsible Investment Policy](#).

**Equities and bonds as fund investments**

Mandatum utilises its partners' solutions and external funds in markets where it does not possess special expertise. In general, passive index funds are used in markets where active portfolio management is seen as having little potential to create added value.

From the perspective of sustainability analysis, the essential difference between investments in external funds and direct equity and fixed income investments is that the company-level analysis and investment decision are outsourced to the fund manager. In these cases, consideration is given to the investment process applied by the target fund manager.

Mandatum assesses managers' commitment to responsible investment, investment and risk management processes, resources, reporting, and compatibility with Mandatum's approach to responsible investment. The factors considered include how compliance with international norms is taken into account in the investment process, whether investments are restricted based on a sustainability perspective, what the climate risks of the fund's investments are, and what types of active ownership measures the fund management company employs.

**Net impacts of equity products based on information on 31 December 2025**

**Mandatum AM Nordic Active Ownership**

<b>Net impact</b>	Society	3.0
	Knowledge	-0.4
	Health	0.6
	Environment	-2.4
<b>15%</b>		

**Mandatum Stamina Equity Fund**

<b>Net impact</b>	Society	3.0
	Knowledge	-0.5
	Health	0.6
	Environment	-3.0
<b>3%</b>		

**Mandatum AM Global Selective Equity**

<b>Net impact</b>	Society	2.7
	Knowledge	-0.3
	Health	1.2
	Environment	-2.0
<b>26%</b>		

**Net impacts of bond products based on information on 31 December 2025**

**Mandatum AM Fixed Income Portfolio**

<b>Net impact</b>	Society	3.0
	Knowledge	-0.7
	Health	0.6
	Environment	-1.7
<b>25%</b>		

**Mandatum Nordic High Yield**

<b>Net impact</b>	Society	3.5
	Knowledge	-0.6
	Health	0.5
	Environment	-1.7
<b>34%</b>		

**Mandatum European High Yield**

<b>Net impact</b>	Society	3.3
	Knowledge	-0.5
	Health	0.5
	Environment	-1.4
<b>36%</b>		

The products are disclosing under Article 8 of the SFDR. Mandatum AM Nordic Active Ownership, Mandatum AM Global Selective Equity, and Mandatum AM Fixed Income Portfolio are investment baskets owned by Mandatum Life. Mandatum SICAV-UCITS - Mandatum Nordic High Yield Total Return Fund, Mandatum SICAV-UCITS - Mandatum European High Yield Total Return Fund, and Mandatum SICAV-UCITS - Mandatum Stamina Equity Fund are UCITS funds managed by Mandatum Fund Management S.A. The assessment is based on the portfolios' situation as per December 2025. Source: The Upright Project.

**REAL ESTATE INVESTMENTS**

Mandatum invests in both direct real estate investments and non-domestic properties through external funds. Both strategies seek significant emissions reductions while creating cost savings and value for investors, financiers, and users of properties. Sustainability measures also improve tenant satisfaction and extend the life cycle of properties.

**Direct real estate investments**

Mandatum’s real estate management unit is responsible for direct real estate investments, which are investments in individual properties and require active management. The strategy enables local engagement and the application of sustainability standards on a property-specific basis. The focus is on transforming the existing building stock into environmentally friendly sites, for instance, through energy efficiency investments. All direct real estate investment properties use renewable or carbon-neutral electricity. The share of renewable district heating has been increased so only co-owned properties and sites where energy contracts are the tenant’s responsibility are beyond the scope of renewable energy. The majority of direct real estate investments managed by Mandatum is comprised of the following portfolios: Special investment fund Mandatum AM Finland Properties II<sup>1)</sup>, real estate on the balance sheets of Mandatum Group companies, real estate assets of

Kaleva Mutual Insurance Company, and Mandatum Life Vuokratontit I Ky.

The sustainability characteristics of each property are taken into account at the time of investment, and the measures aim for significant emissions reductions, cost savings, and an increase in property value. Sustainability is not limited to energy efficiency alone but covers a broad spectrum: measuring the carbon footprint and GHG emissions, optimising water use and waste management, and social responsibility, such as environmental considerations, use of renewable energy, and community engagement. These actions also improve tenant satisfaction and strengthen the continuity of contracts. The management of direct real estate investments focuses on energy efficiency, climate change mitigation, water efficiency, recycling, waste reduction, and offering healthy and safe spaces. In development projects and renovations, opportunities to increase biodiversity and improve the natural values of the site are also assessed.



1) Special investment fund Mandatum AM Finland Properties II complies with the sustainability disclosure obligations under SFDR Article 8.

**Real estate fund investments**

Non-domestic real estate investments are made through externally managed funds. This strategy enables diversification across different markets and regions, which is a central part of the risk management of real estate investments. In its European Real Estate (ERE) programme investments, Mandatum makes use of external partners with strong local resources and a successful track record in real estate investments. Mandatum’s approach favours closed-end real estate funds typically used by institutional investors, in which the fund manager is responsible for strategy and investment decisions.

In the selection of managers and funds, each partner selected for the ERE programme must pass a comprehensive sustainability assessment. The assessment covers the following areas, among others: the strategy’s compatibility with Mandatum’s sustainability considerations, the integration of ESG issues in investment and risk management processes, the manager’s general ESG competence, allocation of ESG resources, governance and responsible investment policy, and the manager’s membership in responsible investment organisations, including UN PRI and GRESB.

**Regular reporting as an essential aspect of sustainability**

Mandatum publishes annual sustainability reports on the ERE programme. In addition, the promotion of the ESG characteristics of products in accordance with Article 8 is reported in the periodic reports required by the SFDR. The sustainability report published each autumn covers topics such as current events in the ERE programme, information about the programme’s ESG process, and a summary of the results of the annual ESG questionnaire sent out to managers.

In its fund-type real estate investments within the ERE programme, the company seeks to promote the manager’s commitment to sustainability reporting and, on a case-by-case basis, promote the improvement of reporting. Systematic improvement of sustainability reporting has also been defined as one of the key sustainability characteristics of the ERE programme.

The implementation and performance of sustainability characteristics in the ERE programme’s investments are monitored at the level of individual investments through an extensive annual ESG questionnaire sent out to external managers. The questionnaire is also included in the due diligence process for each new investment.

**GRESB 2025 results**

The annual Global Real Estate Sustainability Benchmark (GRESB) assessment examines the sustainability of properties across the entire real estate portfolio. The assessment covers themes such as energy and water consumption, waste volume, greenhouse gas emissions, risk management, stakeholder engagement, and overall corporate sustainability reporting, principles, and management. GRESB reporting has been carried out since 2019 for Mandatum’s direct real estate investments and the special investment fund Mandatum AM Finland Properties II, which is managed by Mandatum AM AIFM Limited (MAM AIFM). The 2025 GRESB results are based on the company’s operations in 2024.

In 2025, the Mandatum AM Finland Properties II special common fund achieved a full five-star rating for the second time in the GRESB assessment and ranked sixth in its peer group. Improvement was seen particularly in the Performance component areas that highlight the fund’s actual performance in relation to real estate types and locations.

The direct real estate investment portfolio on Mandatum’s own balance sheet increased its points and ranked first in its peer group (Diversified – Office/Residential, Northern Europe) while maintaining a four-star rating for the fifth consecutive time. The portfolio’s score improved significantly

due to the increase in certifications: in 2024, four previously uncertified properties achieved the BREEAM In-Use Very Good certification, and by the end of the year, 65 per cent of the managed real estate assets had been certified.

All portfolios managed by Mandatum retained the Green Star designation and received high scores in the Management component (29/30), indicating consistent and goal-oriented management of sustainability.

As part of real estate asset management, Mandatum also manages the real estate portfolio of its client, Kaleva Mutual Insurance Company. Kaleva participated in the GRESB assessment for the second time and raised its ranking to four stars. In addition, Kaleva’s portfolio came first in its domestic peer group. These results highlight the strong ESG potential of the portfolio and Mandatum’s ability to advance responsible investment practices also in its clients’ wealth management.

**Positive development in the ESG actions of real estate funds**

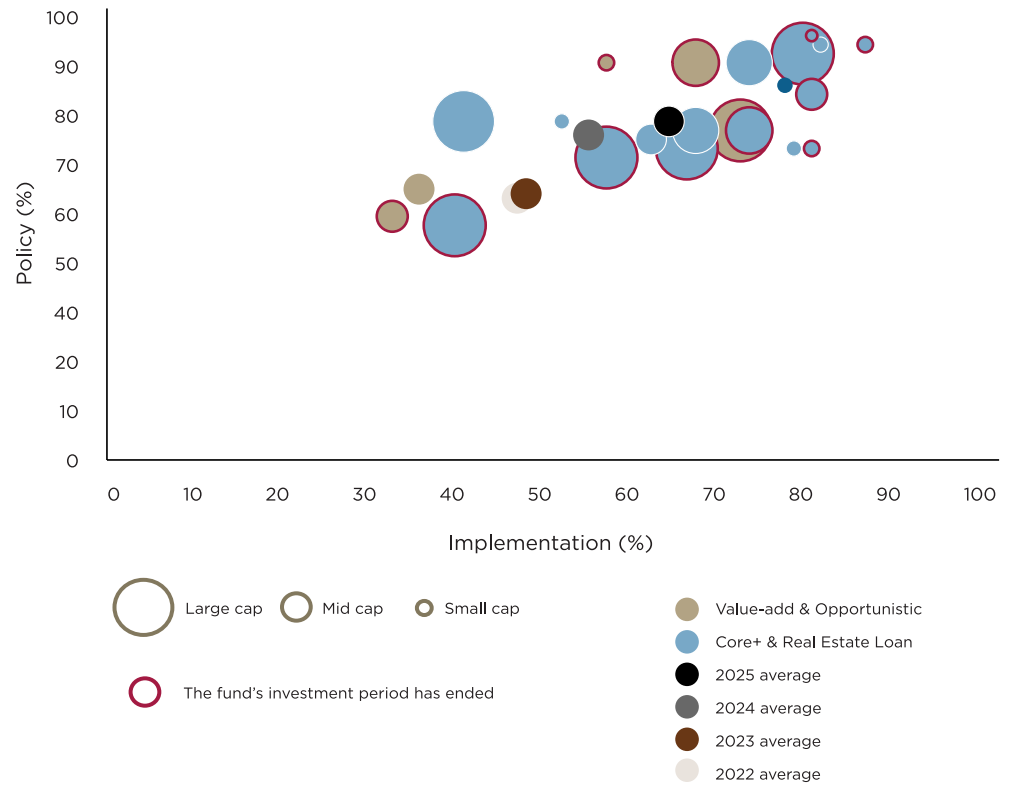
All 17 property managers of the ERE programme responded to the ESG questionnaire conducted in 2025; Mandatum is an investor in a total of 24 different real estate funds through the property managers. In the questionnaire, each fund is evaluated on two aspects: ESG practices and ESG policy. In the 2025 analysis, ESG practices gained 10 percentage points, and ESG policy gained 9 percentage points. The improvement in points is credited to, among other things, the funds' enhanced sustainability reporting, and the increase in high-level energy ratings and certifications, and in managers' climate goals:

- 100 per cent of the funds have integrated ESG factors into their investment processes (2024: 95%)
- 42 per cent of the funds reported on ESG impacts (2024: 30%)
- The energy efficiency of properties has improved: 75 per cent of the funds own properties that have an Energy Performance Certificate (EPC) with an energy efficiency rating of A or B (2024: 61%)
- 92 per cent of the funds take biodiversity into account in their investment activities.

Sustainability-related requirements have become more common in lease agreements and property management, which promotes the implementation of responsibility in property management.

Based on the 2025 responses, the funds' ESG matters have, on average, improved compared to previous years. The results of the questionnaire indicate that there is variation between managers and funds. Sustainability work has become established among managers of all sizes, and larger funds in particular have made relatively more improvements in the past year. It is worth noting that the investment periods of the best-performing funds that responded to the 2025 ESG questionnaire have ended. Funds whose investment period has ended have had more time to develop the fund's investment objects and implement ESG measures, which is reflected in the higher basis points in ESG practices.

**Target funds have developed their sustainability efforts compared to previous years**



*Comparison is for illustrative purposes only. Holdings and allocations subject to change. The characteristics and ESG criteria of the compared target funds may differ from each other.*



# CONSIDERATION OF CLIMATE AND NATURE IN INVESTMENT ACTIVITIES

# CONSIDERATION OF CLIMATE AND NATURE IN INVESTMENT ACTIVITIES

**Climate change mitigation and adaptation have been identified as material sustainability topics in terms of Mandatum’s investments. The importance of issues related to biodiversity is also growing, as the impacts of climate change and biodiversity loss are interconnected.**

Climate- and nature-related issues are incorporated into Mandatum’s Sustainability Strategy and key policies and principles, including the Responsible Investment Policy and the Code of Conduct. Mandatum is committed to the UN Global Compact initiative and its environmental principles. Mandatum Asset Management has also committed to the UN Principles for Responsible Investment (UN PRI) and Mandatum plc to the Net Zero Asset Managers initiative (NZAM). NZAM is an international coalition of asset managers who are committed to supporting the goal of net-zero emissions. The initiative aims to promote sustainable investment and to address climate change challenges by reinforcing responsible investment.

## **CLIMATE TRANSITION PLAN AND TARGETS GUIDE CLIMATE-RELATED WORK**

To promote work related to climate change mitigation and adaptation, Mandatum prepared a Climate Transition Plan in 2025. It defines how the company’s operations are guided towards net-zero emissions in accordance with the Paris Agreement’s goal to limit global warming to 1.5 degrees Celsius compared with the pre-industrial era. The Climate Transition Plan supplements Mandatum’s Sustainability Strategy and the emissions reduction targets defined in it, covering both investments and the company’s own operations. It was approved by the Group Management Team in November 2025. Progress on the Climate Transition Plan and its associated emission reduction targets is reported to the Board’s Audit Committee as part of the oversight of the company’s Sustainability Strategy. Going forward, the Climate Transition Plan will be updated as needed and at least every three years.

In accordance with its Sustainability Strategy, Mandatum is committed to supporting the goal of net-zero emissions in both its investments and own operations by 2050. Mandatum plc’s Board of Directors approved the net-zero commitment in 2024.

The first interim targets in the pursuit of net-zero emissions were set in June 2025, and the intention is to extend the targets to also cover other asset classes in the future. For emissions from its assets under management, the aim is to reduce the carbon intensity<sup>1</sup> of direct listed equities and corporate bonds by 75 per cent by 2030 compared to the 2020 baseline.

The company also aims to achieve net-zero emissions from the operational energy consumption in its direct real estate investments. For directly owned real estate investments, the target year is 2027 and for the Special common fund Mandatum AM Finland Properties II, the target year is 2030.

The Responsible Investment Policy additionally includes the target to phase out coal and oil from direct equity and fixed income investments by 2030 and by 2040, respectively. The exclusion limits for coal and oil as defined in the Responsible Investment Policy will be tightened over time until the policy aligns with these targets.

To support the emission reduction targets for investments, Mandatum aims to encourage investee companies to set their own emissions reduction targets in accordance with its Sustainability Strategy. The aim is also that new own investment products and the development of existing products support the achievement of net-zero emissions by 2050.

Mandatum achieved its emissions reduction target for direct listed equities and corporate bonds significantly earlier than anticipated. The carbon intensity of these investments fell to 41 metric tonnes of carbon dioxide equivalent per million euros of revenue at the end of 2025. Carbon intensity decreased by 42 per cent

1) Scope 1 and 2 Weighted Average Carbon Intensity (WACI)

### Climate targets for investments

Target/KPI type	Scope	Emission scopes	Type of target	Baseline year	Baseline value	Target	Target year	Result 2025
Weighted Average Carbon Intensity	Direct listed equity and corporate bond investments	1 & 2	Intensity	2020	190 tCO <sub>2</sub> e/EUR million revenue	-75% Target level: 47 tCO <sub>2</sub> e/EUR million revenue	2030	41 tCO <sub>2</sub> e/EUR million revenue
Net-zero emissions from operational energy consumption	Special common fund Mandatum AM Finland Properties II	1 & 2	Absolute	2020	8,210 tCO <sub>2</sub> e <sup>1</sup>	Net zero	2030	263 tCO <sub>2</sub> e
Net-zero emissions from operational energy consumption	Mandatum's directly owned real estate investments	1 & 2	Absolute	2020	2,556 tCO <sub>2</sub> e <sup>2</sup>	Net zero	2027	5 tCO <sub>2</sub> e
Phase out investments from coal	Direct equity and fixed income investments	-	Exposure	2023	-	No investments in coal, i.e. in companies that derive more than 5% of their revenue from coal	2030	Exclusion thresholds as defined in the Responsible Investment Policy 2025 presented on page 10.
Phase out investments in oil	Direct equity and fixed income investments	-	Exposure	2023	-	No investments in oil, i.e. in companies that derive more than 5% of their revenue from oil	2040	

1) Includes Scope 1 and 2 market-based emissions. Source: GRESB. The data coverage is 85.6 per cent. The baseline value represents the portfolio's holdings in 2020.

2) Includes Scope 1 and 2 market-based emissions. Source: GRESB. The data coverage is 98.9 per cent. The baseline value represents the portfolio's holdings in 2020.

compared to the previous year, marking the largest annual change when examining the development of the carbon intensity of investments between 2020 and 2025. In addition to the target level itself, the target also includes a time dimension: although the target level was already met in 2025, the carbon intensity must remain below the target until 2030. Factors influencing the ability to stay below the target level include, among other things, the development of the investee companies' carbon intensity, future investment decisions, and market-driven changes in the relative weights of investments in the portfolio.

Mandatum has made progress toward the net-zero targets for its real estate investments. As of 2024, renewable electricity has been purchased for all 100 per cent owned properties. For heating, all properties switched to using renewable district heating verified with Guarantees of Origin in 2024. In Mandatum AM Finland Properties II, there remains a single property where on-premise fossil fuel is still used for heating. In addition, emissions for 2025 include the fuel consumption of backup generators in five properties. The emissions of Mandatum AM Finland Properties II (Scope 1 and 2) decreased to 263 metric tonnes of carbon dioxide equivalent in 2025, and the emissions of

directly owned real estate investments (Scope 1 and 2) to 5 metric tonnes of carbon dioxide equivalent.

The outcomes and calculation principles of the climate targets are described in more detail in the [Sustainability Statement in the Report of the Board of Directors](#).

### Climate considerations in responsible investment practices

Addressing climate change and reducing emissions from investments are key focus areas in Mandatum's responsible investment approach. By carefully analysing investment opportunities based on climate-related criteria, the company aims to both address

climate risks and opportunities and be part of the solution to the climate crisis. Exclusion criteria for selected sensitive industries have been set, with the aim to both manage risks and mitigate negative sustainability impacts.

Mandatum's aim is to reduce exposure to the fossil fuel industry while investing in companies that produce energy from renewable sources or have a clear and credible strategy to transition from fossil fuels to a more sustainable business model. As part of the assessment of companies in transition, Mandatum evaluates factors such as companies' emission reduction targets, energy production mix, share of renewable

energy, and plans to increase business based around renewable energy.

Mandatum’s investment products that promote environmental or social characteristics (SFDR, Article 8) and sustainable investment products (SFDR, Article 9) take principal adverse impacts into consideration, defined for each product. These include, but are not limited to, the carbon footprint and carbon intensity of investee companies and the share of companies operating in the fossil fuel industry. In direct equity and fixed income investments, exposure to fossil fuels is monitored on a quarterly basis.

Mandatum seeks to engage with investee companies as an active owner by meeting with the management of investee companies and through dialogue, voting at general meetings, and pooled engagement with other investors.

**EMISSIONS OF INVESTMENTS AS A TOOL FOR ASSESSING CLIMATE IMPACTS AND RISKS**

The greenhouse gas emissions of investments are monitored using several metrics to understand the climate impacts and associated transition risks of investments as well as to report on climate impacts.

The metrics include absolute emissions, carbon footprint relative to the amount of investments, and investee companies’ greenhouse gas intensity, which describes

emissions in relation to revenue. This information is reported as part of disclosures on principal adverse impacts on sustainability factors in accordance with Article 4 of the SFDR.

The investment emissions as reported in the Sustainability Statement of the Report of the Board of Directors for 2025 amounted to 6,432,339 (6,089,555) metric tonnes of CO<sub>2</sub> equivalent. In its reporting on investments’ emissions, Mandatum has taken into account the principles and rules of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the Partnership for Carbon Accounting Financials (PCAF) GHG Accounting and Reporting Standard for the Financial Industry.

The positions used for calculating financed emissions are based on the situation as per 31 December 2025, or on the most recent available data. The calculations for financed emissions include the Scope 1, 2, and 3 emissions from investments, subject to limitations on data availability. Mandatum’s investments include the investments of Mandatum Life Insurance Company Limited, client portfolios managed by Mandatum Asset Management, funds managed by Mandatum’s fund management companies (UCITS and AIFM), and the joint product of Mandatum Asset Management and Universal Investment, for which the asset manager is Mandatum. Additionally, the company’s investments include holdings in



**CASE**

**INVESTOR’S GUIDE TO THE CLIMATE AND ENVIRONMENT STEERS INVESTORS TOWARDS MORE SUSTAINABLE INVESTING**

At the end of 2025, WWF Finland and Mandatum jointly published an updated guide that gives private investors up-to-date information and practical tools for responsible investing. The guide, published for the third time, underscores the economic impacts of the climate crisis and biodiversity loss on business operations.

The guide is part of the cooperation launched between Mandatum and WWF Finland in 2017, aimed at promoting responsible investment and mitigating climate change and biodiversity loss.

Read the guide (in Finnish): [Investor’s Guide to the Climate and Environment](#)

Kaleva Mutual Insurance Company, Terrafame Ltd, and Saxo Bank A/S.

The primary sources of emissions data are the databases of ISS ESG and, secondarily, the Upright Project. The emissions calculation for direct real estate investments is based on actual energy consumption data. In the reporting of financed emissions for 2025, the coverage of emissions data is 59.6 (58.6) per cent, taking into account instruments, such as cash and derivatives, for which financed emissions are not calculated. In the calculation of financed emissions, 85.7 (74.1) per cent of the emissions data was based

on reported information and 14.3 (25.9) per cent on estimates.

**THE GROWING IMPORTANCE OF BIODIVERSITY ALONGSIDE CLIMATE CHANGE**

Issues related to biodiversity continue to grow in importance together with factors related to climate change. Mandatum continuously strives to develop its approach to considering biodiversity as part of responsible investment.

Mandatum has identified material impacts on biodiversity and ecosystems arising from the operations of investment objects. The

biodiversity impacts and risks of investments have been considered in the Sustainability Strategy, in which the target is to evaluate and implement biodiversity tools and to assess own direct investment products with the help of these tools. In 2025, Mandatum looked into biodiversity tools suitable for assessing investment products. The criteria for the tool include science-based assessment methods.

In accordance with the Responsible Investment Policy, the company is dedicated to adhering to evolving industry guidelines and best practices for assessing biodiversity impacts. The company actively seeks efficient methods to assess its investments' impacts on biodiversity on the one hand and their dependencies on biodiversity on the other hand.

As part of the assessment and screening of direct equity and fixed income investments under Articles 8 and 9 of the SFDR, Mandatum assesses factors that negatively impact biodiversity based on violations of international norms and standards. In 2025, no violations of international norms and standards related to biodiversity were observed in direct equity and fixed income investment products under Articles 8 and 9 of the SFDR.

Fund-type alternative fixed income and fund-type real estate investments require fund managers to respond to an ESG questionnaire that seeks to determine how fund managers take into account issues

related to biodiversity. The questionnaire is updated annually, and managers are evaluated on how well they assess and manage biodiversity-related issues in the fund's approach. According to the questionnaire conducted for fund managers of fund-type alternative fixed income investments, 80 (71) per cent of funds consider biodiversity in their investment activities. According to the questionnaire conducted for fund managers of fund-type real estate investments, 92 (87) per cent of indirect real estate funds take biodiversity into account in their investment activities.

In the direct real estate investment portfolios managed by Mandatum, biodiversity has been identified as a key component of initiatives targeting responsible real estate investment.



**CASE**

**MANDATUM CONDUCTED A BIODIVERSITY ASSESSMENT FOR THREE REAL ESTATE INVESTMENT PROPERTIES**

In 2025, Mandatum conducted a biodiversity assessment in three of its direct real estate investments in Helsinki, Järvenpää, and Turku, in Finland. The assessment aimed to identify concrete and effective biodiversity-enhancing measures that can be applied to various properties as part of asset management, renovation, or development projects.

For the assessment, an ecologist visited the properties to map the current biodiversity values and devise the most effective and feasible property-specific recommendations to increase biodiversity. The recommended measures included, e.g. creating meadows, building green roofs and walls, planting native species, and combatting alien species. In addition, potential environmental risks were assessed using the WWF Biodiversity Risk Filter.

Based on the assessment, several opportunities were identified in each of the properties to improve biodiversity values. The effectiveness of the measures was assessed using the Biodiversity Metric tool, and the recommendations were tailored to accommodate the conditions and feasibility in each property. The project showed that the assessment of biodiversity values, risk analysis, and tailored measures can significantly contribute to improving biodiversity in urban real estate.

**AVERAGE CARBON INTENSITY OF MANDATUM'S INVESTMENT PRODUCTS 2021-2025**

Product name	2025		2024		2023		2022		2021	
	Average carbon intensity (tCO <sub>2</sub> e/MEUR) <sup>1</sup>	Coverage (% of holdings)	Average carbon intensity (tCO <sub>2</sub> e/MEUR) <sup>1</sup>	Coverage (% of holdings)	Average carbon intensity (tCO <sub>2</sub> e/MEUR) <sup>1</sup>	Coverage (% of holdings)	Average carbon intensity (tCO <sub>2</sub> e/MEUR) <sup>1</sup>	Coverage (% of holdings)	Average carbon intensity (tCO <sub>2</sub> e/MEUR) <sup>1</sup>	Coverage (% of holdings)
<b>Equity investments</b>										
Global Selective Equity	37	96%	26	100%	31	99%	41	98%	48	97%
Nordic Active Ownership	16	82%	16	90%	18	94%	23	81%	—	—
Nordic Equity	21	97%	45	98%	33	100%	54	100%	104	74%
Stamina	43	99%	103	93%	62	96%	86	93%	88	92%
<b>Fixed Income and loan investments</b>										
Money Abs	21	40%	30	35%	93	19%	185	31%	575	31%
Mandatum Money Portfolio <sup>2</sup>	—	—	—	—	101	43%	126	39%	418	45%
Fixed Income Portfolio	40	64%	63	79%	107	74%	125	79%	213	76%
Nordic High Yield	24	87%	98	87%	108	77%	154	87%	182	87%
European High Yield	10	74%	—	—	—	—	—	—	—	—
UI - Mandatum AM Senior Secured Loan Fund	26	100%	28	100%	56	100%	44	100%	—	—
Senior Loan Strategy	31	97%	28	99%	48	79%	45	87%	—	—
Opportunistic Loan Strategy	29	100%	29	100%	52	85%	47	86%	—	—
<b>Mandate portfolios</b>										
Mandatum Mandate Fixed Income	47	41%	73	39%	112	48%	184	39%	446	47%
Mandatum Mandate 25 Broad	52	47%	69	47%	91	56%	140	49%	379	52%
Mandatum Mandate 50 Broad	55	54%	66	58%	76	66%	112	60%	309	58%
Mandatum Mandate 80 Broad	59	63%	63	73%	62	77%	89	74%	224	65%
Mandatum Mandate Equity Broad	60	63%	63	73%	58	78%	82	76%	215	64%
Mandatum Mandate 25 Narrow	52	49%	69	49%	92	59%	143	50%	372	54%
Mandatum Mandate 50 Narrow	55	57%	67	62%	78	69%	115	63%	299	61%
Mandatum Mandate 80 Narrow	58	67%	64	81%	65	82%	95	77%	211	69%
Mandatum Mandate Equity Narrow	60	75%	63	95%	58	92%	83	90%	152	75%
<b>Allocation products</b>										
Mandatum Allocation Fixed Income	47	41%	73	39%	112	48%	184	39%	446	47%
Mandatum Allocation 25	52	47%	69	47%	91	56%	140	49%	379	52%
Mandatum Allocation 50	55	54%	66	58%	76	66%	112	60%	309	58%
Mandatum Allocation 80	59	63%	63	73%	62	77%	89	74%	224	65%
Mandatum Allocation Equity+	60	63%	63	73%	58	78%	82	76%	215	64%
Mandatum Pension	55	46%	66	48%	77	56%	115	50%	269	50%
Mandatum Pension +	58	49%	62	52%	58	59%	82	56%	169	50%

1) Average carbon intensity is a way to measure the carbon risk of an investment portfolio. In carbon intensity, emissions are related to the company's revenue. The reported figure is the market value-weighted average of the carbon intensity of investments as of December 2025. The emissions include so-called Scope 1 and Scope 2 emissions, i.e. emissions from the company's operational activities and from the energy purchased by the company. Sources: ISS ESG and The Upright Project. The products are investment options that can be linked to insurance policies issued by Mandatum Life.

2) The Mandatum Money Portfolio investment basket was discontinued on 5 April 2024.



# ACTIVE OWNERSHIP AND ENGAGEMENT

# ACTIVE OWNERSHIP AND ENGAGEMENT

**The Engagement Principles serve as a guide for Mandatum Group’s personnel and the day-to-day activities of those involved in investment operations and, more broadly, for exercising ownership rights in investment operations. Active ownership and engagement can take place, for example, by participating and voting in general meetings, through pooled engagement, and by maintaining contact with the management of investee companies.**

Factors taken into consideration before the engagement process may include the materiality of the sustainability matter, the size of the investment, previous actions taken by the investee company, and the company’s geographic location. In its engagement measures, Mandatum takes into account, for example, climate change and other sustainability risks and factors and seeks to ensure that investee companies have incorporated sustainability factors into their business operations.

The two principal methods used in ownership practices to engage with investee companies include direct dialogue and pooled engagement. Direct dialogue is the primary means of action especially with Nordic companies in which Mandatum has a significant ownership share. Direct dialogue

with management, Boards of Directors, or other owners is carried out both proactively and reactively. The aim is to support companies in developing their operations in order to identify opportunities and risks that are essential in terms of shareholder value and to ensure good governance practices. Discussions with investee companies and partners take place privately, which enables constructive dialogue even on sensitive topics.

Pooled engagement means taking measures to engage with the company as part of a group of several investors. It is generally used as a reactive means of engagement in case violations or suspected violations of international norms or other irregularities are detected in the investee company’s operations. The aim of pooled engagement is to influence investee companies especially in situations where Mandatum’s share of ownership in the company is minor. Pooled engagement initiatives are coordinated by an external service provider.

In its growth-company investments, Mandatum primarily engages through Board participation and in direct dialogue with the companies. Mandatum is represented on the Boards of Directors of investee companies by at least one Board member and one Board observer. Mandatum also ensures



that a person responsible for ESG matters is appointed to the Board. Through Board participation, the company ensures that sustainability matters are regularly on the agenda.

An ESG questionnaire is carried out annually in the Private Debt and European Real Estate programmes, which helps to assess the sustainability work of external fund managers. Each manager receives a comprehensive, tailored analysis of their performance in the ESG questionnaire. The analysis based on the questionnaire allows for the comparison of fund managers' sustainability performance both against other funds in the programme and specifically against funds that follow a similar strategy. Based on the results, two-party meetings are arranged with managers with whom Mandatum wishes to discuss the results of the ESG analysis and the development of the manager's sustainability work in more detail. Information about the peer funds is presented anonymously in connection with the feedback, and the purpose of presenting the comparisons is to illustrate each manager's position relative to other managers in the programme in order to identify potential development areas.

During 2025, the Group's asset manager Mandatum Asset Management participated in a total of 22 pooled engagement initiatives in 13 investee companies. The engagement measures related to themes such as climate, biodiversity, pollution, anti-competitive behaviour, and consumers' and workers' rights. There were 25 active cases related to pooled engagement at the end of the year.

### **ENGAGEMENT IN REGULATION AND DECISION-MAKING**

Mandatum promotes responsible investment through active stakeholder collaboration. The company engages with decision-makers primarily by being a member of Finance Finland (FFI) and the Finnish Venture Capital Association (FVCA).

FFI's main task is to influence regulation and decision-making in the financial sector and to ensure that the operating environment of the sector supports sustainable economic development. Mandatum's CEO Petri Niemisvirta is a member of the Board of Directors of FFI. In addition, Mandatum actively participates in the work of FFI's committees and working groups related to ESG topics, addressing issues such as climate change, biodiversity, and sustainable finance regulation.

As a member of FVCA, Mandatum influences the development of the private equity investment sector and promotes the advancement of responsible investment in the sector. The company is involved in various committees, such as the ESG committee and the sustainable finance committee, where best practices, reporting requirements, and sustainability criteria in the industry are discussed. In addition, Mandatum participated during the year in several joint statements and initiatives in the financial sector through stakeholder collaboration, with the aim of influencing the sector's regulatory development at both the national and EU level.

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