



MANDATUM

MANDATUM GROUP RESPONSIBLE REAL ESTATE INVESTMENT REVIEW 2023

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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MANDATUM

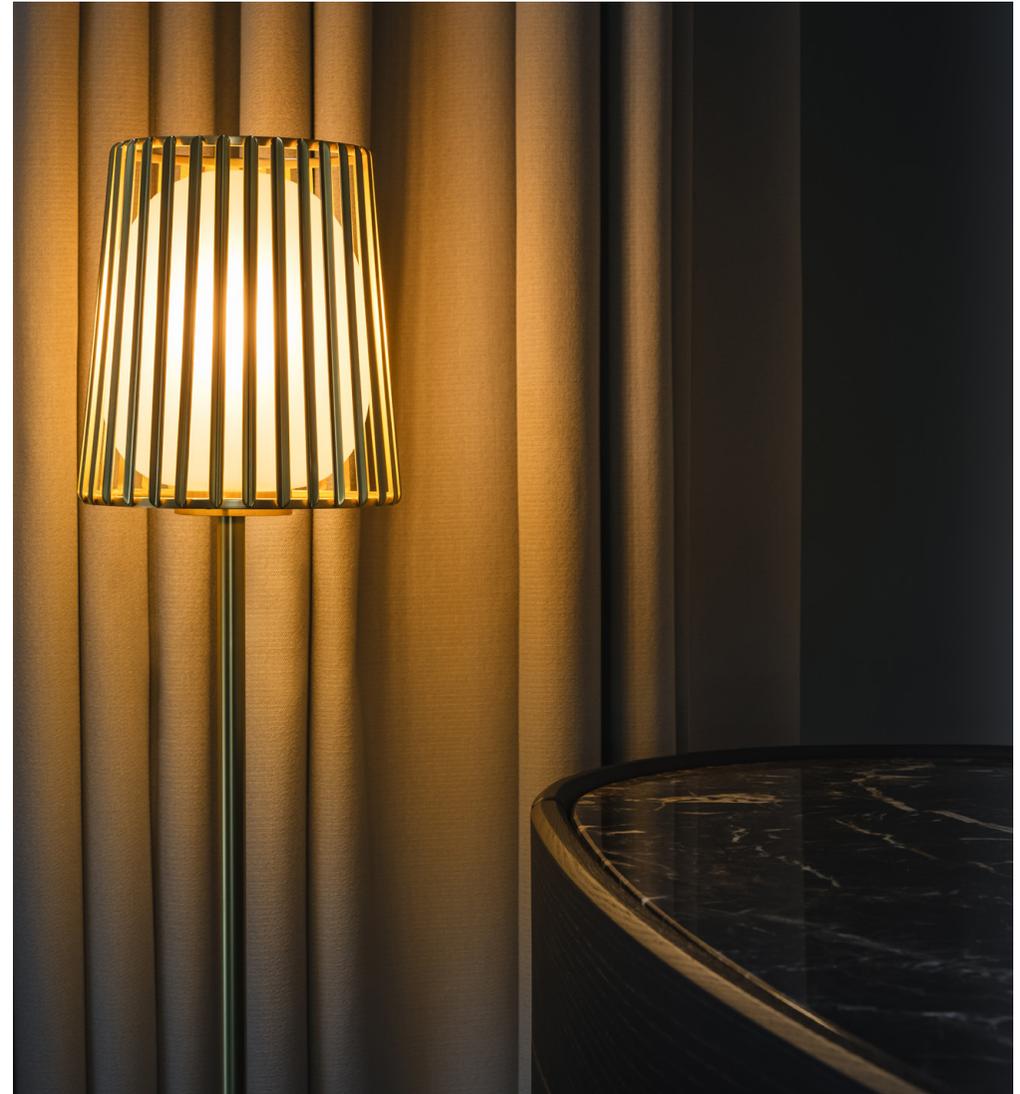
Mandatum is a major financial service provider combining expertise in wealth management and life insurance. The company offers its clients a wide array of services covering asset and wealth management, saving and investment, compensation and rewards, pension plans and personal risk insurance.

Mandatum plc is an insurance holding company that conducts its business through its subsidiaries. Mandatum Life Insurance Company Limited (Mandatum Life) and its subsidiaries offer services in wealth management, rewards and compensation, pension plans and personal risk insurance to personal and corporate clients.

Mandatum Asset Management Limited (MAM) and its subsidiaries are an investment service provider combining fund business, discretionary and consultative wealth management and asset management services.

Mandatum's Sustainability Report 2023, which was published in April 2024, provides more information on the company's key sustainability themes, the sustainability actions taken during the year, and the results achieved. The report is a statement of non-financial information in accordance with chapter 3a, section 5 of the Finnish Accounting Act and has been prepared in accordance with Global Reporting Initiative (GRI) standards.

mandatum.fi/year2023 →



INTRODUCTION

Goal-oriented and active sustainability work is an integral part of Mandatum Group's (Mandatum plc and its subsidiaries, hereinafter also referred to as 'Mandatum') real estate investment strategy, through which we seek to increase the value of the properties under our management and help mitigate climate change. Mandatum manages more than one billion euros* in real estate assets and measures the sustainability targets of the properties annually. These annual achievements serve as milestones in our journey towards the long-term appreciation of our real estate portfolio and improving the carbon neutrality of our properties in line with the strategy of each portfolio.

This review covers real estate asset management at Mandatum Group (Mandatum Asset Management Limited or 'MAM' and Mandatum Life Insurance Company Limited or 'Mandatum Life', collectively 'Mandatum'). Where separately noted, the report concerns the Finnish special investment fund Mandatum AM Finland Properties II, which is managed by MAM's subsidiary Mandatum AM AIFM Oy. The investment baskets mentioned in the review are available as investments for unit-linked insurance policies. MAM is the portfolio manager for the fund and investment baskets. Mandatum

Life issues the unit-linked insurance policies and owns the investment baskets. This review lists the key performance indicators, key areas and most impactful acts of Mandatum Group's sustainability work in real estate asset management in 2023.

In 2023, environmental responsibility was implemented at Mandatum in many ways. We invested in energy management, which helped address deviations and enabled the management of more energy-efficient building maintenance. The number of certifications in the real estate stock managed by Mandatum was also increased, and measures were implemented to improve the energy performance ratings of properties. In the European Real Estate (ERE) programme, which primarily invests in externally managed funds, the targeted proportion of green buildings' in the portfolio was increased to at least 70 per cent for the next vintage. The success of our sustainability efforts is demonstrated for example by Mandatum's good performance in the GRESB assessment and the score achieved in the 2023 tenant satisfaction survey.

The importance of social responsibility is constantly growing in the real estate sector. Mandatum has identified tenant satisfaction as well as active communication and

smooth collaboration with stakeholders as key aspects of social responsibility in real estate. In addition, the properties have a local impact as places where people work and gather, where health, safety and accessibility of properties need to be ensured.

Good governance of real estate emphasises the continuous development of risk management and reporting. The ESG awareness and requirements of investors, financiers and users of properties are increasing each year. Also, the framework for sustainability is being defined by increasing regulation. In Finland, the overall reform of the Building Act was completed in 2023 and enters into force as of 2025. Among other updates, the new act includes technical requirements for low carbon buildings. In 2023, Mandatum Group prepared for the upcoming EU Corporate Sustainability Reporting Directive (CSRD) by conducting a double materiality analysis.

An estimated 11 per cent of global annual greenhouse gas emissions come from building materials and construction projects (GRESB, 2023). We recognise that net zero emissions in the real estate sector require both carbon neutral energy as well as minimising the carbon footprint of construction, renovation and demolition, among other

measures. In addition, the concepts used in sustainability work and their definitions are modified in connection with the reforms in line with the proposed Green Claims Directive. Our goal is to reduce the environmental load caused by construction, building materials and renovation throughout the life cycle of the building. The fact that life cycle thinking has become increasingly prevalent in the construction sector is a positive thing.

Achieving the sustainability goals of buildings requires efforts from both our employees committed to sustainability work as well as active involvement and contributions of property users and service providers. We thank all our stakeholders for their cooperation in our sustainability work.

Emilia Riikonen

Head of Real Estate Investments
Mandatum Asset Management

Jussi Tanninen

Head of Private Debt and Real Estate,
Mandatum Asset Management

MANDATUM'S REAL ESTATE ASSETS IN FIGURES

Approx.
EUR. **1.1** billion
in real estate assets

70%
in Finnish investments

30%
in international investments

1,000+
properties

Gross leasable area
of direct properties
~540,000 m²

Carbon footprint of direct properties
22 tCO₂e/MEUR

Total energy consumption
of direct properties
111,200 MWh/a

1

RESPONSIBILITY OF MANDATUM'S REAL ESTATE INVESTMENTS IN 2023



SUSTAINABILITY FOCUS AREAS AND FIGURES IN REAL ESTATE INVESTMENTS 2023

Focus area	Targeted timeline	Situation as of 2023	Follow-up measures
Mandatum's directly owned real estate investments*			
Net zero emissions from operational energy consumption	2027	For all properties, exclusively zero emission energy with a certification of origin.	Maintaining net zero emissions during property use and increasing own energy production on properties. Leading real estate development, construction and renovation towards low carbon.
GRESB rating 4 out of 5 stars	2023	4/5	Maintenance of star rating
Reducing energy consumption by 15% from the benchmark year 2015 in line with the Energy Efficiency Agreement	2025	12%	Constantly monitoring energy consumption on properties and investigating the causes of deviations in consumption without delay. Optimising indoor conditions on properties without compromising on users' health. Carrying out energy assessments and improving the energy performance rating of properties.
50% environmental certification rate	2024	37% of real estate assets and 31% of leasable area certified.	
55% recycling rate	2025	48%	Stronger stakeholder collaboration (waste consultants and service providers, tenants, property managers). Providing waste recycling opportunities in all locations in which municipal or private waste management services are available. Recycling options include at least biowaste, paper, cardboard, plastic, glass and metal waste.

*Direct real estate investments on Mandatum Life's own balance sheet

Focus area	Targeted timeline	Situation as of 2023	Follow-up measures
Special investment fund Mandatum AM Finland Properties II, SFDR art. 8			
Achieving net zero emissions from operational energy consumption in line with the Net Zero Carbon Buildings Commitment	2030	<p>Electricity: Renewably sourced wind power has been purchased for all 100% owned properties since 2019.</p> <p>Heating: All 100% owned properties have moved to using renewable district heating verified with certificates of origin during 2023.</p>	Maintaining net zero emissions during property use and increasing own energy production on properties. Special investment fund Mandatum AM Finland Properties II engages more actively with tenants in properties where energy consumption contracts are the tenant's responsibility. Leading real estate development, construction and renovation towards low carbon.
GRESB rating 4 out of 5 stars	2023	4/5	Maintenance of star rating
Energy consumption -7.5%	2025	Achieved (-15%)	Constantly monitoring energy consumption on properties and investigating the causes of deviations in consumption without delay. Optimising indoor conditions on properties without compromising on users' health. Expanding the ambitious energy efficiency programme launched in 2019 to cover all of the fund's properties.
50% environmental certification rate	2024	57% of real estate assets and 43% of leasable area certified.	2025: 60% of real estate assets and 50% of leasable area certified 2026: 70% of real estate assets and 60% of leasable area certified
55% recycling rate	2025	47%	Stronger stakeholder collaboration (waste consultants and service providers, tenants, property managers); drafting annual recycling programmes for the fund's properties. Providing waste recycling opportunities in all locations in which municipal or private waste management services are available. Recycling options include at least biowaste, paper, cardboard, plastic, glass and metal waste. 2028: 60% recycling rate in properties for which waste collection data is available.
Achieving a recycling rate of at least 70% for demolition and construction waste in new construction and renovation sites	2024		
Sustainability guidelines in construction projects	2024		During 2024, thresholds and requirements will be set for Mandatum's construction projects in the areas of climate change mitigation, environmental certifications, the circular economy and sustainable.
Coverage of the tenant satisfaction survey and monitoring of results	2024	54% of real estate assets covered.	Tenant satisfaction surveys are conducted annually. The scope of the 2024 survey will be expanded, and the aim will be to achieve 100% coverage in surveys conducted between 2022 and 2024.

Focus area	Targeted timeline	Situation as of 2023	Follow-up measures
MAM European Real Estate investment programme, SFDR art. 8			
The ERE IV investment vehicle is targeting a portfolio mainly consisting of green buildings (min. 70%) i.e. assets that have e.g. an environmental certificate, or along their respective business plans will target green building status	2024-2027	Investment period not yet started	Consideration a part of the investment decision and manager selection, bilateral agreements if necessary.
The ERE III investment vehicle is targeting a portfolio mainly consisting of green buildings (min. 50%) i.e. assets that have e.g. an environmental certificate, or along their respective business plans will target green building status	2022-2025	Active investment period in progress	Consideration a part of the investment decision and manager selection, bilateral agreements if necessary.
Improvements in systematic sustainability reporting	Read more about the sustainability process for external funds on page 17 of the review		

HIGHLIGHTS OF RESPONSIBLE PROPERTY INVESTMENT (RPI) IN 2023

Two real estate portfolios* managed by MAM earned four stars in the GRESB (Global Real Estate Sustainability Benchmark) assessment and the Green Star recognition.

Increased portfolio certification rates: Breeam 'Very Good' certificate awarded to 15 properties.

100% renewable rate of own supplied energy by the end 2023**.

Good scores in the tenant satisfaction survey. Well-being of tenants and the safety of properties a key requirement in all portfolios.

The ESG feedback process for MAM ERE strategies was redesigned and received an excellent assessment from the managers.

UN PRI***
★★★★★ & ★★★★★☆☆

The share of own energy production was increased. Seven properties in Finland are equipped with solar panels, and one with a ground source heat plant.

*Special investment fund Mandatum AM Finland Properties II and Mandatum's directly owned real estate investments

**Mandatum's directly owned real estate investments, Mutual Insurance Company Kaleva, Special investment fund Mandatum AM Finland Properties II

***The overall score of real estate fund investments increased from four to five stars in the UN PRI assessment for 2023. Direct real estate investments were rated three out of five stars. Link to the PRI reports on [page 13](#).

RESULTS OF THE GRESB ASSESSMENT 2023

The annual GRESB (Global Real Estate Sustainability Benchmark) assessment considers 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. The GRESB assessment has been carried out for Mandatum's directly owned real estate investments since 2019 and for Special investment fund Finland Properties II since 2020. In 2023, both portfolios achieved four out of five stars in the GRESB assessment, in line with their target. As GRESB reporting criteria become stricter each year, further improvement is required to maintain this level.

Mandatum's directly owned real estate investments and the Special investment fund Finland Properties II both retained the Green Star designation for high scores in leadership and sustainability measures in the GRESB assessment.

GRESB has been recognised as a useful tool to assess the sustainability of Mandatum's real estate investments. Portfolio and property managers have adopted sustainability factors as an essential part of asset management and value creation. In 2023, significant steps have been taken to promote sustainability in all portfolios, including increasing the share of renewable energy and own energy production at properties. In addition, portfolio certification rates are increased annually, and energy consumption at properties is managed through data and artificial intelligence. The portfolio's sustainability targets were also updated. The guidelines for stakeholders were updated, and new guidelines were prepared.

SPECIAL INVESTMENT FUND FINLAND PROPERTIES II AND MANDATUM'S DIRECTLY OWNED REAL ESTATE INVESTMENTS

The improved performance of Special investment fund Finland Properties II in the GRESB assessment is the result of active sustainability work in terms of

environmental impact, tenant satisfaction and good governance. Measures taken in 2022 included four solar power projects, adopting the Green Lease environmental appendix for lease agreements, and obtaining the BREEAM In Use certification for two properties. In addition, energy and water monitoring systems were introduced. For the Special investment fund Finland Properties II, the sustainability characteristics to be promoted were defined in 2023, as of which the fund has been subject to more extensive disclosure obligations in accordance with Article 8 of the SFDR.

Major improvements in the Special investment fund Finland Properties II were in the areas of waste management, risk management, and tenants and community. The most significant improvements in Mandatum's real estate investment portfolio were in greenhouse gas emissions and governance.

RESULTS OF THE GRESB ASSESSMENT 2023

MAM EUROPEAN REAL ESTATE

In real estate fund investments, Mandatum seeks to actively promote the GRESB reporting of real estate funds managed by external partners under its MAM European Real Estate (ERE) programme.

Sustainability is taken into account in the investment process starting from the first meeting, in which Mandatum aims to guide the ERE programme’s target fund managers

into adopting GRESB reporting. In 2023, a leading European asset manager with global operations decided to cancel its withdrawal from GRESB reporting after discussions with Mandatum, which is an example of the impact of Mandatum’s investor engagement. On a case-by-case basis, Mandatum may also have required that the fund manager participates in GRESB reporting as a condition for its investment commitment.

The first GRESB report on investments under the ERE programme was published in 2018, and the extent of reporting has increased annually since then. In 2023, the number of funds in the ERE programme that published their GRESB reports increased to eight, from five funds in 2022.

2018

First GRESB report for an investment included in the ERE programme

+60%

In 2023, the number of funds that submitted figures for the ERE programme’s GRESB reporting increased to 8, from 5 funds in 2022.

100%

Share of GRESB-reported investments with a Green Star recognition in 2023



Average of ERE investments GRESB rating of just below three stars in 2023 - increase of around one half of a star from the previous year

GOOD SCORES IN THE UN PRINCIPLES FOR RESPONSIBLE INVESTMENT ASSESSMENT

Summary of the results of the UN PRI assessment for 2022

Policy Governance and Strategy	★★★★☆
Indirect - Listed equity - Passive	★★★☆☆
Indirect - Listed equity - Active	★★★★☆
Indirect - Fixed income - Active	★★★★☆
Indirect - Private equity	★★★☆☆
Indirect - Real estate	★★★★★
Direct - Listed equity - Active fundamental	★★★★☆
Direct - Real estate	★★★☆☆
Direct - Fixed income - Corporate	★★★★★
Direct - Fixed income - Private debt	★★★★☆
Confidence building measures	★★☆☆☆

UN PRI measures the development of the processes of signatory investors mainly by means of annual assessments. The assessment tells the organisation and its stakeholders how well the UN PRI are achieved in the organisation's investment activities by asset class and which areas of investment operations are in need of improvement.

The most recent assessment covers the financial year 2022. Overall, MAM achieved good scores in the assessment, with at least four stars out of five in most categories. The overall score of real estate fund investments increased from four to five stars in the UN PRI assessment for 2023. Direct real estate investments received three stars in the assessment. According to the assessment, MAM was particularly successful in integrating responsibility aspects into the investment processes for direct corporate loans and real estate investment funds.

The table below shows a summary of the results of the assessment report and scorecard (1 = lowest, 5 = highest) for all areas in which Mandatum was assessed based on the responses. Mandatum has signed the UN Principles for Responsible Investment in 2011 and is accordingly committed to incorporating ESG factors in its investment processes, acting as an active owner and promoting the principles for responsible investment.

Read more:

- [PRI Assessment Report →](#)
- [PRI Transparency Report →](#)

RESULTS OF THE TENANT SATISFACTION SURVEY



Social responsibility is becoming increasingly important in the real estate sector, and its promotion is also reflected in the investment strategies of real estate portfolios managed by Mandatum that comply with the disclosure requirements of Article 8 of the Sustainable Finance Disclosure Regulation. Increasing and measuring the impact of social action takes time, while valuing local expertise and presence is becoming increasingly important. As the theme becomes more prevalent, competition also becomes more intense, which is why Mandatum is taking active steps to develop social responsibility. Other areas of social responsibility identified as the most important in Mandatum's directly owned real estate investments include tenant satisfaction, maintaining good relationships with

tenants, smooth communication, the health, safety and accessibility of properties and collaboration with stakeholders. Sustainable mobility is also encouraged in properties with bicycle parking and electric vehicle charging stations. Performance in most of these areas is measured by comprehensive tenant satisfaction surveys conducted annually.

Tenant satisfaction surveys are carried out in the autumn, and the results are reviewed with tenants. Based on the results, development measures are planned and implemented over the following months. Mandatum's strong local presence enables an effective response in case of incidents and areas for improvement raised in the tenant surveys.

Hyvinkää Willa. Total lettable area of 17 900 m² BREEAM-certified shopping centre in Hyvinkää

In 2023, Special investment fund Finland Properties II achieved a total tenant satisfaction rating of 3.98, which was higher than KTI Finland's average and outperformed the fund's rating in 2022. According to the survey, tenants of Mandatum's properties were particularly satisfied with the tenancy relationship, which received a rating of 4.11 on a scale of 1-5. In the category for business premises, the rating was 4.18, which was the fourth best of all lessors in the survey. Tenants of Mandatum's properties particularly appreciated the lessor's professionalism and expertise, availability of the lessor's contact person and the clarity of the lease terms.

SIGNIFICANT STEPS FORWARD IN ENERGY EFFICIENCY

There is increasing pressure to improve energy performance ratings due to e.g. regulatory and tenant expectations, and energy investments have been a key theme in the real estate sector in recent years. Mandatum launched an ambitious energy investment programme in 2019.

Several investment projects to promote energy efficiency have been carried out in Mandatum's direct real estate portfolios. During the planning phase of new energy efficiency projects mapped in 2023, Mandatum analysed the impact of different HPAC system options and measures to improve energy efficiency, while exploring different opportunities to improve energy performance rating. Possible measures include carrying out building air resistance measurements, thermal insulation U-value checks, inspecting and improving the efficiency of heat recovery, and adjusting the power intensity of lighting. Previously, the practice had been to request an update

of the energy performance certificate from the consultant. The new approach is more in-depth and has two phases: the new certificate is updated once all opportunities have been thoroughly explored.

During 2023, the energy performance ratings of six properties included in the Special investment fund Finland Properties II were improved. Approximately 30 per cent of properties are rated A-B and 80.5 per cent (55.6 per cent in 2022) rated A-C. Positive development has been achieved through energy efficiency projects, among other means. One example of these is the energy efficiency project carried out at Varissuo business centre in Turku, which resulted in the energy performance rating to be increased from E to C.

More than 90 per cent of properties owned by Mandatum Group belong to energy performance rating classes A to D (23 per cent to classes A to C).



INCREASE IN THE NUMBER OF ENVIRONMENTAL CERTIFICATIONS

Environmental certification is comparable, global and third-party validated proof of the sustainability of properties. Certification systems are also an important means for Mandatum to assess the sustainability of managed properties extensively and verify the sustainability of the property for both tenants and in connection with real estate transactions, for example.

The most globally recognised certification systems are LEED and BREEAM, which are complemented by national certifications such as Miljöbyggnad in Sweden and DGNB in Germany. Mandatum has obtained BREEAM In Use certifications for its properties. The two-step certification process of BREEAM In Use assesses areas such as energy and water efficiency of the property, the safety and health of the premises, the level of preparedness against risk, and the sustainability of property maintenance and management.

Increasing the certification rate of properties has been a key objective of Mandatum's

real estate management in 2023. In the Special investment fund Finland Properties II, the BREEAM 'Very Good' certification was applied and obtained for eight previously uncertified properties. In 2023, two new BREEAM 'Very Good' certifications were obtained for Mandatum's directly owned real estate investments. Following these certifications, the certification rate of assets under management is 57 per cent for the Special investment fund and 38 per cent for Mandatum's directly owned real estate investments (situation as of 31 December 2023). In 2024, new certification processes will be launched for commercial properties and possibly also for residential properties. The special investment fund Finland Properties II aims to achieve a certification rate of 60 per cent of the fund's assets by the end of 2025. Similarly, Mandatum's real estate investments plan to certify four previously uncertified properties in 2024 to achieve a certification rate of more than 50 per cent.

The Special investment fund and Mandatum's directly owned real estate investments

participate annually in the GRESB assessment. In addition, the real estate assets of Kaleva Mutual Insurance Company, which are managed by MAM, will participate in the GRESB assessment in 2024 for the first time. During the reporting year, Mandatum

has focused on sustainability management, improving data coverage, increasing the share of renewable energy and improving certification rates, among others sustainability measures. The goal is to maintain a rating of four stars in the assessment.

Special investment fund Finland Properties II

Environmental certificates	2023	2022
Environmental certificates	10	2
Environmental certification rate / AUM	57%	15%
Environmental certification rate / m ²	43%	16%

Mandatum's directly owned real estate investments*

Environmental certificates	2023	2022
Environmental certificates	5	3
Environmental certification rate / AUM	37%	23%
Environmental certification rate / m ²	31%	21%

*Direct real estate investments on Mandatum Life's own balance sheet

THE ESG PROCESS OF THE MAM EUROPEAN REAL ESTATE PROGRAMME WAS REDESIGNED BY EXPANDING THE FEEDBACK REPORT TO THE MANAGERS

The ESG approach of MAM European Real Estate programme is based on a comprehensive sustainability analysis of each investment and an annual ESG survey for managers. In 2023, the sustainability process developed by Mandatum was expanded, with a particular focus on redesigning the feedback report for target managers. The tailored, manager-specific feedback report has been received and implemented by managers with very positive reviews. This reinforces the understanding that, thanks to the feedback, Mandatum's actions can also have a significant impact on large, global market participants.

REDESIGNED ESG PROCESS FOR EXTERNAL FUNDS

The ESG process of the European Real Estate programme takes sustainability into account

at all stages, with ESG assessment being part of the investment decision according to the sustainability characteristics defined for each product. The process involves several components, from an initial assessment and ESG rating to feedback discussions and follow-up with managers. An integral part of the ESG process for external fund investments is the ESG survey, conducted at the time of the investment decision and annually thereafter, and the analysis based on the survey's results. The annual survey is conducted among several managers from Europe and the United States whose assets under management total in the hundreds of billions of euros. Since the survey was introduced as part of the investment process in 2017, a significant amount of data has been collected from various managers. This data is systematically used in analyses carried out within each asset class and in an optimal way

between different strategies. You can read more about the ESG approach of the private debt asset class [here](#).

In 2023, the feedback given to managers was expanded to provide more versatile information and to improve the effectiveness of Mandatum's ESG activities. Following the update, each manager receives a personalised feedback report with a summary of their answers to the 100-question survey. The questions and answers are divided into two main categories (ESG implementation and ESG policy), which are each divided further into three sub-categories. The sub-categories cover the ESG investment process, reporting and follow-up, engagement, policies, commitments and targets. In addition, the category on ESG implementation for real estate investments includes a section on certifications. The report contains detailed

estimates of managers' performance compared to peers in the sector and even within the same sub-segment. For example, a value-add real estate manager can compare their ESG performance against peers in the same sub-segment. The inclusion of this information in the feedback makes Mandatum's ESG process unique.

ADVANCES IN THE REDUCTION OF ENERGY USAGE AND CO₂ EMISSIONS

According to the results of GRESB reporting, the calculated market-based greenhouse gas emissions of the Special investment fund Finland Properties II in proportion to the leasable area of the properties have decreased by 77 per cent from 2022. The fund's electricity consumption has decreased by around four per cent per year from the level in 2022. Consumption of heating energy has increased due to the cold winter, resulting in total energy consumption to remain unchanged from the previous year's level. Similarly, the energy consumption of Mandatum's directly owned real estate investments was reduced by 5.4 per cent from 2022, while market-based CO₂ emissions decreased by 89 per cent from 2022 to 2023. Market-based CO₂ emissions in relation to assets decreased by 78 per cent from 2022 in the Special investment fund Finland Properties II and by 88 per cent in Mandatum's directly owned real estate investments. In direct real estate

investments, total CO₂ emissions in proportion to assets decreased by 79 per cent (3.3 tonnes/MEUR in 2023).

The CO₂ emission calculation in GRESB reporting covers Scope 1, Scope 2 and Scope 3 emissions. One of the most widely used GHG emission reduction frameworks is the Global Greenhouse Gas Protocol standard, which categorises companies' emission sources into three categories: Scope 1, Scope 2 and Scope 3. Scope 1 covers direct emissions from the organisation's own energy production and own and managed buildings and vehicles. Scope 2 includes indirect emissions from purchased energy such as electricity, heating and cooling. Scope 3 includes emissions from the end use of sold products and the purchase of goods and services, in other words all value chain emissions. For Scope 2 emissions, the GRESB calculation takes into account market-based emissions. Thanks to

renewable energy purchased for all portfolios, market-based emissions decreased significantly from 2022. In direct real estate investments, renewable energy is not used in certain co-owned properties and properties for which the tenant is responsible for the energy contract.

Portfolios have seen an increase in water consumption and at the same time, water consumption has been taken into active monitoring. Water consumption targets for the near future will be set in 2024.

The coverage and monitoring of consumption data has been improved across all portfolios through active measures and electronic systems to enable effective management of sustainability measures.

The majority of managed real estate portfolios* seek to achieve a recycling rate of 55 per cent by 2025. In 2023, the waste

recycling rate in properties of the Special investment fund Finland Properties II was 47 per cent (51% in 2022) and 50 per cent in Mandatum's other properties (46% in 2022). The aim has been to improve the recycling rate through concrete and targeted measures, such as informing tenants about recycling practices and increasing the types of waste collected.

Special investment fund Finland Properties II*	2023	2022
GRESB stars	4	3
Properties	42	42
Gross leasable area	370,000	368,000
Number of tenants (end of year)	922	946
Waste recycling rate	47%	51%
Waste amount, tonnes	1,927	1,882
Waste amount, kg/m ²	4.2	3.8
Coverage of waste data	79%	80%
CO ₂ emissions, tCO ₂ e**	1,466	6,354
Scope 1 - CO ₂ emissions	413	470
Scope 2 - CO ₂ emissions (market based)	681	5,535
Scope 3 - CO ₂ emissions	372	350
CO ₂ emissions, tonnes/MEUR	3.9	17.4
CO ₂ emissions, CO ₂ e/m ²	4	17
Energy consumption, MWh***	86,781	86,959
Energy consumption, kWh/m ²	191	191
Water consumption, m ³	100,304	93,364
Water consumption, m ³ /m ²	0.22	0.21
Coverage of water consumption data	99%	99%
Environmental certificates	10	2
Environmental certification rate (% of market value)	57%	15%
Environmental certification rate (% of gross leasable area)	43%	16%
Share of renewable or zero carbon electricity	100%	100%
Share of renewable district heating	74%	0%

*Mandatum's Directly owned real estate investments, Special investment fund Finland Properties II, Kaleva

**The CO₂ emission calculation covers Scope 1, Scope 2 and Scope 3 emissions. One of the most widely used GHG emission reduction frameworks is the Global Greenhouse Gas Protocol standard, which categorises companies' emission sources into three categories: Scope 1, Scope 2 and Scope 3. Scope 1 covers direct emissions from the organisation's own energy production and own and managed buildings and vehicles. Scope 2 includes indirect emissions from purchased energy such as electricity, heating and cooling. Scope 2 emissions are calculated using the market-based method that takes into account purchased renewable energy. Scope 3 includes emissions from the end use of sold products and the purchase of goods and services, in other words all value chain emissions. Emissions are measured in tonnes of CO₂ equivalent (tCO₂e).

***Total energy consumption consists of three components: electricity, heating and cooling. The electricity used by buildings is supplied from the grid or produced by solar power plants. Heating includes both district heating purchased from district heating companies and heat energy produced on site. Cooling includes purchased district cooling and on-site cooling energy.

Source: GRESB

Mandatum's directly owned real estate investments*	2023	2022
GRESB stars	4	4
Properties	19	20
Gross leasable area (GLA)	96,300	111,082
Number of tenants (end of year)	447	417
Waste recycling rate	50%	46%
Waste amount, tonnes	464	631
Waste amount, kg/m ²	3.1	4.2
Coverage of waste data	97%	97%
CO ₂ emissions, tCO ₂ e**	158	1,707
Scope 1 - CO ₂ emissions	0	0
Scope 2 - CO ₂ emissions (market based)	65	1,511
Scope 3 - CO ₂ emissions	93	196
CO ₂ emissions, CO ₂ e/m ²	2	15
Energy consumption, MWh***	24,412	25,805
Energy consumption, kWh/m ²	164	174
Water consumption, m ³	37,595	35,038
Water consumption, m ³ /m ²	0.25	0.24
Coverage of water consumption data	97%	97%
Environmental certificates	5	3
Environmental certification rate (% of market value)	37%	23%
Environmental certification rate (% of gross leasable area)	31%	21%
Share of renewable or zero carbon electricity	100%	100%
Share of renewable district heating	100%	42%

*Direct real estate investments on Mandatum Life's own balance sheet

**The CO₂ emission calculation covers Scope 1, Scope 2 and Scope 3 emissions. One of the most widely used GHG emission reduction frameworks is the Global Greenhouse Gas Protocol standard, which categorises companies' emission sources into three categories: Scope 1, Scope 2 and Scope 3. Scope 1 covers direct emissions from the organisation's own energy production and own and managed buildings and vehicles. Scope 2 includes indirect emissions from purchased energy such as electricity, heating and cooling. Scope 2 emissions are calculated using the market-based method that takes into account purchased renewable energy. Scope 3 includes emissions from the end use of sold products and the purchase of goods and services, in other words all value chain emissions. Emissions are measured in tonnes of CO₂ equivalent (tCO₂e).

***Total energy consumption consists of three components: electricity, heating and cooling. The electricity used by buildings is supplied from the grid or produced by solar power plants. Heating includes both district heating purchased from district heating companies and heat energy produced on site. Cooling includes purchased district cooling and on-site cooling energy.

2

BACKGROUND DRIVERS IN RESPONSIBLE REAL ESTATE INVESTMENT



IMPACT OF THE 15-MINUTE CITY CONCEPT ON REAL ESTATE DEVELOPMENT

According to the IPCC*, CO₂ emissions from urban environments are expected to increase by about three per cent each year and account for three quarters of total annual global emissions. Significant sources of emissions in cities are buildings, and operational emissions (including heating, ventilation and air conditioning, lighting and electricity consumed by IT equipment) account for up to more than half of the carbon footprint of buildings.

One of the solutions that has been proposed for this challenge is the so-called 15-minute city concept, which combines not only a more energy-efficient built environment but particularly urban planning in order to achieve climate targets.

The idea behind the 15-minute city concept is to develop a functional urban structure of cohesive neighbourhoods, in which all services that are essential to city residents'

daily life are reachable within 15 minutes of home, ideally on foot or by bike, or by public transport. This means that services located near the home should include both jobs and private services as well as green spaces, sports and fitness services and education, health care and cultural services.

Reducing the time needed to reach essential daily services to just 15 minutes would decrease energy consumption and CO₂ emissions from traffic, the second largest sources of emissions. Similarly, properties that offer facilities for essential services should be represented in the urban environment in the right proportions.

In this trend of urban development, the importance of the correct or "natural" purpose is emphasised from the perspective of real estate investors alongside the old mantra "location, location, location". Location and accessibility are clearly at

the core of the 15-minute city concept, but in order to be effective, the concept also requires the existence of all types of properties described above in central locations within the respective neighbourhood. Among other things, this requires flexible cooperation between property owners and urban planners to implement the necessary changes to a new purpose, such as converting office buildings into residential and service buildings.

As remote work has become more common and cities are promoting their sustainability goals, the 15-minute city concept has become more topical than in previous years. One of the first cities to make use of the concept in urban planning is Melbourne, which began to implement a 20-minute walkable neighbourhood plan in 2018. Since then, the 15-minute city concept has been further developed in Europe in cities such as Paris. In Finland, Helsinki has also begun to

experiment with the concept after approving a new framework urban plan that would develop the neighbourhood of Viikki into a more compact local district centre by 2030.

As urbanisation continues to be one of the global megatrends, it is clear that both the energy efficiency of buildings and urban planning must adapt to climate targets to reduce the global total carbon footprint.

*Intergovernmental Panel on Climate Change

CASE

SOCIAL RESPONSIBILITY AS PART OF ACTIVE VALUE CREATION IN INVESTMENT PLANS

MAM European Real Estate –programme investment

- Where: Paris, France
- What: Office renovation (approx. 3,450 m²)
- BREEAM: Very Good

In terms of social responsibility, securing reliable partners was an essential part of the renovation project. The main contractor selected for the project was one of the world’s largest construction companies, and the selection placed a particular emphasis on the contractor’s sustainable business and social responsibility policies, including a Code of Ethics in relation to subcontractors. The project’s participants were evaluated in terms of occupational safety, legal protection for employees, project-specific risk analysis, anti-discrimination and operating models for handling unfair treatment. In addition, emphasis was placed on certified environmental management systems (ISO 14001), occupational health/safety management systems (ISO 18001) and the social responsibility standard (ISO 26000).

Selling the site forward to its end-user in the early stages of the project enabled efficient planning and execution in accordance with the user’s preferences, resulting in a significantly lower amount of construction waste. For the user, key criteria in the choice of business premises included responsibility and well-being. As a result, the following amenities were installed: a modern gym, functional bicycle storage, and an innovative greenhouse of more than 50 square meters located in the inner courtyard suited for small-scale urban farming. BREEAM certification was also a minimum requirement.

In terms of environmental responsibility, the project also sought to preserve old structures where possible while increasing the building’s efficiency (adding more than 150 m²), and improving the use of natural light to reduce the need for artificial lighting.

During the investment period, private equity firm Ardian raised its social responsibility score for the property from 0.9 to 8.8.



Services on the property

- Gym
- Bicycle storage
- Cafeteria
- Innovative greenhouse in the inner courtyard for small-scale farming

Accessibility of the property

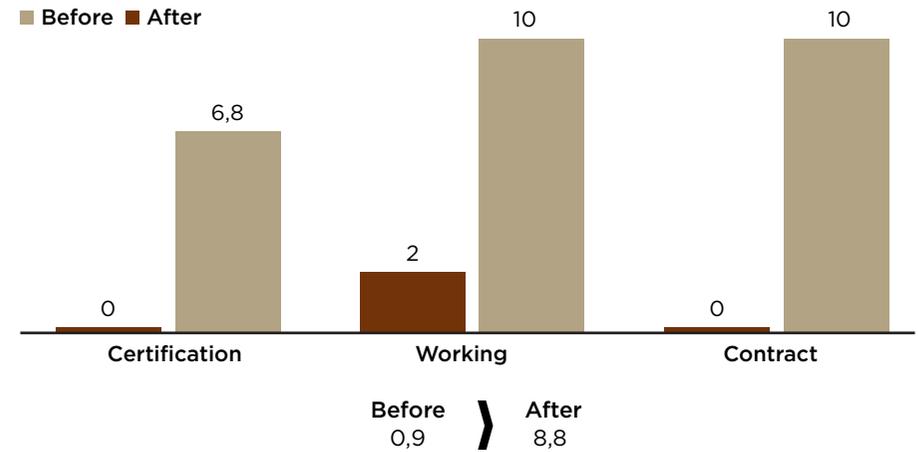
- Central location in the Paris CBD
- Two nearest metro stops less than two minutes away on foot
- Nearest main railway station (Gare Saint-Lazare) -20 min on foot (-10 min by metro)
- Paris EuroStar station (Gare du Nord) -20 min by metro
- Access to an underground parking with a capacity of 659 cars next to the property
- Nearest airport (Orly) about 35 min by car

Accessibility is a key part of the 15 min. cities phenomenon, which aims to develop urban environments so that all necessary services and activities can be reached within 15 minutes from home, either by walking, cycling or public transport.

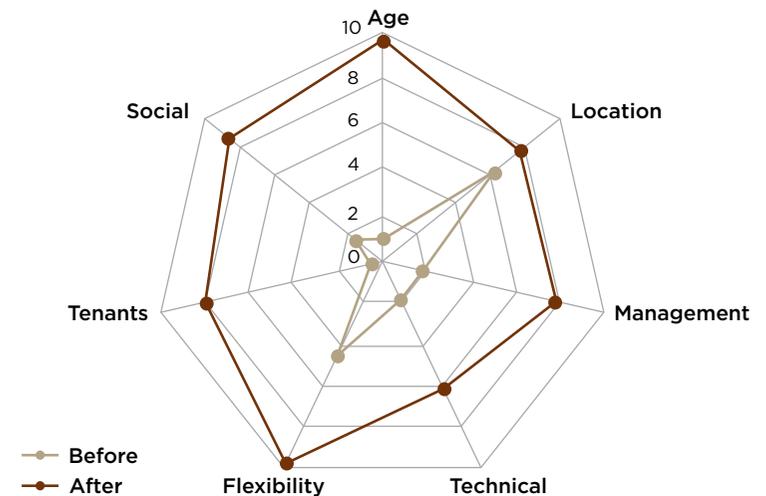
Responsibility approach of the asset manager for the investment

- Founded in 1996, Ardian is one of the largest European private equity investors, and manages 2 billion euros in real estate assets in Europe. Ardian has profiled itself as a leader in ESG operations and has defined the climate transition, measurable influence and value creation as well as a fairer society as the priorities that guide its responsibility actions.
- Ardian’s approach to real estate investments is also based on comprehensive consideration of responsibility, including the promotion of energy efficiency in order to reduce the carbon footprint of real estate. The environmental certifications of properties play an essential role in verifying the progress made and the level of responsibility achieved.
- Ardian has developed its own sustainability tool for assessing the ESG development potential of investments and for measuring the achievements of projects in more detail. The tool consists of seven sub-sets and 101 KPIs, the results of which can be converted to an overall score.
- In the Paris case, Ardian improved the total score measured using the tool from 2.6 to 8.0 out of a maximum of 10.

Measuring social responsibility



Ardian ESG Real Sustain Scorecard



REGULATION INFLUENCING SUSTAINABILITY IN 2023

Each year, the framework of sustainable investment is defined increasingly through regulation. Regulation that began in the financial sector in the form of the EU Green Deal (Sustainable Finance Disclosure Regulation (SFDR) and the taxonomy regulation defining environmentally sustainable activities) is gradually expanding to the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD). In addition, significant additional regulation related to real estate (revision of the Energy Performance of Buildings Directive (EPBD)) is being prepared to ensure that EU-level emission reduction targets are met. The new Energy Performance of Buildings Directive that is currently being drafted will introduce significant new obligations for buildings and building owners, and require improvements in energy efficiency and reductions in energy usage in existing buildings. Plenty of regulations on sustainability issues are being passed in both the European Union and in Member States, and, for example, regulation related to sustainable finance disclosure obligations that has been in force for just

a few years is currently being reassessed. Assessing the impact and implementing regulatory reforms requires significant investments from market participants in the support services of core business operations.

In Finland, the reform of the Land Use and Building Act that began in 2018 was completed in 2023, resulting in a new Building Act (751/2023) which will enter into force in early 2025. The current Land Use and Building Act will be changed to the Act on Land Use Planning (alueidenkäyttölaki). A project related to the reform of the Act on Land Use Planning is ongoing at the Ministry of the Environment.

The aim of the new Building Act is to improve the impact of regulations to “mitigate and adapt to climate change, promote the circular economy, and enable decisions and information content on construction with the purpose of facilitating nationwide digitalisation”.* The goal of the reform is to encourage the consideration of climate change in both construction and mainte-

nance of buildings. In connection with the legislative reform, a national information system for the built environment with a publicly available database is also being planned.

An essential technical requirement for new buildings has been added to the Building Act: the construction of low-carbon buildings. Estimating whether a building is low carbon requires that the developer assesses the emissions of the building at each stage of its life cycle (carbon footprint) before starting construction. In addition, the assessment of low-carbon buildings must show the extent to which the greenhouse gas emissions are avoided by constructing the building, for example by reusing the energy produced by the building and recycling its parts (carbon handprint). Compliance with the requirements for low-carbon buildings is demonstrated with a climate report appended to the building permit application. The Ministry of the Environment is preparing a decree on the climate reporting procedure, and the aim is to issue the decree no later than in connec-

tion with the entry into force of the new Building Act.

In the climate report, the building’s low-carbon nature is assessed at all stages of its life cycle. According to the draft decree, the assessment must cover at least the following stages:

- 1) manufacture of building materials;
- 2) transportation of building materials;
- 3) activities on the construction site;
- 4) replacements of building materials during the use of the building;
- 5) energy usage in the building;
- 6) demolition of the building;
- 7) transportation of demolition waste;
- 8) handling of demolition waste;
- 9) final disposal of demolition waste; and
- 10) potential climate benefits of the construction.**

*Government proposal 139/2022 vp. p.1

**Ministry of the Environment decree on the climate reporting procedure for buildings, draft version 30 September 2022

Climate reports are prepared by the main building designer, construction designer and any necessary special designers as part of their respective duties.

The building permit, action permit and notice of action have been merged into a single building permit in the Building Act. According to the new permit threshold, small buildings do not require a building permit if the building has only a minor impact on the usage of areas, the built environment, landscape, cultural heritage or environmental considerations. The Building Act includes several other key reforms, such as verifying the competence of designers and supervisors, reporting requirements on demolition material and construction waste, and defining the responsibilities of the principal responsible contractor. The principal responsible contractor must ensure that the construction site is carried out in accordance with regulations, the building permit and good construction practice. The main responsible contractor is also responsible for the overall quality and quality of the construction. If a principal responsible contractor is not appointed, the developer of the construction project is responsible for the tasks otherwise belonging to the principal responsible contractor.

Decrees under the Building Act are still being drafted, and the current Government

Programme has specified certain revisions to the new Building Act, the legislative amendment for which is being prepared. According to the request for opinions, one of the aims of the revisions is to ease the administrative burden and bureaucracy related to construction projects. The application and implementation of the Building Act and the Energy Performance of Buildings Directive still involves practical uncertainties, and the contents of the obligations imposed on property owners are not yet fully known. However, due to the realities of climate change, postponing the EU's emissions targets is not an option. This inevitably means that property owners must implement energy efficiency improvements in at least some buildings within a very short time frame.

REQUIREMENTS FOR ELECTRIC VEHICLES AND BUILDING AUTOMATION

The Act on Equipping Buildings with Electric Vehicle Charging Points and Charging Point Capabilities and Automation and Control Systems (733/2020) imposes new obligations on property owners that must be fulfilled by the end of 2024 at the latest. The act implements a 2018 amendment to Directive 2010/31/EU on the energy performance of buildings.

In accordance with the act, electric vehicle charging points or charging point capabili-

ties must be designed and installed for new buildings as follows: residential buildings with more than four parking spaces must have a charging station capability for each parking space. For non-residential buildings with more than ten parking spaces, at least one high-powered charging station or standard-powered charging stations depending on the number of parking spaces is required.

Existing non-residential buildings with more than 20 parking spaces must also have at least one charging station by 31 December 2024.

The same act also contains obligations to equip new and existing non-residential buildings with a building automation and control system. In new buildings in which the heating or air conditioning system exceeds a nominal power of 290 kilowatts or in which the air conditioning system or combined air conditioning and ventilation system exceeds a nominal power of 290 kilowatts, a building automation and control system must be designed and installed. The same obligation applies if an existing building is subject to repairs and alteration work requiring a building permit or action permit. Even if the building is not altered in any other way, the building owner must ensure that existing buildings are also equipped with an automation and control

system of the HVAC system by 31 December 2024, under certain conditions.

While both obligations present their own challenges, they offer the opportunity to improve energy efficiency and achieve long-term savings. Each aspect of the act is governed by technical requirements and deadlines, the final of which is 31 December 2024. This means that in 2024, building owners are under an urgent schedule to equip the required buildings with both electric vehicle charging stations and building automation and control systems. A common goal is to promote sustainable mobility and improve the energy performance in buildings to meet environmental challenges and future needs. However, the obligations on existing buildings are considerably less severe than those of new buildings and buildings that undergo extensive renovation. There are also significant opportunities for exemptions to the obligation to equip existing buildings with a building automation and control system.

ENERGY PERFORMANCE RATING INCREASINGLY IMPORTANT ALSO FOR LEASED PROPERTIES

The fact that the built environment accounts for a large part of global energy consumption (40%*) means that the real estate sector must play a central role in measures aimed at reducing energy usage. The importance of energy performance ratings in the measurement of energy consumption has increased significantly in recent years. Today, the energy performance ratings of properties influence real estate investments in a number of ways and provide many benefits in areas such as interest among tenants and financing terms.

Regulation presents its own challenges, too: for example, as part of the Building Energy Efficiency Directive (EPBD), all

European commercial properties must achieve at least EPC E by 2027 and EPC D by 2030. Through regulations and emissions commitments, investors are increasingly aware of the energy performance ratings of properties and take them into account in investment decisions.

The ESG profile of properties, of which energy performance rating forms a part, also affects the availability and terms of financing. For financiers, green financing provides a lower level of risk as the properties involved are in compliance with regulations over the long term. For this reason, financing is often linked to the borrower's sustainability targets. On the

other hand, green financing offers better financing terms for the borrower due to the lower risk involved.

Energy performance classes have also become an important factor in lease agreements. More and more tenants take the sustainability of premises into consideration in their decisions and are willing to pay a premium for sustainability. At the very least, properties in which sustainability is not considered have a higher risk of decreasing in value and stagnant rents. Some European countries, such as the UK and the Netherlands, have placed restrictions on leases based on energy performance class.

4

MANDATUM'S APPROACH TO RESPONSIBLE PROPERTY INVESTMENT



RESPONSIBLE PROPERTY INVESTMENT AT MANDATUM

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.

Both strategies support the company's overall sustainability goals and commitment to responsible property investing. Maintaining the integrity of this approach is reflected in the quality and sustainability of the investment portfolio in all markets in which the company operates. 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 →

Mandatum has its own ESG team whose primary duty is to support other investment functions in issues related to responsible investment. The team also monitors compliance with the Responsible Investment Policy.

DIRECT REAL ESTATE INVESTMENTS

Mandatum's real estate investments are managed by Mandatum Asset Management's real estate team. Mandatum has experience in direct real estate investments that require active work and have development potential. Active asset management focuses on value-creation, i.e. increasing the cash flows and market values of the properties in a sustainable way. Investment projects that improve energy efficiency are an essential part of the active approach, and sustainability issues are integrated as part of portfolio management and all investment decisions.

Direct real estate investments are investments in individual properties. This strategy provides an opportunity for local investor engagement and management. Direct real estate investments make it possible to focus on the characteristics of individual properties and apply sustainability standards in line with the portfolio's investment strategy. The conversion of existing real estate stock to sustainable properties that take environmental factors into account is a key element in all portfolios. Properties managed by Mandatum are constantly carrying out investments to improve energy efficiency. All direct real estate portfolios use carbon neutral or renewable green electricity.

The majority of direct real estate investments managed by Mandatum consist of the following portfolios: Special investment fund Finland Properties II*, 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 individual sustainability characteristics of each portfolio are taken into consideration already at the time of transaction. In direct real estate investments, sustainability-related measures seek to achieve significant emission reductions. At the same time, the goal is to achieve cost savings and increase the value of properties. In real estate, sustainability is often understood solely as measures aimed at improving energy efficiency. However, sustainability also encompasses issues such as measuring the carbon footprint and greenhouse gas emissions of properties, optimising water use and waste management, and social responsibility such as community influencing, environmental considerations and renewable energy. Sustainability measures also increase tenant satisfaction and affect the renegotiation and continuity of lease agreements.

*Special investment fund Mandatum AM Finland Properties II is disclosing under Article 8 of the SFDR.

In the asset management of direct real estate investments, the focus is on energy efficiency, climate change mitigation, water efficiency, recycling and waste reduction and offering sustainable, healthy and safe properties to tenants. Sustainability guidelines were also set for direct real estate investments. The guidelines and their implementation are presented on **page 7** of this review.

Biodiversity is supported and increased in the properties where possible. Opportunities to improve natural values at sites are evaluated as part of development projects and renovation projects of outdoor areas.

REAL ESTATE FUND INVESTMENTS

Non-domestic real estate investments are made through externally managed funds. This strategy enables diversification across markets and regions, which is an essential risk management tool in real estate portfolios. In its European Real Estate programme, Mandatum leverages its relationships with external investment managers 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 the strategy and investment decisions.

In the selection of managers and funds, each partner accepted in the MAM European Real Estate programme must

pass a comprehensive sustainability assessment of the following areas, among others: compatibility of the strategy with Mandatum's sustainability aspects, the integration of ESG issues in investment and risk management processes, the manager's general level of integration of ESG issues, 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

MAM publishes sustainability reports for the ERE programme twice a year, and in addition, the sustainability characteristics promoted by the products are reported in the periodic reports required by the SFDR. The reports include the portfolio manager's review, information about sustainability in the investment process, detected violations of norms and the carbon footprint of products. For the ERE programme, a summary of the results of the ESG manager survey is published in the autumn in connection with sustainability reporting.

MAM reports on the energy performance of its direct real estate investments and takes into account the ESG and sustainability factors of properties in the investment process. Among other factors, the property's technical characteristics and energy efficiency potential, energy performance class, certifications and governance methods of the property and contracting party,

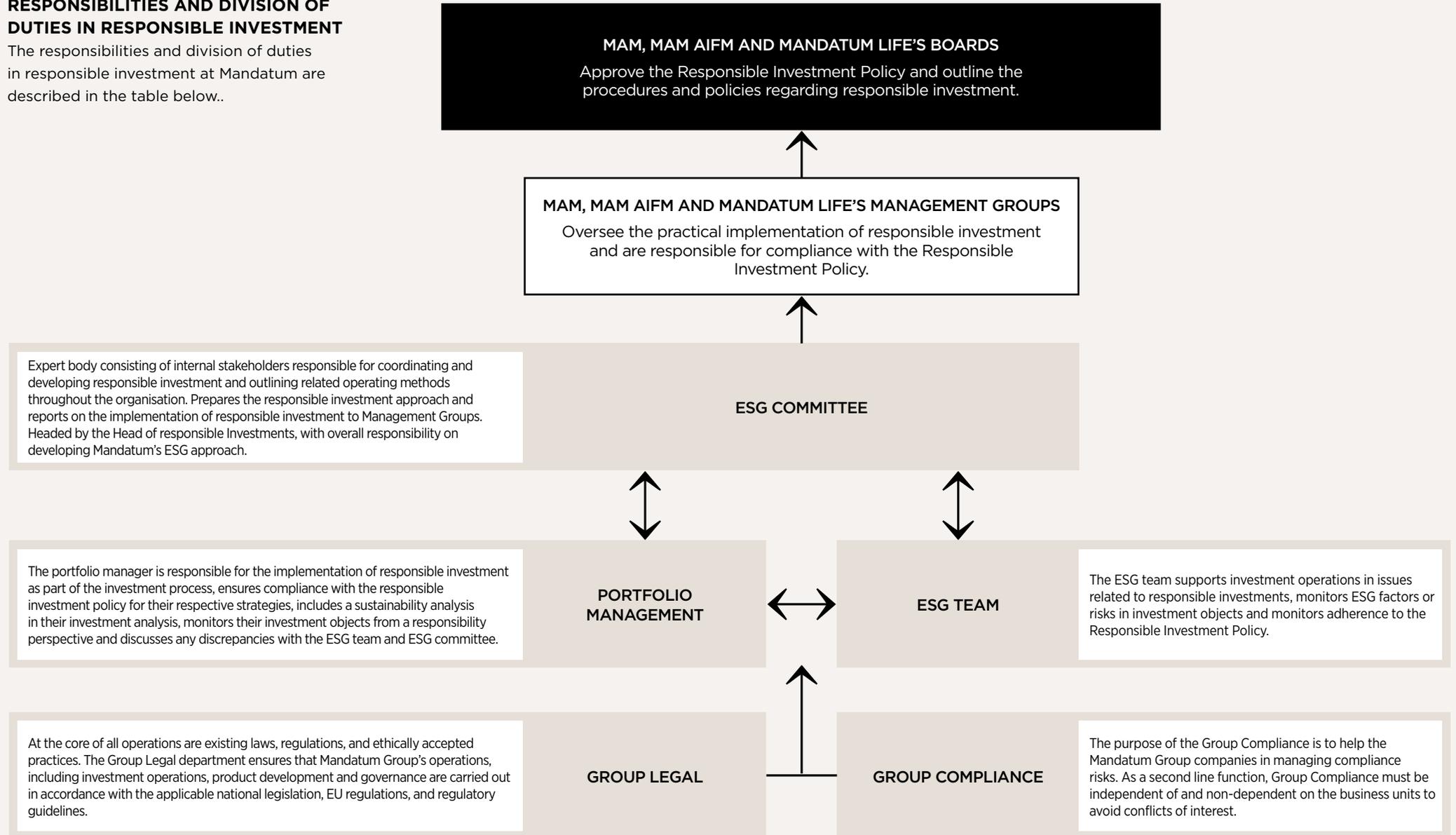
as well as risks related to the environment, climate conditions and the tenant's activities are assessed in the investment process.

In the investment strategy during ownership, sustainability is emphasised both in terms of improving the technical features of the property as well as in tenant relations, the latter of which are measured, tracked and guided also with the help of data. In its real estate fund investments, Mandatum seeks to promote the ERE programme's managers' commitment to sustainability reporting on the properties and on improving reporting on a case-by-case basis. 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 promoted by the ERE programme's investments are monitored at the level of individual investments with an extensive annual ESG survey sent out to external managers. The ESG survey is also sent to the manager during the due diligence phase of each new investment process. The ESG factors of target funds are scored based on an annual sustainability analysis. The analysis seeks to identify well performing managers in the industry and assess how the size and strategy of the manager or fund influences sustainability. An anonymised summary report of the results of the ESG survey is provided to clients.

RESPONSIBILITIES AND DIVISION OF DUTIES IN RESPONSIBLE INVESTMENT

The responsibilities and division of duties in responsible investment at Mandatum are described in the table below..



THE MEANING OF ESG IN REAL ESTATE INVESTING
Environmental sustainability

- Reducing emissions
- Energy efficiency
- Consideration of the carbon footprint of construction, renovation and demolition
- Waste recycling
- Promoting the circular economy (maintenance + construction)
- Consideration of biodiversity in investments

Relevant to Mandatum*: Energy efficiency of buildings, increasing own energy production on properties, net zero emissions, property certifications, knowledge management, active development of waste management and guiding tenants on sustainable practices, biodiversity.

Social responsibility

- Well-being of users and safety of properties
- Smooth communication between tenant and lessor
- Creating value at the urban community level
- Planning of communal areas
- Safety and comfort of public spaces, such as shopping centres
- Responsibility as an employer
- Human rights (production chains and subcontractors)

Relevant to Mandatum*: Tenant satisfaction, management of lease agreements, effective communication, health and safety of the premises, accessibility, stakeholder collaboration, enabling sustainable mobility for tenants through bicycle parking and electric vehicle charging stations, among other means.

Governance-related sustainability

- Effective organisational model
- Prevention of abuse
- Risk management
- Anti-corruption and anti-bribery
- Information security and cyber security
- Compliance with the law
- Compliance with tax obligations
- Policies and commitments

Relevant to Mandatum*: UN PRI, GRESB, TCFD, CRREAM, Sustainability Guidelines for Property Maintenance and Projects, Sustainability Guidelines for Building Projects.

LIFE CYCLE THINKING HELPS IDENTIFY ENVIRONMENTAL IMPACTS AT EACH STAGE OF A REAL ESTATE INVESTMENT

In three directly owned real estate portfolios, the transition to 100 percent renewable energy was achieved before the target schedule.

Electricity used by Mandatum Life's directly owned real estate investments and Mutual Insurance Company Kaleva's properties managed by MAM is sourced from zero emission wind power since 2020. In 2023, the renewable rate of district heating was increased to 100 per cent. This means that the target renewable rate of the portfolios' operational energy consumption was achieved as early as 2023, clearly before the target year 2027.

Also, Special investment fund Finland Properties II is committed to achieving net

zero emissions from operational energy consumption by 2030 in accordance with the original Net Zero Carbon Buildings commitment.

Since 2019, electricity purchased for properties owned by Special investment fund Finland Properties II has been fully renewable or emission-free, and the transition to renewable district heating has been implemented in stages. A 100 per cent renewable rate of operational energy consumption was achieved in 2023*.

In addition to transitioning to renewable energy from certified sources, Mandatum takes active steps to reduce energy consumption in its properties, increase renewable energy production and monitor potential deviations in consumption with digital management solutions, both on its own and through selected energy managers. Digital systems also allow for monitor-

ing the specific consumption of properties and target energy efficiency measures and surveys more effectively.

An estimated 11 per cent of global annual greenhouse gas emissions come from building materials and construction projects (GRESB, 2023). Achieving zero emissions in the real estate sector requires both carbon neutral energy as well as minimising the carbon footprint of construction, renovation and demolition, among other measures. Mandatum strives to assess the emissions from construction and renovation in all its portfolios in more detail and reduce the environmental load caused by construction, construction materials and renovation throughout the life cycle of its properties. This type of life cycle thinking also involves the disposal and potential reuse of building materials after manufacture, construction and use after a building or part of it reaches the end of its life cycle. An existing building

that takes sustainability into consideration can be more environmentally friendly than a new building, taking into account the building's life cycle.

During 2024, priorities and requirements will be set for Mandatum's construction projects in the areas of climate change mitigation, environmental certifications, the circular economy and sustainable construction, sustainable mobility and biodiversity. These also assess social responsibility, good governance and user comfort.

*Applies to 100% of owned properties.

INVESTMENTS AND THE SUSTAINABILITY OF PORTFOLIOS

SPECIAL INVESTMENT FUND FINLAND PROPERTIES II

The special investment fund Finland Properties II invests in properties in the largest growth centres in Finland, mainly outside the Helsinki Metropolitan Area. The majority of properties are commercial properties, in other words office and business premises, and the fund also owns manufacturing and warehouse properties. The fund's portfolio consists of an existing real estate stock of varying age. This requires active and local property management, expertise and resources. The fund promotes environmental or social characteristics and complies with the disclosure obligations under Article 8 of the SFDR, but does not aim to make sustainable investments.

Special investment Fund Finland Properties II is committed to achieving net zero emissions from operational energy consumption by 2030 in accordance with the Net Zero Carbon Buildings commitment. To achieve net zero emissions, the aim is

to increase the share of renewable and zero emission district heating in buildings, optimise indoor conditions and increase own renewable energy production at the properties.

The fund participates in the annual GRESB assessment. In 2023, the fund achieved four stars and a Green Star recognition.

The fund seeks to achieve savings of 7.5 per cent in operational energy consumption by 2025 in accordance with the energy performance agreement (TETS agreement). This target was achieved as early as 2022. In 2023, savings of 12 per cent were achieved compared to the benchmark year 2020. Despite achieving the target, the fund's aim is to continue to actively reduce energy and water consumption at its properties and to take good indoor air conditions into consideration. Energy and water consumption at the properties is monitored locally by energy and property managers, and deviations are addressed without delay. The portfolio is also exploring



Rovaniemi Sampokeskus
 Total lettable area of 14,500 m²
 BREEAM-certified shopping centre in the centre of Rovaniemi



Vaasa Espen
 Total lettable area of 17,700 m2.
 BREEM-certified shopping centre in the centre of Vaasa

the opportunities offered by artificial intelligence in achieving even more efficient energy management.

THE SPECIAL INVESTMENT FUND FINLAND PROPERTIES II AIMS TO ACHIEVE A RECYCLING RATE OF 55 PER CENT BY 2025 AND TO FURTHER INCREASE THE ENVIRONMENTAL CERTIFICATION RATE OF BUILDINGS. IN 2023, THE RECYCLING RATE WAS 47 PER CENT.

New ways to promote circular economy in building maintenance, construction and demolition are constantly being explored.

The fund also continuously strives to improve tenant satisfaction. The fund seeks to achieve a 100 per cent response rate in the tenant satisfaction survey by 2025 and utilises the results of the surveys and areas for improvement raised in the answers. The

fund also encourages active communication between tenants and the lessor.

The fund aims to reduce indirect emissions from its properties by supporting environmentally friendly means of mobility. This can include the construction of bicycle parking places, changing rooms and electric vehicle charging stations, among other measures.

In 2023, sustainability guidelines for property maintenance and a sustainability policy were prepared for the fund and distributed to tenants. The guidelines and policy are reviewed and updated annually. To increase general awareness of sustainability, a section on sustainability has also been added to the brochure distributed to tenants.

Special investment fund Finland Properties II

GAV as of 31 December 2023 (MEUR)	Approx. 400
Number of properties	42
Leasable area (m ²)	370,000
SFDR	Article 8

MANDATUM'S REAL ESTATE INVESTMENTS

MAM manages the real estate investments of Mandatum Group companies as part of its real estate assets. The properties in the Group's balance sheet comprise 28 residential and commercial properties and nine apartment plots, most of which are located in the Helsinki Metropolitan Area. The properties' leases and maintenance are outsourced to a third-party service provider.

THE PORTFOLIO IS COMMITTED TO A 100 PER CENT RENEWABLE RATE OF ITS PURCHASED ENERGY BY 2027. THIS TARGET WAS ACHIEVED IN 2023

Electricity used by the properties is sourced from zero emission wind power, and a renewable rate of 100 per cent in district heating was achieved in 2023. The portfolios seek to improve the energy performance classes of buildings and increase own energy production. One of Mandatum's real estate investment properties is equipped with a photovoltaic power station. Two new photovoltaic power stations will be installed in 2024 for two additional properties in 2024. Two of the properties are also equipped with water-air heat pumps that extract heat energy from the outside and transfer it to a hydronic heating and cooling system using a heat pump.

Active sustainability measures are an integral part of our portfolio management. Mandatum's real estate investment portfolio has achieved four stars in the GRESB assessment of property sustainability and earned the Green Star mention for its sustainability work for four consecutive years. The goal is to retain the four-star rating in the future.

By the end of 2025, the aim is to achieve a 15 per cent decrease in the calculated energy consumption of properties compared to the levels in 2015. The portfolio also seeks to increase the recycling rate of properties to 55 per cent by 2025.

In addition to the concrete goals described above, active energy and sustainability management is carried out at the properties. The portfolios apply the Finnish energy performance management system ETJ+, which complies with the requirements of the international ISO 50001 standard on energy audits.

Sustainability is managed with knowledge, and the portfolios have selected digital systems to support energy management.

These are used to actively monitor energy consumption and address deviations in

consumption. Building automation in the properties is managed centrally, and indoor conditions are adjusted according to users' preferences. Tenant satisfaction surveys are also carried out for the portfolios' properties. In addition, three of Mandatum's real estate investments have Breeam In Use certifications with a rating of 'Very Good', accounting for around 38 per cent of the total value of direct real estate investments.

Mandatum Life

GAV as of 31 December 2023 (MEUR)	Approx. 130
Number of properties	19
Leasable area (m ²)	96 300

KALEVA MUTUAL INSURANCE COMPANY

As part of its real estate assets, MAM manages the real estate investments of its asset management client Kaleva Mutual Insurance Company. The portfolio consists mainly of residential, commercial and warehouse properties in central locations within the Helsinki Metropolitan Area. The properties' leases and maintenance are outsourced to selected partners. Sustainability priorities have been set for the portfolio, and these are regularly monitored and updated. Since 2023, the properties' purchased operational energy has been 100 per cent renewable. The portfolio will participate in GRESB reporting for the first time in 2024.



Sibeliuksenkatu 18-22, Järvenpää, Finland
 Total lettable area of 7 400 m2
 Saga Shopping Centre in the centre of Järvenpää

MANDATUM LIFE VUOKRATONTIT I KY

MANDATUM LIFE VUOKRATONTIT I KY OFFERS LAND INVESTMENTS IN FINNISH GROWTH CENTRES. MANDATUM’S CLIENTS HAVE BEEN ABLE TO INVEST IN THE PORTFOLIO THROUGH THE MANDATUM AM VUOKRATONTIT I INVESTMENT BASKET, WHICH IS LINKED TO UNIT-LINKED INSURANCE AND HAS THE PORTFOLIO AS UNDERLYING ASSET

Mandatum Life Vuokratontit I Ky is a portfolio in the form of a limited partnership managed by MAM, which has been in operation since 2017. The portfolio invests in land intended for residential construction in Finnish growth centres. Most of the portfolio’s plots are located in Oulu, Tampere and the Helsinki Metropolitan Area. The portfolio contains 37 plots, all of which are rented with long land leases to housing companies. With the exception of two plots, all contain buildings. No sustainability characteristics or sustainable investment objectives have been defined for the investment basket or the portfolio, and thus the investment basket applies the minimum disclosure requirements under article 6 of the SFDR.

INFORMATION ABOUT THE PORTFOLIO

The portfolio’s assets are located in growth centres in areas where access to services on foot and by bicycle and public transport is taken into consideration. The majority of the plots are located in areas where residents’ day-to-day needs can, at least partially, be accessed on foot. In addition, all of the plots in the portfolio are located no more than 500 metres from the nearest public

transport stop, and in more than 80 per cent of the plots, the distance to the nearest stop is less than 200 metres.

For developers, the option of building on a rental plot is useful as this reduces the amount of capital commitment required from the construction company. And hence, by offering rental plots, the portfolio facilitates affordable construction and access to homes, especially in the Helsinki Metropolitan Area and growth centres around the country. The terms of the portfolio’s land lease agreements are transparent, and the majority of the plots offer the tenant the right to redeem the plot on clear terms. Many housing company tenants have the right to decide to purchase the plot at any

time during the lease at clear, pre-determined prices. Over the years, many of the portfolio’s original tenants have exercised this option.

The average energy performance class of buildings constructed on the portfolio’s properties is B, and the portfolio supports housing companies in energy efficiency projects. For example, in 2023, a ground source heat project was launched in collaboration with a tenant in Vantaa. The project is scheduled to be completed in 2024.

Mandatum Life Vuokratontit I Ky	
GAV as of 31 December 2023 (MEUR)	Approx. 40
Number of properties	37
Number of leases	37
SFDR	Article 6



Helsinki Ratamestarinkatu 7 A and B
Total lettable area of 8 800 m²
BREEAM-certified office building in Pasila

MAM EUROPEAN REAL ESTATE PROGRAMME

Since 2017, Mandatum's active real estate fund investment strategy, the MAM European Real Estate programme, has invested in the European real estate market with an emphasis on active value creation. Sustainability factors have been an integral part of the programme since its inception. For example, in the first vintage of the programme, good governance among managers and the existence of a Code of Ethics and responsible investment policy were emphasised. And since the programme inception, the consideration of sustainability factors has always been ensured through bilateral side letters within all of our equity real estate investments.

Since its second vintage, MAM European Real Estate has been carrying out more systematic and quantitative monitoring.

Mandatum encourages managers to participate in the annual GRESB assessment for the real estate investments they manage, and each manager in the MAM ERE investment programme is asked to take the annual sustainability survey by MAM. The results of the survey and performance compared to previous years is analysed and shared with the managers who participate in the survey. In addition, MAM has worked with its anchor investor, the Church Pension Fund, to develop its own sustainability analysis for fund managers and funds to assess whether the activities of the target funds meet Mandatum's principles of responsible investment. Attention is also paid to the fund manager's responsible investment policy, reporting practices, membership or representation in responsible investment organisations, as well as expertise in and allocation of resources to the management of sustainability factors.

With the introduction of the SFDR regulation, the most recent vintage of the MAM ERE programme, the MAM European Real Estate III investment basket, is an investment product in accordance with SFDR Article 8 promoting environmental or social characteristics or a combination of these. In order for a fund to continue to be approved in the MAM ERE investment programme, at least two of the following conditions must be met:

- the fund manager is a signatory to the UN Principles for Responsible Investment (UN PRI), or
- the fund promotes environmental or social characteristics or makes sustainable investments in accordance with Articles 8 or 9 of the SFDR, or
- at a minimum, the fund manager complies with the exclusion criteria set out in Mandatum's Responsible Investment Policy at the time of investment in the fund's investment activities or commits, by mutual agreement, to exclude sectors with a high sustainability risk from its investment universe in accordance with Mandatum's Responsible Investment Policy.

Mandatum's indirect real estate investments received a rating of 93 per cent and a full five stars in the most recent UN PRI ranking. *The median rating of respondents in the UN PRI ranking was 60 per cent.

European Real Estate

Investment commitments in total (MEUR)	348
Number of investments	31
Number of invested properties	900+
SFDR	Article 8*

*Since SFDR regulation was introduced individual vintages in compliance with SFDR Art. 8

MAM European Real Estate III aims to invest more than 50 per cent of its assets in properties which are to be considered as green buildings* along their respective business plans. The share of green buildings in the MAM ERE investment programme will be targeted as high as possible.

	MAM ERE I	MAM ERE II	MAM ERE III
Number of investments	13	13	11
Manager has a Code of Conduct and Code of Ethics	100%	100%	100%
Manager has a responsible investment policy	100%	100%	100%
Manager considers sustainability factors in investment activities	100%	100%	100%
Manager has appointed responsible investment resources	70%	90%	100%
Manager has signed the UN PRI	90%	90%	100%
Manager participates in GRESB for ERE investments	54%	62%	73%

*In general, green buildings refer to environmentally certified properties, in other words properties that have passed the objective criteria of an independent certification body. The most commonly used certificates may vary depending on the country and real estate sector, which makes it impractical to require a certificate issued by any single named certification body in order for a property to be considered a green building.

However, the most well-known and commonly used environmental certificates on the market assess buildings based on the same principles, which include e.g. the sustainability of the building, energy efficiency and quantification of total carbon footprint. In some cases, the definition of a green building may be made in most European countries based on the mandatory energy performance certificate. If the property meets certain

minimum requirements, such as the prerequisites for the EPC B energy usage, the building can be considered a green building despite the lack of certification. Also, in certain cases, a property that meets specific requirements can be considered to be a green building. The share of green buildings in the portfolio is monitored through environmental certificates, energy certificate assessments and other special requirements.

MAM PROPERTY III

The work that begun in late 2021 to improve sustainability-related aspects of the investment basket has been actively continued over the past few years and is still ongoing. There are no promoted sustainability characteristics or sustainable investment objective defined for the investment basket, so the product complies with the minimum disclosure requirements under Article 6 of the SFDR. Special attention has been given to the energy performance of the properties. Among other measures, the energy performance ratings of properties have been updated, possible energy efficiency measures and their costs have been identified together with tenants and placed in an order of priority. In addition to measures taken at properties, the portfolio took part in the annual GRESB reporting in 2023 and outperformed its peers in good governance, sustainability policies and stakeholder inclusion.



S-market Vakka-Suomenkatu
 Total lettable area of 3,200 m²
 Food store property leased to Turku Osuuskauppa

CLIMATE RISK ASSESSMENT AS PART OF RISK ASSESSMENT

In real estate investments, revenues are usually correlated directly with risks. Achieving revenues requires accepting a certain level of controlled risk. The physical risks of climate change are financial risks in real estate investments. Sustainability risks are actively evaluated in direct real estate investments managed by MAM. The portfolios have been assessed for climate risks and business opportunities in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, the energy performance of investment portfolios and individual properties is assessed using the CRREM tool (Carbon Risk Real Estate Monitor), which is used to identify properties that are at risk of exceeding climate targets in accordance with the Paris Agreement. This allows for proactive measures to be taken to mitigate climate change.

In practice, risk assessment is carried out both in portfolio management and in the management of individual properties. For

example, annual property maintenance plans are updated as necessary, the full implementation of the plans is monitored and tenants are instructed on the use of the facilities and the monitoring of indoor air conditions. Action plans are updated annually as part of the business and investment plans of the properties.

CLIMATE RISK ASSESSMENTS IN ACCORDANCE WITH TCFD

Climate change and regulations aimed at its prevention create new challenges and risks for real estate investors. Property owners must be prepared against physical risks caused by the increased prevalence of extreme weather conditions such as heavy rains, flooding and heat waves. In addition, the portfolio must comply with up-to-date regulations. Property owners also need to maintain the sustainability factors of their properties to continue to meet the growing sustainability expectations of tenants, investors and potential buyers. Threats to properties caused by extreme weather

phenomena are called physical risks, while risks related to business and the green transition are called transition risks.

A risk assessment of both physical and transition risks has been carried out by an external expert for direct real estate assets managed by MAM. The assessment has been prepared in accordance with the TCFD guidelines and is based on the IPCC RCP 2.6 and 8.5 scenarios, among others. The assessment also makes use of the CRREM tool*, among others. Identified risks were assessed in the short, medium and long term. In addition to risks, opportunities arising from the phenomena were identified.

Transition risks identified in the report include new reporting requirements and the increased popularity of electric vehicles. Physical risks relevant to Mandatum include the increased likelihood of flooding and precipitation causing wear to building exteriors and roofs.

Based on the report, the risks to properties managed by Mandatum are controlled, and risks with a medium or high significance are actively monitored.

*CRREM (Carbon Risk Real Estate Monitor) is a tool designed to help real estate sector operators to assess and manage carbon and climate risks in their real estate investments.

CONTACT US

AMALIA PÖYRY

Portfolio Manager,
Direct Real Estate Investments
Mandatum Asset Management

amalia.poyry(a)mandatumam.com
+358 50 305 5044

MARKUS NORDBERG

Senior Portfolio Manager
Indirect Real Estate Investments
Mandatum Asset Management

markus.nordberg(a)mandatumam.com
+358 50 422 1235

EMILIA RIIKONEN

Head of Direct Real Estate Investments
Mandatum Asset Management

emilia.riikonen(a)mandatumam.com
+358 50 501 2481

JUSSI TANNINEN

Head of Private Debt & Real Estate
Mandatum Asset Management

jussi.tanninen(a)mandatumam.com
+358 40 563 1937



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The investment baskets of the European Real Estate (ERE) programme, the Mandatum AM Vuokratontit I investment basket, and the Mandatum AM Property III investment basket can be used as investments in unit-linked insurance policies. The value development of unit-linked insurance policies is based on the performance of the investments selected by the policyholder. Mandatum Life Insurance Company Limited (Mandatum Life) issues the unit-linked insurance policies and owns the investment baskets. MAM acts as the portfolio manager and insurance agent for Mandatum Life on behalf of the insurance company. Neither

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Mandatum plc

Registered domicile and address
Bulevardi 56, 00120 Helsinki
Business ID 3355142-3

www.mandatum.fi/en