

31 October 2022

## MANDATUM ASSET MANAGEMENT GROUP'S CONFLICTS OF INTEREST POLICY

### Contents

1	Definitions .....	2
2	Introduction .....	2
	2.1 Background and Purpose .....	2
	2.2 Scope .....	3
3	Identification of Conflict of Interest .....	3
	3.1 What is a conflict of interest? .....	3
	3.2 Categories of Conflicts .....	3
	3.2.1 Conflicts in Business Activities .....	3
	3.2.2 Individual Conflicts .....	4
	3.3 Requirements for Identifying Conflicts .....	5
	3.3.1 General .....	5
	3.3.2 Board of Directors .....	5
	3.4 Conflicts Registers .....	6
4	Management of Conflicts .....	6
5	Disclosure of Conflicts .....	7
6	Review and Updating of the Policy .....	8

31 October 2022

## 1 Definitions

As used in this policy, the following terms shall have the meanings set forth below:

**Ad-hoc conflict** means conflicts of interest that occur unexpectedly with regard to a single event (e.g., a transaction or the selection of a service provider, etc.) and can usually be managed with a one-off measure. Ad-hoc conflicts may relate to business activities or individual conflict of interest.

**Conflict** means a conflict of interest, i.e., a situation where one or more persons or entities have competing interests which may (actually or potentially) damage the interests of a customer or MAM.

**Close family member** means the employee's spouse, registered partner, cohabitee, children (even if not sharing the same household) and additionally another close relative if such person lives in the same household.

**Compliance** means the Compliance Function of MAM.

**Customer** means all types of customers, also the UCITS schemes, AIFs, investment baskets and all other assets under management, whether managed on behalf of the companies of Sampo Group or external customers.

**Employee** means all employees of MAM, including its senior management and all members of the Board of Directors as well as non-permanent staff (e.g. consultants) involved in provision of services on behalf of MAM under an outsourcing agreement.

**Individual conflict** is a conflict of interest arising with regards to a named individual employee's or Board member's private interest or with regards to their past or present personal or professional relationships. The interests of close family members are included in this scope, to the extent that the employee is aware of them.

**MAM or Group** means Mandatum Asset Management Ltd and its subsidiaries (each a **Group Company**).

**Mandatum Group** means Mandatum Holding Ltd and its subsidiaries (each a **Mandatum Group Company**).

**Permanent conflict** means conflicts of interest that persist and need to be managed permanently and may relate to business activities or individual conflict of interest.

## 2 Introduction

### 2.1 Background and Purpose

The purpose of this policy is to complement Mandatum Group's Conflict of Interest Policy by outlining the framework to identify and manage conflicts of interest in the operations of Mandatum Asset Management Ltd and its subsidiaries (together "MAM" or "Group"). As such, the policy sets out the organisational and administrative procedures by which MAM complies with to protect the best interest of its customers in accordance with

31 October 2022

regulation binding investment firms, fund management companies and alternative investment managers.

The most important rules and regulations are:

- Directive (EU) 2019/2034 of 27 November 2019 on the prudential supervision of investment firms (“*IFD*”) and supervisory authorities’ guidelines on the application of the requirements of the Directive, as amended from time to time;
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (“*MiFID II*”) and Commission Delegated Regulation (EU) 565/2017 of 25 April 2016, as amended from time to time;
- Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers and Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012, as amended from time to time (“*AIFMD*”).
- Directive 2009/65/EC of 13 July 2009 (“*UCITS*”) and Commission Delegated Regulation (EU) 2016 /438 of 17 December 2015, as amended from time to time.

## 2.2 Scope

The policy applies to all operations and all employees of MAM, including the members of the Board of Directors of the individual entities. The Group Companies may however approve and implement supplementing policies and procedures based on the requirements laid out in this policy and special legislation governing the entities.

## 3 Identification of Conflict of Interest

### 3.1 What is a conflict of interest?

A conflict of interest (“Conflict”) is a situation where one or more persons or entities have competing interests which may (actually or potentially) damage the interests of a customer or MAM.

The presence of a Conflict is independent of any actual misconduct. A conflict of interest exists if the circumstances are reasonably believed to create a risk that a professional decision may be unduly influenced by other, secondary interests (e.g., financial benefit), and not on whether a particular individual is actually influenced by a secondary interest. Therefore, a Conflict can be discovered and resolved before any harm occurs.

MAM is required to take appropriate steps to identify those circumstances and situations which may cause, give an appearance of, or raise any doubt of conflict of interest in the Group’s business activities or in relation to the private interests of employees.

### 3.2 Categories of Conflicts

#### 3.2.1 Conflicts in Business Activities

In MAM, Conflicts may arise where a Group Company undertakes a particular activity as portfolio manager for collective investment in transferable securities (UCITS) schemes, alternative investment funds (AIFs), unit-linked investment baskets or for any other

31 October 2022

assets, or as distributor of unit-linked investment products or financial instruments, or as a management company of UCITS or AIFs.

When identifying services and activities that may damage the interests of a customer, MAM will, as a minimum, take into account the following criteria:

- the likelihood of MAM making a financial gain or avoiding a loss at the expense of a customer;
- whether MAM has an interest in the outcome of a service or an activity provided to, or transaction carried out on behalf of, a customer that is distinct from the customer's interest in that outcome;
- whether MAM has a financial or other incentive to favour the interest of one customer or group of customers over the interests of other customers;
- whether MAM carries out the same activities performed by its customers; and
- whether there are inducements deriving from sources other than the customer in relation to the services provided, in the form of monies, goods or services, other than the standard commission or fee for the services in question.

Those types of Conflicts that may arise from the integration of a customer's sustainability preferences, or as a result of the integration of sustainability risks in processes, systems and internal controls should be taken into consideration when identifying Conflicts.

The following sets out the categories for common parties to possible Conflicts in MAM's business activities:

- **MAM / Customers:** MAM may be unfairly advantaged at the expense of the customer
- **Customers / Customers or customer groups:** one customer may benefit at the expense of another customer
- **Employees / MAM or Customers:** the roles and responsibilities of the employee may not be aligned with MAM or its customers; please see also the section 3.2.2. Individual Conflicts
- **Mandatum Group Companies:** one entity may benefit at the expense of another.
- **MAM / business partners/service suppliers:** external partner may benefit at the expense of MAM.

### 3.2.2 Individual Conflicts

Individual Conflicts relate to the private interests of employees, which could adversely influence the performance of their duties and responsibilities. MAM is required to consider Conflicts arising with regards to an individual employee's private interest or past or present personal or professional relationships. To identify these Conflicts, MAM will take into consideration at least the following situations or relationships where conflicts of interest may arise:

- economic interests (e.g., shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers,

31 October 2022

intellectual property rights, membership of a body or ownership of a body or entity with conflicting interests);

- personal or professional relationships with the owners of qualifying holdings in Mandatum Group;
- personal or professional relationships with staff of MAM or entities included within the scope of Mandatum Group (e.g., family relationships);
- other employment and previous employment within the recent past;
- personal or professional relationships with relevant external stakeholders e.g., being associated with material suppliers, consultancies or other service providers); and
- political influence or political relationships.

The interest of close family member of the employee is included in the scope of the employee's private interest to the extent that the employee is aware of the interest.

### 3.3 Requirements for Identifying Conflicts

#### 3.3.1 General

All employees have the responsibility to identify and manage Conflicts on an ongoing basis. Employees are expected to assess potential impacts of the activities they undertake and consider possible actual, potential or perceived Conflicts, including whether they are of permanent type or 'ad-hoc'.

Potential concerns in relation to a service/activity or individual Conflicts should be raised to employee's immediate manager with the support of guidelines in place for employees.

The identified Conflicts must be assessed and managed with appropriate risk prevention or mitigation measures. The assessment is always reported to the Compliance and Risk Management Functions. Where required, a Conflicts assessment is conducted in partnership with Compliance, Risk Management and Legal Functions to ensure the concern is thoroughly reviewed and Conflicts identified are managed / mitigated appropriately.

#### 3.3.2 Board of Directors

It is of emphasized importance to ensure that such Conflicts do not arise that may impede the ability of members of the Board to take objective and impartial decisions that aim to fulfil the best interests of the particular entity or interfere with the independence of mind of the members.

The Board members of Group Companies are responsible for proactively identifying Conflicts and disclosing them to the Chair of the Board or Vice Chair of the Board if the Conflict arises regarding the Chair. The Board members must also recuse themselves from decision-making regarding matters where the Conflict could have any impact. In identifying and assessing Conflicts, the perception of conflict of interest shall also be considered.

31 October 2022

In addition to the ongoing requirement of identifying emerging Conflicts, the suitability assessment process in Mandatum Asset Management Ltd also covers identification and assessment of individual Conflicts. In case a material Conflict is found, adequate preventive or mitigating measures are to be decided on by the Chair of the Board and disclosure made to the relevant supervisory authorities where relevant. All identified Conflicts in relation to the Board members shall be documented in the Conflicts registers.

Members of the Board of Mandatum Asset Management Ltd shall not hold directorships in investment firms that are in competition with MAM. Members of Board of other Group Companies may hold external directorships, with the consideration to Conflicts management procedures set-out in this policy.

### 3.4 Conflicts Registers

All raised Conflicts are recorded in the Group Companies' Conflicts registers maintained by Compliance. Employees are responsible for providing the relevant documentation to facilitate the accurate capturing of information.

The Conflicts registers shall document a list of the permanent Conflicts that could arise as part of the business activities (Conflicts in Business Activities) or in an individual context (Individual Conflicts) and the Conflicts that relate to a particular situation (ad-hoc Conflicts). The registers include information of the effective arrangements to mitigate or remedy the Conflict.

The registers for Individual Conflicts and the ad-hoc Conflicts must be kept confidential with access only on a need to know basis.

The registers are regularly reviewed and reported to the management to ensure the efficiency of the arrangements implemented to prevent Conflicts. Furthermore, the records are reported yearly to the Board of Directors of individual entities in connection with review of this Policy.

## 4 Management of Conflicts

MAM applies a number of organisational arrangements to prevent or mitigate Conflicts. The organisational arrangements to manage Conflicts are both general and specific. Those of a general nature establish structures and cultures that seek to ensure good business practice for managing permanent types of Conflicts. The measures include e.g:

- *Policies and procedures* - MAM maintains a number of policies which address Conflicts, at all levels and operations. These include e.g., personal account dealing, remuneration, aggregation and allocation of orders, best execution, valuation principles, gifts and hospitalities and whistleblowing.
- *Loans and other transactions with management* – ensuring that decisions regarding loans and entering into other transactions with members of the management body and their related parties are taken objectively, without undue influence from Conflicts and are, as a general principle, conducted at arm's length.
- *Product governance* – Conflicts will be considered as part of any new product approval process as part of ongoing product governance assessments e.g., as to enduring products suitability through the lifecycle of the relevant product or service.

31 October 2022

- *Training* – internal guidance and training is given to employees ensuring they are familiar with and observe the policies, and how to identify and manage Conflicts.
- *Permanent information barriers* - for example, electronic barriers, clean desk policy, separate file servers and physical separation of MAM's premises.
- *Appropriate segregation of duties* - e.g., entrusting conflicting activities within the processing of transactions or when providing services to different persons, or entrusting supervisory and reporting responsibilities for conflicting activities to different persons.
- *Private interest and secondary occupation* - preventing staff who are also active outside MAM from having inappropriate influence within the firm regarding those other activities.

Those measures that are specific are designed to address the key risks attributable to Conflicts identified (ad-hoc situations). Such measures may include e.g.:

- Recusals, segregation of duties, reallocation of activities, arm's length arrangements, information barriers;
- Refraining from taking an action or executing a transaction;
- Avoidance of the service / activity giving rise to the Conflict where it cannot be prevented or managed effectively;
- Disclosure to the affected parties where MAM has attempted to manage the Conflict but is unable to ensure with reasonable confidence that risks of damage to the interests of a customer(s) will be prevented, please see the section 5.

In applying organisational arrangements to manage Conflicts, the following key principles are utilised:

- Detailed Conflicts assessment conducted (where required with second line and Legal Function);
- Assessments cover all Conflict types and mitigation possibilities against each Conflict; preventive measures should always be considered first and only if the Conflict cannot be fully prevented, mitigating actions should be assigned to reduce risks related to the Conflict.
- Involvement of relevant management in the management of Conflicts; Escalation of relevant Conflicts to senior management committees / Boards for decision making (where required).
- Maintaining documentation in the Conflicts registers.

## **5 Disclosure of Conflicts**

Where internal arrangements maintained by MAM are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a customer will be prevented, then:

- the general nature and/or sources of the Conflict will be disclosed to the relevant customer(s) before undertaking relevant investment business for the customer(s);

31 October 2022

- where MAM identifies a situation, which will potentially necessitate the disclosure of a Conflict, this matter will be referred to the Steering Group which will consider and agree the most appropriate course of action.
- in respect of managed UCITS, AIFs, or unit-linked funds the Conflict will be promptly reported to the management of relevant regulated entity to take any necessary decision to ensure MAM acts in the best interests of the unitholders. Any reporting to the final customers of funds is decided by the management company in question.

Disclosures will:

- detail the general nature or sources of Conflict, or both;
- the steps taken to mitigate those risks;
- clearly state that the organisational and administrative arrangements established by MAM to prevent or manage that Conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the customer will be prevented;
- include specific description of the Conflict that arose in respect of the services provided;
- explain the risks to the customer as a result of the Conflict; and
- include sufficient detail, taking into account the nature of the customer to enable that customer to take an informed decision in the context of which the Conflict arises.

Disclosures will be made in an appropriate durable medium such as letters, e-mail, etc.

The disclosure of a Conflict to a customer does not exempt MAM from maintaining and operating effective organizational and administrative arrangements with a view to taking all appropriate steps to prevent or manage Conflicts from constituting or giving rise to damage to the interests of its customers. MAM will treat disclosure of Conflicts as a measure of last resort to be used only where the effective organizational and administrative arrangements in place to prevent or manage Conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the customer will be prevented.

## **6 Review and Updating of the Policy**

This policy will be reviewed when necessary, and at least annually, by MAM's Compliance with coordination of Risk and Compliance Committee. The Committee is responsible for reviewing that the policy remains current based upon the scope of the Group's activities, its operating and legal structure, strategic plans, regulatory changes and the nature of its customers. The results of the review are reported to the CEO of Mandatum Asset Management Ltd, whereafter the policy is presented for approval of the Board of Directors that provides final oversight on the conflicts of interest arrangements within the Group.