Sustainability report

Mandatum AM Private Debt program

MANDATUM ASSET MANAGEMENT

Fall 2026 | Marketing communication

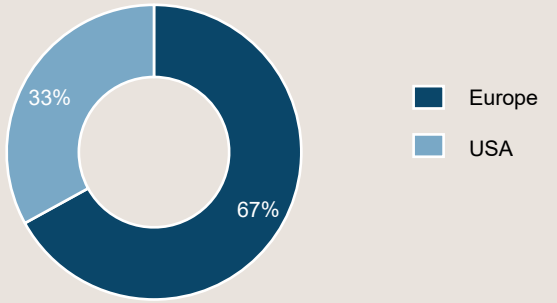
ESG STRATEGY OF THE PROGRAM

The assets in Mandatum AM's Private Debt investment baskets are primarily invested in unlisted loans that may be secured or unsecured. The loans are mainly issued by European and North American companies in private loan arrangements. The investments are mainly in the form of funds.

The ESG process of the Mandatum PD program takes sustainability into consideration at all stages of the investment, and the ESG assessment is an integral part of the investment decision in line with product-specific sustainability characteristics. The process involves several components, from an initial assessment to feedback discussions and follow-up with managers. An integral part of the ESG process for external fund investments is the ESG questionnaire conducted at the time of investment and annually thereafter and analysis based on the questionnaire's results. PD program's most recent investment baskets Private Debt V, VI, VII, and VIII are SFDR 8 investment products.**

Program overview*	
Start year	2016
Size of the strategy	1655 MEUR (total commitments)

Geographical breakdown of commitments*



Information on target funds	2026*	2025	2024
The fund manager's commitment to the UN Principles for Responsible Investment (PRI)	92 %	92 %	92 %
Number of Breaches or Norm Violations of UNGC or OECD Standards	0	1[1]	0

1 At the reporting date, one target fund had identified alleged, but unconfirmed, violations of international norms. The company associated with these alleged violations accounted for less than 0.1% of the target fund's assets under management. The target fund exited the investment during the spring of 2026.

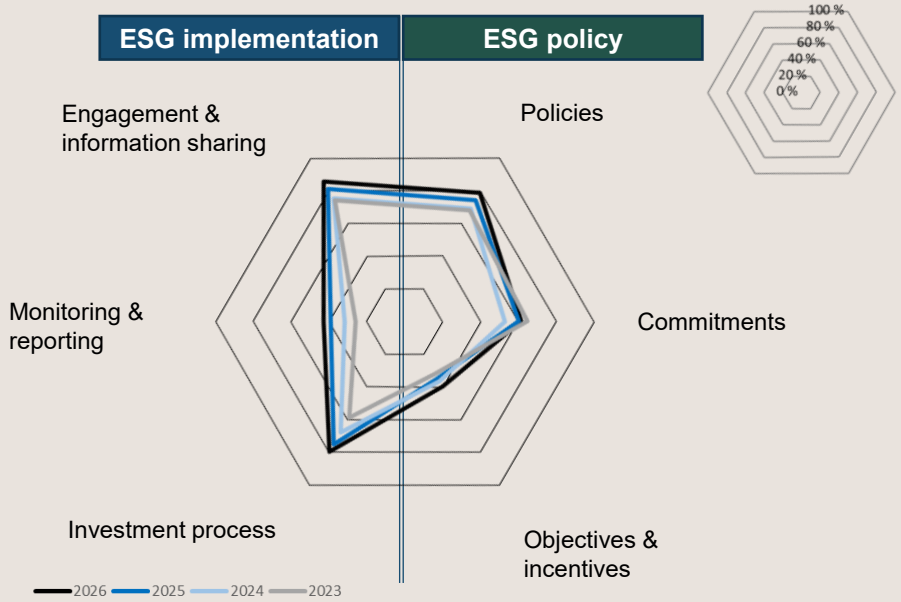
*As of 30.9.2026. Holdings and allocation subject to change.

**In accordance with Article 8 of Regulation 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR), this financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, and the companies in which the investments are made follow good governance practices. This sustainability report is not a part of the statutory disclosures required by the SFDR or Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (Taxonomy). Sustainability report provides supplementary information to the statutory disclosures on sustainability characteristics and measures related to the product.

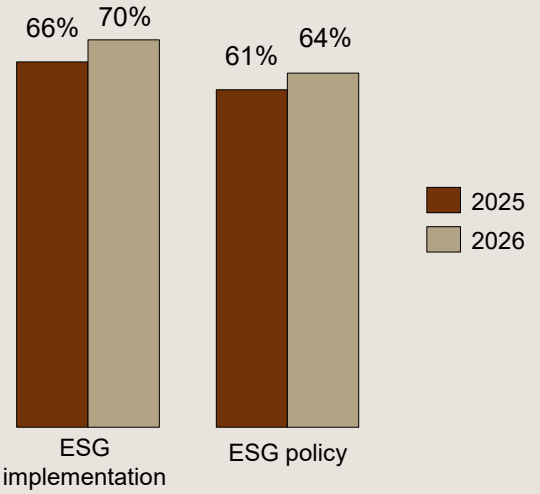
ESG QUESTIONNAIRE 2026

Mandatum conducts an extensive annual ESG survey for all fund managers in the PD program. The survey allows for tracking the progress of individual managers as well as the entire program in terms of sustainability. The coverage of the spring 2026 survey was 100%, covering all 49 individual target funds and 26 fund managers. The responses are analysed and the results are reported to clients annually. The survey scores each fund on both ESG implementation and ESG policy. The improvement in scores is partly attributable to the more comprehensive integration of climate change and biodiversity-related themes into investment activities. Consideration of principal adverse impacts has also increased significantly.

Target funds have shown positive development in all areas compared to last year



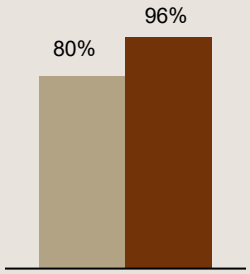
Development of Private Debt funds between 2025 and 2026



The scoring of the ESG survey is divided into two main categories, ESG policy and ESG implementation. The policy and implementation questions are divided into a total of six sub-segments. Responses are assessed and compared with the previous year. In 2026, the main areas of improvement were investment process and objectives and incentives. For example, the number of funds taking climate change into account in the fund's investment process increased to 92% (2025: 83%). For more information on scoring and methodology, see pages 3-7.

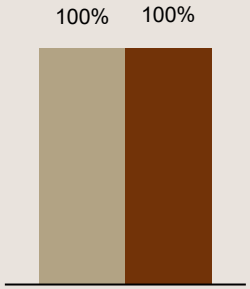
KEY TAKEAWAYS

Manager has a policy or strategy related to climate change



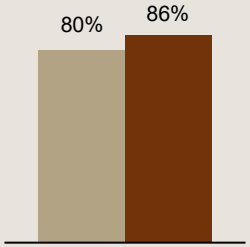
For example, funds take climate change into account as part of their ESG Due Diligence process at the investment stage. In addition, some managers conduct broader scenario analyses to identify risks and opportunities related to climate change.

Manager incorporates ESG factors into the investment process



To incorporate ESG factors into the investment process, managers, for example, conduct various pre-investment ESG assessments, exclude harmful sectors, and evaluate material risks using external data sources and frameworks.

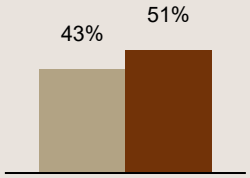
Manager takes biodiversity-related factors into account in its processes



Biodiversity is typically considered as part of broader ESG assessments, particularly prior to investment decisions, using frameworks, checklists, and materiality analyses to identify risks - especially in high-impact sectors and sensitive areas.

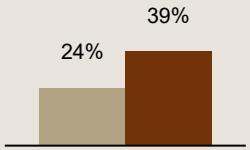
Where material, biodiversity is monitored throughout the investment lifecycle and can be managed through measures such as active ownership, incentives, or data collection. However, the scope of actions depends on ownership levels and the ability to influence outcomes.

Portfolio manager's remuneration is linked to the ESG performance



ESG considerations are increasingly reflected in external managers' remuneration frameworks. Most managers incorporate ESG factors into performance reviews, policy compliance assessments, and responsible investment objectives, which can influence bonuses, promotions, or variable compensation. While dedicated ESG-linked remuneration metrics remain relatively rare, ESG performance is increasingly being considered as part of broader performance evaluation and incentive structures.

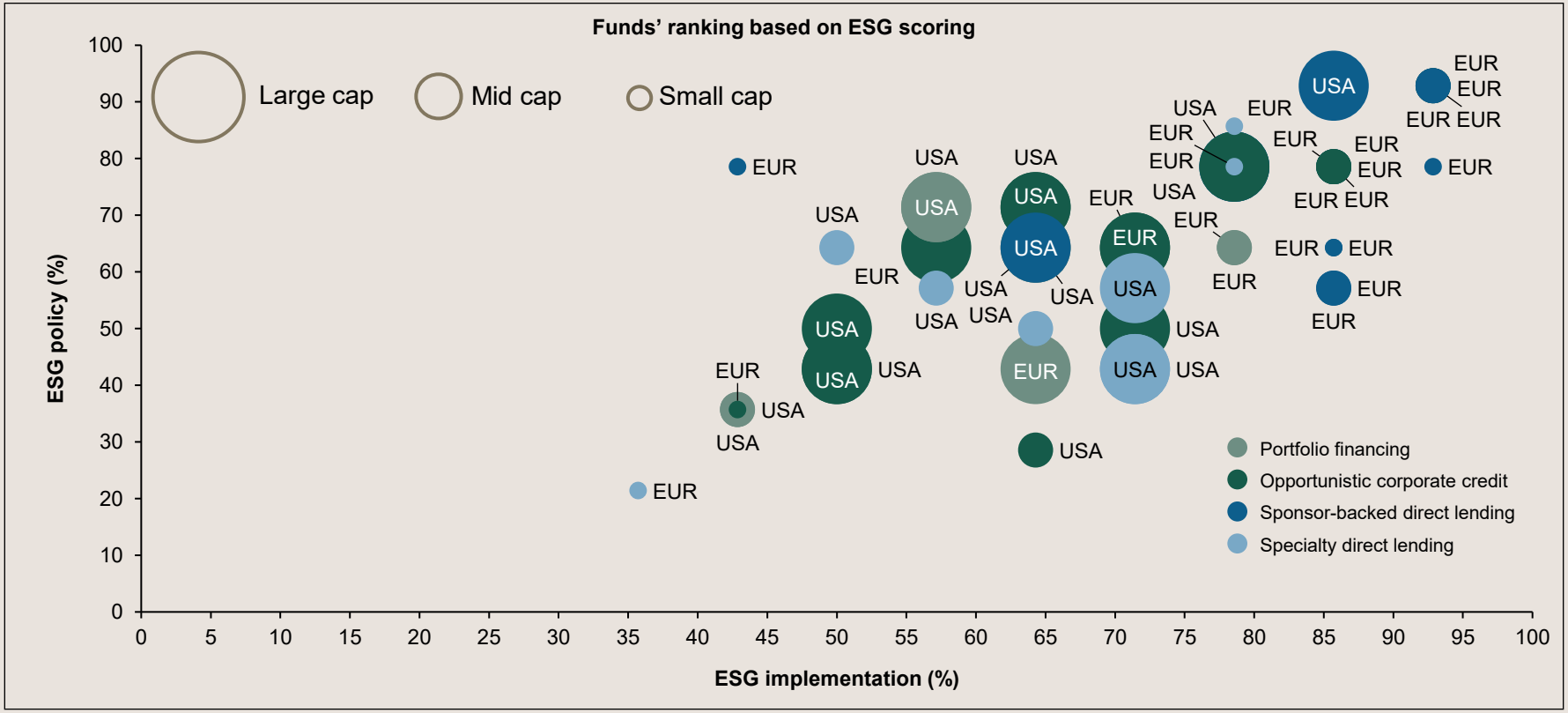
Considering the Principal Adverse Impacts (PAIs) of investment decisions



Consideration of Principal Adverse Impacts (PAIs) in investment decisions and investor reporting increased significantly, supporting the monitoring of sustainability targets.

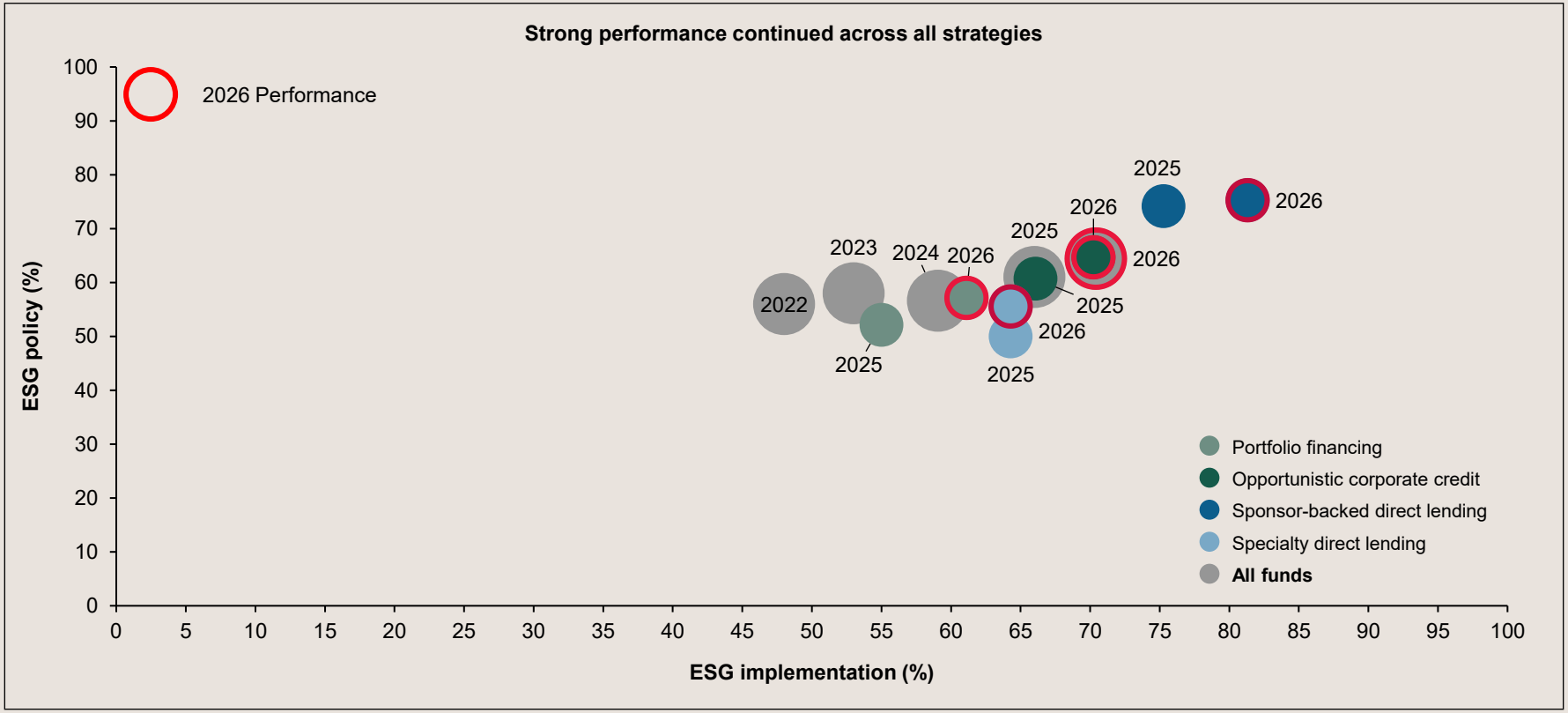
The most common PAI indicators were GHG emissions, norm violations, and exposure to controversial weapons. Fund managers use sustainability data to monitor controversies, carbon and climate metrics, and ESG performance throughout the investment process, from due diligence to portfolio monitoring and reporting. Some managers also rely on external expertise.

ESG SCORING



Based on the survey, there is significant variation among managers, which is partly due to differences in investment strategies and fund sizes. Mid-sized target funds perform, on average, better than their peers and European target funds take sustainability factors into account more effectively than their U.S. peers. Among strategies, Sponsor-backed direct lending and Opportunistic corporate credit performed best on average.

ESG SCORING



All managers receive customized annual feedback that describes how their sustainability efforts compare to the entire PD program's investment universe and peers. Furthermore, annual development discussions are focused particularly on those managers who are perceived to have the most room for improvement. These discussions provide managers with valuable insights, as they receive direct and structured feedback from a client who invests broadly in the asset class and for whom ESG matters are important.

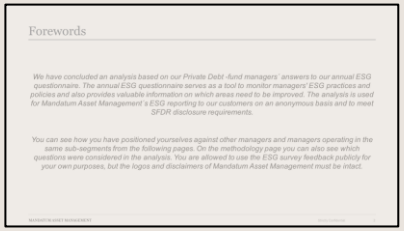
The improved scores this year are partly attributable to the significant increase in climate change-related policies, with almost all funds now incorporating climate change considerations into their investment activities. In addition, the consideration of Principal Adverse Impacts (PAIs) in investment decision-making has improved significantly, supported by the increasing integration of ESG performance metrics into portfolio managers' remuneration structures.

ESG PROCESS OF THE PRIVATE DEBT PROGRAM

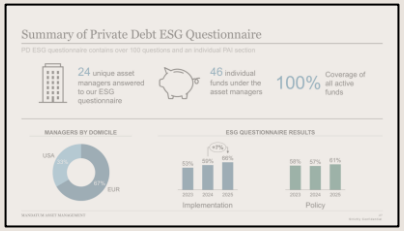
The ESG process of the Mandatum PD program takes sustainability into consideration at all stages of the investment, and the ESG assessment is an integral part of the investment decision in line with product-specific sustainability characteristics. The process involves several components, from an initial assessment to feedback discussions and follow-up with managers. An integral part of the ESG process for external fund investments is the ESG questionnaire conducted at the time of investment and annually thereafter and analysis based on the questionnaire's results. The annual questionnaire reaches several managers in Europe and the United States whose assets under management total in hundreds of billions of euros. Since the questionnaire 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.

Each manager receives a personalized feedback report with a summary of their answers to the questionnaire. As in the case of the questionnaire's questions, the answers are divided into two main categories: ESG implementation and ESG policy. These are further divided into three sub-categories that concern the ESG investment process, monitoring and reporting, engagement, policies, commitments and objectives and incentives. The report contains detailed reviews of manager performance compared to peers in the sector, including within the same sub-segment. For example, a private debt manager in the mid-market direct lending segment can compare their ESG performance with peers in the same sub-segment. The comparison with peers is presented in an anonymized manner as part of the feedback. The purpose of the comparison is to demonstrate the placement of each manager in relation to other target managers in the program to identify potential areas for improvement.

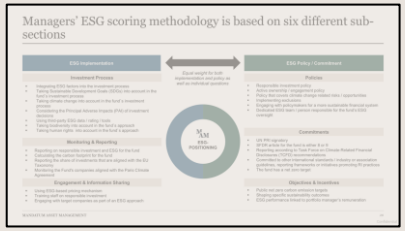
Example of the manager feedback



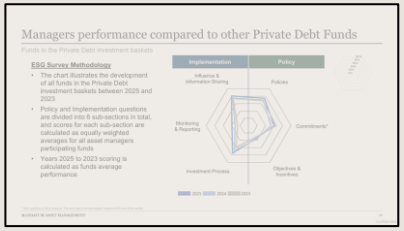
Instructions for using the material



Summary of the results



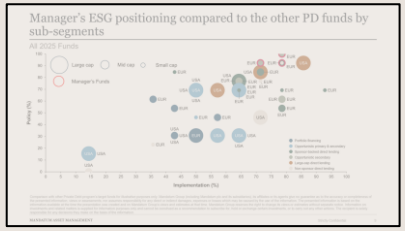
Scoring methodology



Manager's performance compared to others on this and previous year



Fund's question-specific scoring and development from the previous year



Performance of the manager's funds compared to other funds in terms of strategy, size and location

ESG SCORING METHODOLOGY

ESG implementation

Investment process

- Integrating ESG factors into the investment process
- Taking Sustainable Development Goals (SDGs) into account in the fund's investment process
- Taking climate change into account in the fund's investment process
- Considering the Principal Adverse Impacts (PAIs) of investment decisions
- Using third-party ESG data / rating / tools
- Taking biodiversity into account in the fund's approach
- Taking human rights into account in the fund's approach

Monitoring & reporting

- Reporting on responsible investment and ESG for the fund
- Calculating the carbon footprint for the fund
- Reporting the share of investments that are aligned with the EU Taxonomy
- Monitoring the share of the fund's portfolio companies aligned with the Paris Agreement

Engagement & information sharing

- Using an ESG-based pricing mechanism
- Training staff on responsible investment
- Engaging with target companies as part of an ESG approach

Equal weight for both implementation and policy as well as individual questions



ESG policy

Policies

- Responsible investment policy
- Active ownership / engagement policy
- Policy that covers climate change-related risks / opportunities
- Implementing exclusions
- Engaging with policymakers for a more sustainable financial system
- Dedicated ESG team / person responsible for the fund's ESG oversight

Commitments

- UN PRI signatory
- SFDR Article for the fund is either 8 or 9
- Reporting according to Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
- Committed to other international standards / industry or association guidelines, reporting frameworks or initiatives promoting RI practices
- Has set a net zero emissions target or an emissions reduction target for investments at the fund level

Objectives & incentives

- Public net zero carbon emission targets
- Shaping specific sustainability outcomes
- ESG performance linked to portfolio manager's remuneration

DISCLAIMER

Mandatum AM Private Debt programme is intended for professional investors only and consists of investment baskets that may be linked to Mandatum Life Insurance Company Limited's unit-linked insurance policies as investment objects. No specific sustainability characteristics have been defined for the Private Debt I, II, III, and IV investment baskets due to which the products comply with the minimum level disclosure obligations set out in Article 6 of Regulation 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR). The Private Debt V, VI, VII, and VIII investment baskets promote sustainability characteristics, and the products comply with the disclosure obligations set out in Article 8 of SFDR. Product-specific sustainability disclosures for investment baskets are available at www.mandatum.fi/en/.

Marketing Communication. Always familiarise yourself with the investment object's official documentation before making any final investment decision. More information about the consideration of sustainability risks and factors in investment operations can be found on the website and in the product-specific documentation. Unit-linked insurances are issued, and investment baskets owned by Mandatum Life Insurance Company Limited (Mandatum). Mandatum Asset Management Ltd (MAM) acts as a portfolio manager and insurance agent for and on behalf of Mandatum. The information in the presentation is abridged and does not provide a complete description of the insurance, the investment objects or their related sustainability or other risks. Information on investments and related matters is supplied for information purposes only and cannot be construed as a recommendation to subscribe for, hold or exchange certain investments, or to carry out any other actions affecting the performance of the insurance. The information in the presentation is based on the situation at the time it was presented, and it is based in part on information received from an external service provider. The customer is solely responsible for any decisions they make on the basis of the information. Mandatum or its agents give no guarantee as to the accuracy or completeness of the presented information, views or assessments, nor assumes responsibility for any direct or indirect damages, expenses or losses which may be caused by the use of the information. The customer is solely responsible for the tax consequences of their actions and for the possible impacts on the customer's other contractual relations and rights or obligations. The information within this presentation is based on information available 9/2026, unless stated otherwise.

ESG methodologies, models and, key rating assumptions disclosure

Mandatum's ESG scoring, as well as the table attached, refers to an ESG methodology developed by Mandatum to assess the ESG characteristics of external managers and funds within its Private Debt, European Real Estate, and Private Equity Opportunities programs.

Please see the disclosure and the related table on the following page: Responsibility in Private Debt investments