

DISCLOSURES PURSUANT TO ART. 6 AND ART. 8 OF THE SFDR

This section of the document sets forth certain risk factors and disclosures pursuant to Article 6 and Article 8 of the EU Regulation on sustainability-related disclosures in the financial services sector ((EU) 2019/2088, as amended; the “SFDR”).

Integrating sustainability risks into the investment decisions of the AIF

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Responsibility forms a key part of Mandatum’s risk management process. Mandatum believes that, in the long run, the securities of companies and issuers who operate responsibly will yield better results as investment objects, thanks to their more favourable growth prospects and more predictable cost development. For these reasons, Mandatum has incorporated responsibility into its investment operations, and its investment decisions considers not only financial aspects, but also factors related to the environment, society, employees, respect for human rights, and anti-corruption and anti-bribery, as well as the related risks.

This investment product promotes among other characteristics, environmental and social characteristics, and the investment targets follow good governance practices according to the fund manager’s best assessment.

Environmental characteristics are promoted by employing exclusion criteria in industries which are considered to cause adverse sustainability impacts on environment such as coal mining, fossil oil- and coal-based energy, while social characteristics are promoted by employing exclusion criteria in industries which are considered to cause adverse impacts on society such as, controversial weapons, tobacco, adult entertainment, gambling and defence material. In addition, the Fund monitors violations of international norms and standards relating to human rights, labour law or combating corruption and bribery.

If violations are detected in an investment target, the Fund is engaged to improve the conditions relating to the issue. The ESG characteristics promoted by this Fund are monitored and reported on a regular basis. This product employs binding elements by implementing above mentioned exclusion criteria.

The Fund conducts ESG due diligence process prior to all investments, as a part of the investment analysis. By conducting the ESG due diligence, the Fund mitigates ESG risks and seeks ESG opportunities for value creation. The Fund Manager attempts to improve the gaps discovered in the DD during the holding period.

Sustainability risks may impact the returns of the AIF through the investment targets of the Fund: If a target is impacted by a sustainability risk, the impact may affect the value and cash flow of the investment. Such impacts may in turn affect the yearly performance and the yield of the investment at the time of exit, decreasing the performance of the Fund. It is considered to be likely that the impacts of sustainability risks do not cause material effects to the returns of the AIF.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Mandatum AM Finland Properties II (non-ucits, AIF)

Legal entity identifier: 28125497#001

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The Fund 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 pursuant to the Article 8 of SFDR. This product promotes environmental and/or social characteristics in the following way:

1. Due Diligence: Environmental and social characteristics are considered as a part of our ESG due diligence. We aim to find out what are the most material risks, issues or opportunities for each investment target.

2. Monitoring overall energy consumption, monitoring the utilisation of renewable energy sources, energy efficiency investments.
3. Sustainable Development Goals: The Fund aims to contribute positively to one or more UN Sustainable Development Goals (SDGs). UN SDG 13 (Climate Action) as an environmental characteristic, and UN SDG 8 (Decent Work and Economic Growth) as a social characteristic are promoted across the portfolio of the Fund.

The SDG #13 (Climate Action) will be promoted on a portfolio level by following GHG emissions of the Fund's investments. The SDG #8 (Decent Work and Economic Growth) will be promoted on a portfolio level by monitoring the tenant satisfaction feedback of the tenants of the Fund.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

4. Investment selection: The product applies exclusion criteria defined in Mandatum's Responsible Investment Policy (RI Policy) and therefore promotes certain minimal environmental and social standards. The exclusions are made in areas of business determined as most sensitive in our RI Policy (incl. controversial weapons, coal mining, tobacco). The exclusions have varying thresholds depending on the sector and whether the business activity is direct (production/exploration) or indirect (services/distribution).

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

For Climate Action, the relevant sustainability indicator is annual GHG emissions and its delta to the previous year. In addition, energy consumption, renewable energy utilization and the rate of waste recycling is used as an indicator.

For Decent Work and Economic Growth, the relevant sustainability indicator is the tenant satisfaction indicator, based on tenant questionnaires. This data is measured at least annually.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, this financial product measures and monitors the following principal adverse impacts: GHG emissions, Fossil fuel sector activity.

1. The impacts of fossil fuel sector activity, GHG emissions and involvement in controversial weapons and the other restricted/excluded industries are considered in the initial investment stage. In addition, exposure to these matters in investments is monitored annually.
2. The information is available in the products' sustainability reports as well as in the periodic reports required by the SFDR.

☐ No

What investment strategy does this financial product follow?

The investment strategy of the Fund is described in the rules of the Fund. The Fund mainly invests in commercial real estate properties located in Finland.

The investment strategy is implemented in the investment process on a continuous basis through the investment committee procedure; the investment committee of the Fund makes investment decisions according to the investment strategy.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The selected E/S characteristics are promoted in each investment/portfolio company.

ESG due diligence reviews (referred to in ref. SFDR Art. 6(1)(a) above) will be carried out with respect to each investment (prior to the Fund making its investment in the relevant real estate target) shall in each case cover the current levels of the sustainability indicators mentioned above.

Where material deficiencies are detected prior to the completion of the investment, the Fund undertakes to prepare a plan on how such rates/indicators will be improved to an acceptable level and to procure that relevant measures and processes are implemented in sufficient time following the investment.

Where the AIFM believes that the detected material deficiencies cannot be rectified to an acceptable level following the investment by the Fund, the Fund will not invest in such portfolio company.

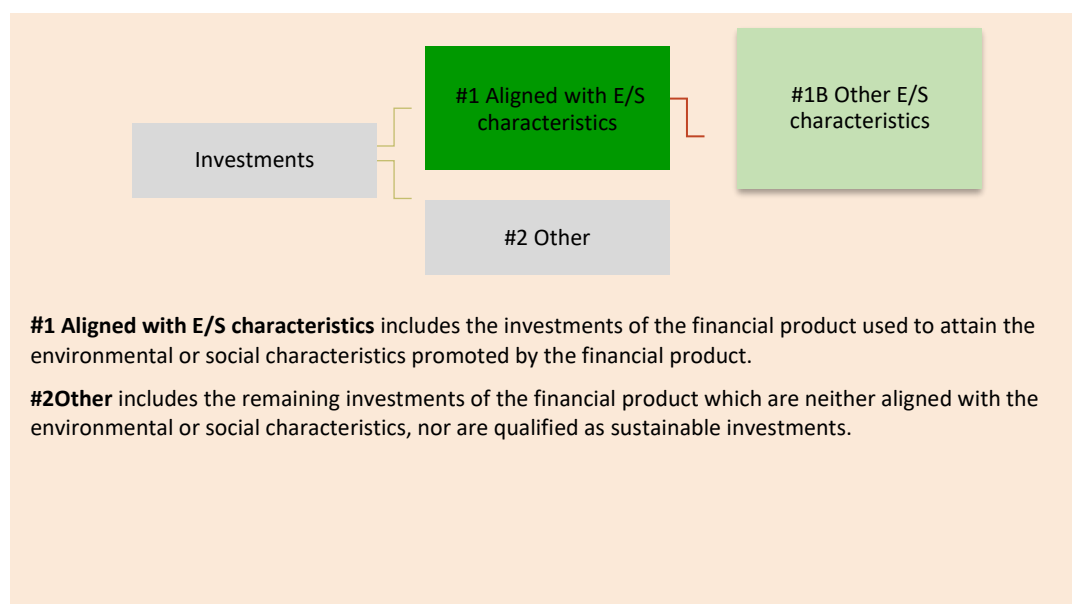
It can also be noted that the AIFM has an exclusion list (see above).

- ***What is the policy to assess good governance practices of the investee companies?***

Legal, technical and financial & tax due diligence will be performed before making any investment.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Fund and the AIFM will ensure that the company complies with good governance practices prior to investments. In case the Fund acquires all shares in a company (typically a mutual real estate company), the Fund shall administrate the company according to its own governance guidelines and instate a board of directors comprising of personnel involved in the Fund's management. Good governance practises include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.



What is the asset allocation planned for this financial product?

96-98 % of the investments of the Fund will be aligned with E/S characteristics (i.e. E/S characteristics set out under the disclosure "What environmental and/or social characteristics are promoted by this financial product?" above will be promoted in each investment). Investments are not expected or required to qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

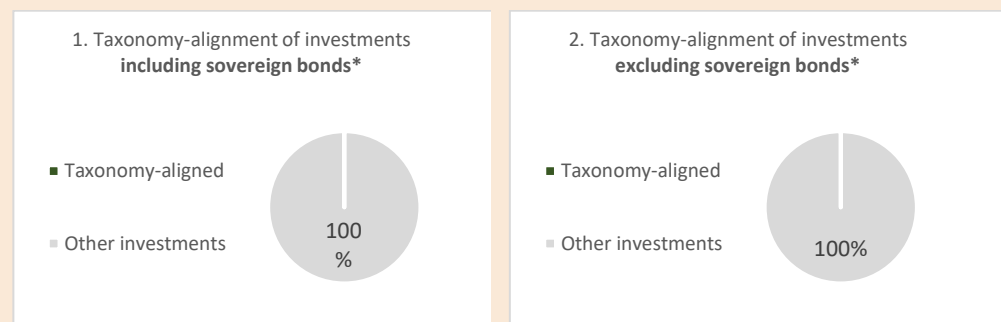
- ☐ Yes: *[specify below, and details in the graphs of the box]*
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

0 %



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0 %



What is the minimum share of socially sustainable investments?

0 %



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

2-4% Other. Other assets include cash and derivatives required by financing parties. No minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



Where can I find more product specific information online?

More product-specific information can be found on the website:
www.mandatumam.com/mandatum-am-aifm.