

## Summary

This document is summarizing the website product disclosure for financial products that promote environmental or social characteristics in accordance with Article 10 of the EU 2019/2088 Sustainable Finance Disclosure Regulations (“SFDR”) and Article 24 of the EU 2022/1288 Regulatory Technical Standards (“RTS”).<sup>1</sup>

### No sustainable investment objective

Mandatum Asset Management Ltd (“MAM”) offers portfolio management services for various funds and investment baskets (hereinafter together the “products”) that promote, 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 Article 8 of the SFDR, but the products do not have as their objective sustainable investment within the meaning of Article 2(17) of the SFDR.

### Environmental or social characteristics of the financial product

MAM invests its customers’ funds responsibly, and the responsibility forms a key part of its risk management process. MAM 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 favorable growth prospects and more predictable cost development. The environmental and social characteristics that are promoted among other characteristics vary between products which is presented in the table 4 of the Sustainability-related Disclosures. The main ESG characteristics that the products promote are the consideration of compliance with international norms and standards (i.e., the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises), incorporating sustainability analysis into investment analysis and sensitive sectors and norm-based screening.

### Investment strategy

MAM has incorporated a sustainability analysis into its investment processes and monitors investment objects in its portfolios also from the perspective of sustainability. When analysing the risks of an investment object, MAM considers sustainability factors as a key part of risk management. In decision-making, MAM employs both negative and positive screening, taking into account the characteristics of different asset classes. Investments can also be made with an emphasis on certain sustainability themes, such as climate change and climate risk mitigation. Mandatum expects its external partners to take sustainability into account in investments in all asset classes. In selecting and monitoring investment products managed by external partners, the sustainability analysis focusses on the partner’s investment process and reporting. The materiality of sustainability risks varies depending on asset class. Thus, different emphasis is made in certain sustainability criteria related to asset class.

### Proportion of investments

All investments in the products managed by MAM that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics (i.e., Article 8 SFDR financial products) are aligned with E/S characteristics described in this document, and the investments are investigated comprehensively in terms of possible ESG risks during the due diligence phase.

### Monitoring of environmental or social characteristics

The direct equity and fixed income investment products are monitored on a regular basis for their ESG risk ratings and screened based on sensitive sector and norm-based screening such as UN Global Compact and OECD Guidelines. The carbon footprint of the direct equity and fixed income investments is measured and disclosed annually, and semi-annual sustainability reports are published for the investment products. In addition, the periodic reports will be published for the products, pursuant to the SFDR requirements. The products investing primarily through other investment products, such as investment baskets, mutual funds and

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<sup>1</sup> This disclosure applies also to Mandatum Life Insurance Company Limited which is deemed as a financial market participant in accordance with the SFDR and of which unit-linked insurance-based investment products are managed by Mandatum Asset Management Ltd.

exchange traded funds (ETFs), the sustainability analysis of an investment is based on information collected from public source and received from external managers

### **Methodologies**

Sustainability indicators are used to measure the attainment of the environmental or social characteristics (for Article 8 SFDR financial products). The indicators are used consistently across products managed by MAM given the data availability and relevance. The sustainability indicators specified by MAM are: ESG risk rating, breaches of international norms and standards, exposure to fossil fuels, carbon footprint, carbon intensity and in products that invest in other investment products the share of AUM invested in strategies that, according to their classification under the SFDR promote environmental or social characteristics, or a combination of those characteristics.

### **Data sources and processing**

MAM uses various ESG data sources in its investment and risk management processes. ESG data sources are an integral part of the whole investment life cycle, e.g., during due diligence, screening of investments and reporting. MAM cooperates for norms-based screening, sensitive industries screening and carbon emission data with ISS ESG and The Upright project. The ESG risk ratings are provided by Sustainalytics. Upright Project is also used for a sub-set of the investments to model their net impact. As regards to the products investing primarily through other investment products, the sustainability analysis of an investment is based on information collected from public sources and received from external managers.

### **Limitations to methodologies and data**

The current and potential data providers are surveyed and reviewed regularly in order to gain an even better understanding of the industry's development. In addition to this, Mandatum Group also present its own views and requirements regarding data availability, comparability, and quality. As a rule, we use the data published directly by the investee companies to calculate alignment with the EU taxonomy and the company's carbon footprint. External data providers are used as well to extend the coverage.

### **Due diligence**

Direct equity and fixed income investments are monitored through ESG risk rating and sector/norm-based screening. Sustainalytics' ESG risk rating is also used to quantify the extent to which risks related to ESG criteria may affect the company's value. To ensure smooth operation when fulfilling their investment strategy, the products also hold cash and potentially hedging instruments, which are subject to minimum safeguards (ensured by screening for compliance with the international norms and standards incl. the UN Global Compact and the OECD Guidelines). The due diligence phase of the investment process offers the best opportunities to influence the product's operating principles for outsourced asset management. When selecting strategies that are managed by external managers, a due diligence covering sustainability factors is required in order to qualify the investment. In the due diligence phase, special attention is paid to the manager's investment process, resources and reporting from a sustainability perspective.

### **Engagement policies**

Sustainability risks and factors, especially those related to climate change, are taken into account in all engagement activities and MAM aims to ensure that all investee companies have implemented sustainability factors into their corporate strategies. Further information can be found in MAM's Engagement Principles (Engagement Principles (mandatumam.com))

### **Designated reference benchmark**

The environmental and/or social characteristics are attained by using the sustainability indicators defined above and no index has been designated as a reference benchmark to determine whether the financial products are aligned with the environmental and/or social characteristics that are promoted.