



Anti-Money Laundering and Counter Terrorist Financing Principles

Mandatum Group

19 March 2024



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1 INTRODUCTION

Mandatum Group is committed to participating in international efforts on anti-money laundering and countering the financing of terrorism. The requirements laid down by the European Union's and national legislation on the prevention of money laundering and terrorist financing are binding to all Mandatum Group companies defined as obliged entities, which are to ensure their compliance with applicable laws, rules and regulations by setting sufficient procedures and controls in place in order to prevent Mandatum Group companies' services and products from being used to facilitate any means of financial crime.

These Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) Principles (the "**Principles**"), approved by the Board of Directors of Mandatum plc, apply to all Mandatum Group companies.

2 KEY REGULATORY BACKGROUND

The prevention of money laundering and terrorist financing is based on international standards, seeking to ensure a uniform approach and procedures in the global financial markets. On 20 May 2015, the European Parliament and the Council of the European Union adopted Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (the Fourth AML Directive). Subsequently, the Directive has been amended with the Fifth AML Directive (EU) 2018/843.

The AML Directives aim to combat money laundering and the financing of terrorism by preventing the use of the financial markets for these purposes. The Directives have been implemented in all EU countries, and their national implementation, alongside with other relevant national legislation, lay the basis for the prevention of money laundering and terrorist financing in all EU countries, where Mandatum Group companies operate.

In addition to legislation on anti-money laundering and counter terrorist financing, both national and international sanctions have been issued in order to restrict or suspend economic, commercial or other relations with particular states or groups of individuals and entities. The sanctions regimes, such as sanctions imposed by the United Nations, the European Union and Office of Foreign Assets Control of the United States, aim to support, for example, counter-terrorism and political settlement of conflicts.

3 FRAMEWORK AND RISK-BASED MEASURES

Mandatum Group has established a framework for the prevention of money laundering and terrorist financing, which includes internal policies and guidelines, procedures, efficient risk management and controls tailored to the companies' business profile. The main purpose of the framework is to ensure compliance with all applicable obligations and requirements regarding anti-money laundering and counter terrorist financing, as well as different sanctions regimes.

In accordance with the risk-based approach adopted by the Mandatum Group companies, the extent of such measures is proportionate with and adapted to the risk concerned, which has been thoroughly assessed in company-specific business-wide risk assessments and is further assessed in individual risk assessments carried out in specific occasions. Mandatum Group companies have also determined a risk appetite defining and significantly limiting the risks the companies are willing to take in this regard.

Mandatum Group companies have established and implemented detailed procedures regarding obligations on, e.g., customer due diligence, risk assessments, monitoring and sanction screening. The internal guidelines also set out clear provisions regarding the applicable procedure for detecting and reporting suspicious transactions.

4 DISTRIBUTION OF RESPONSIBILITIES

With regard to the distribution of responsibilities in order to efficiently prevent money laundering and terrorist financing in Mandatum Group companies' business, the Group has established a model of three lines. Each line represents a defined role in:

1. daily operation activities and risk management (the first line);
2. ensuring, monitoring and reporting on the companies' overall risk management and compliance with regulation and internal guidelines (the second line); and
3. independently assessing and assuring by an internal audit function that the procedures and controls set in place by the first and second lines are adequate and efficient (the third line).

Mandatum Group companies have organised the duties and taken other measures deemed necessary and appropriate, such as regular training of the employees, in order to be able to effectively prevent money laundering and terrorist financing, as well as to comply with the applicable regulation and sanctions regimes.

The reporting of the anti-money laundering and counter terrorist financing activities and potential incidents has been organised in a manner which enables the management and the Mandatum Group companies' Boards of Directors to receive all material information without undue delay and ensures that Mandatum Group's compliance and risk management organisation is informed of all relevant incidents in a timely manner.

Each Mandatum Group company has also appointed a dedicated member of its management body in its management function who is responsible for ensuring compliance with anti-money laundering and counter terrorist financing regulation and that the internal policies, procedures and controls are implemented and consistent with the concerned company's potential risk exposure. In addition, Mandatum Group has appointed a Group AML Compliance Officer, an independent role responsible for internal supervision of compliance with relevant anti-money laundering and counter terrorist financing legislation and the provisions issued under it.

Eventually, the Board of Directors of each Mandatum Group company has the ultimate responsibility to review the governance systems, internal policies and procedures, risk appetite and business-wide risk assessments alongside with the proposed measures of risk management, as well as to constantly oversee and monitor the efficiency of the implemented measures.

5 TIMELINESS AND REVISION OF THE PRINCIPLES

These Principles shall be reviewed annually and always when deemed necessary due to amendments in the regulatory framework or other material changes in Mandatum Group's operating environment, or changes within Mandatum Group affecting the subject issue.

Any updates or amendments to these Principles shall be approved by the Board of Directors of Mandatum plc.

The Group AML Compliance Officer is responsible for the review and update process.



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