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1. Introduction

In accordance with the current science on the impacts of climate change, Mandatum recognises that the transition towards global net-zero emissions must be expedited. Investors play a key role in attaining the goals of the Paris Agreement and in ensuring a fair and equitable transition. Paying attention to climate issues allows Mandatum to reduce the negative climate impact of its operations and investments, and especially in its investment portfolios, mitigate transition risks and capture return potential through investments that are better aligned with climate transition. In doing so, the company also aims to meet the expectations of its climate-conscious clients and investors.

The purpose of Mandatum's Climate Transition Plan ("CTP") is to provide an understanding on its past, current and future climate change mitigation efforts. The CTP is formulated in an effort to support alignment of Mandatum's strategy and business model to be compatible with the limiting of global warming to 1.5 degrees Celsius in line with the Paris Agreement and with the objective of achieving climate neutrality by 2050.

Mandatum's CTP has been formulated following the guidance of the Transition Plan Taskforce (TPT) Disclosure Framework as well as the disclosure requirements related to climate transition plans in the European Sustainability Reporting Standards (ESRS) required by the EU's Corporate Sustainability Reporting Directive (CSRD). As Mandatum's CTP as well as relevant guidance and frameworks evolve over time, this document will be updated as necessary and at least once every three years to reflect the current situation.

As part of its Report of the Board of Directors for the financial year 2024, Mandatum published its first Sustainability Statement in accordance with the CSRD. In line with CSRD requirements, the company carried out a double materiality assessment, the purpose of which is to identify how sustainability issues affect a company's financial performance and how the company's activities impact society and the environment. In the double materiality assessment, climate change has been identified as a topic on which the company has material impacts, and which may result in material financial risks and opportunities for the company's business. Material impacts related to climate change mitigation are connected to both the company's own operations as well as investments.

This CTP covers the company's climate change mitigation efforts both in relation to its own operations and investments. While investments represent the most significant potential in terms of climate change mitigation, the company also seeks to reduce emissions from its own operations and identify more sustainable ways of operating. As Mandatum's insurance business encompasses personal risk insurance, it does not directly generate significant greenhouse gas emissions. From a climate perspective, the insurance business is only material through the related investment activities. Therefore, the relevant impacts and risks are addressed in this document as part of investment activities.



2. Foundations

The Foundations section of the CTP outlines Mandatum's strategy and business model, its past efforts and strategic ambition related to climate change mitigation. It also discusses the identified climate risks and opportunities, as well as the key assumptions and external factors that the company relies on to achieve its climate ambition. These elements form the basis on which Mandatum's CTP and its implementation are built.

2.1. This is Mandatum

Mandatum plc (later "Mandatum" or "the company") is a major financial services provider, combining expertise in asset and wealth management and life insurance. Clients include institutional investors, companies and private individuals. Mandatum offers a broad range of services encompassing asset and wealth management, compensation and rewards, supplementary pensions and personal risk insurance. Skilled personnel, strong brand and proven investment track record are at the centre of Mandatum's success. The company has been listed on Nasdaq Helsinki since 2023.

STRATEGY AND BUSINESS MODEL

Mandatum has divided its business into four business areas: Institutional and wealth management, Corporate clients, Retail clients, and With-profit business. The strategy is to grow profitably in the capital-light business areas, i.e. in Institutional and Wealth management, Corporate clients and Retail clients, while scaling down the more capital-heavy With-profit business in a planned and predictable manner. This strategy has been in place since the early 2000s, when sales of new with-profit pension insurance policies were discontinued and the company started building growth in the capital-light business areas.

Mandatum's vision is to become the fastest growing Nordic asset and wealth manager with optimised growth in Finnish life and pension. During the strategy period of 2025–2028, the focus is especially on expanding the Nordic foothold in asset management, accelerating the growth of wealth management in Finland, leveraging the leading corporate market position, and improving operational efficiency.

Mandatum is well-positioned to achieve its goals: the company has extensive experience and proven track record in investment operations, a strong brand, high-quality products, and satisfied customers and employees.

2.2. Sustainability strategy and climate ambition

Through its Sustainability Strategy, Mandatum seeks to create value and influence and manage risks from the perspective of sustainability themes that are significant for the company and society. The aim of the Sustainability Strategy is to complement and support the Group strategy in areas related to sustainability to enhance their management and effectiveness. The Sustainability Strategy is built on three key themes. These are responsible investment, sustainable insurance and compensation and sustainable business. Targets and metrics have been set for each of the key themes.

In order to promote efforts in climate change mitigation, Mandatum set targets in its updated Sustainability Strategy in 2024 to reduce its greenhouse gas emissions from investments and own operations to net zero by 2050 at the latest. The targets are in line with the Paris Agreement, the purpose of which is to limit global warming to 1.5 degrees Celsius compared with the pre-industrial era. In connection with setting the net-zero target for investments, Mandatum joined the Net Zero Asset Managers initiative (NZAM). NZAM is an international alliance for asset managers committed to net-zero emissions in their portfolios. The initiative aims to promote sustainable investments and to address climate change challenges by strengthening responsible investment.

To reinforce its net-zero target, the company set the first interim targets for emissions reductions in June 2025. For investments, the aim is to reduce the carbon intensity¹ of its direct listed equities and corporate bonds by 75 per cent by

¹ Scope 1 & 2 Weighted Average Carbon Intensity (WACI).



2030, compared to the 2020 baseline. As a next step, Mandatum plans to extend the targets to other asset classes². For own operations, the aim is to reduce the company's greenhouse gas emissions (Scope 1 and 2) by 42 per cent by 2030, compared to the 2024 baseline.

Table 1: Climate-related targets in Mandatum's Sustainability Strategy

Responsible investment

Theme	Target	Metric
Emissions from investments	 Net-zero target: Reducing the greenhouse gas emissions from investments to net zero by 2050 at the latest. Interim target: Reducing the carbon intensity of direct listed equities and corporate bonds by 75 per cent by 2030, compared to the 2020 baseline. 	Annual emissions reductions compared to the reference year
Active ownership and engagement	Encouraging investee companies to set emissions reduction targets.	Number of ESG engagement measures
Investment products	New direct investment products and the development of existing products support the achievement of net-zero emissions by 2050.	Proportion of direct products supporting the net-zero target

Own operations

Theme	Target	Metric
Emissions from own operations	 Net-zero target: Reducing greenhouse gas emissions from own operations to net zero by 2050 at the latest. Interim target: Reducing greenhouse gas emissions from own operations (Scope 1 and 2) by 42 per cent by 2030, compared to the 2024 baseline. 	Emissions from own operations (tCO ₂ e)

The entire Sustainability Strategy and its targets and metrics can be found in Mandatum's Sustainability Review 2024.

2.3. Key milestones in Mandatum's climate work

Mandatum's climate efforts take a long-term approach. A key step in beginning the company's climate journey was joining the Portfolio Decarbonization Coalition investor network in 2015, which aimed at mobilising institutional investors to gradually decarbonise their portfolios. Upon joining the network, Mandatum was its first Finnish member. Through committing to the UN's Montréal Carbon Pledge in 2016, Mandatum began to annually publish the results of its emissions calculations for investments. The Portfolio Decarbonization Coalition and the Montréal Carbon Pledge have since been decommissioned. Mandatum's climate work has continued, for example, through the development of its

² Asset classes currently still lacking explicit emissions reduction targets include direct private equity, indirect private equity, private debt and real estate, loans and allocation solutions.



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climate policies, collaboration with stakeholders and setting climate targets. The key milestones in Mandatum's climate work during the past decade are presented in the timeline below.

Key milestones in Mandatum's climate work

- 2015 Manatum joined the Portfolio Decarbonization Coalition investor network.
- 2016 Through committing to the UN's Montréal Carbon Pledge, Mandatum began to publish the results of its emissions calculations for investments.
- 2017 Mandatum began working together with WWF Finland to promote responsible investment and to mitigate climate change.
- 2019 Disclosure of emissions from own operations in accordance with the Greenhouse Gas Protocol.
- 2020 Net-zero targets set for Mandatum's direct real estate portfolios.
- 2022 Climate strategy included in the Responsible Investment Policy.
- 2023 Goal to phase out coal and oil from direct equity and fixed income investment portfolio included in the Responsible Investment Policy.
- 2024 Commitment to reduce the greenhouse gas emissions from investments and own operations to net zero by 2050. Mandatum joined the Net Zero Asset Managers (NZAM) initiative.
- 2025 Interim targets set for direct listed equities and corporate bonds, as well as own operations.

2.4. Climate-related risks and opportunities

Mandatum has assessed climate-related risks and opportunities as part of its double materiality assessment, the results of which were published in the Sustainability Statement in the Report of the Board of Directors. The double materiality assessment will be reviewed annually. The identified material climate risks and opportunities in the 2024 Sustainability Statement are presented in the table below.

Table 2: Material climate-related risks and opportunities

Material ESRS topic	Risk or opportunity in Mandatum's value chain	Description of risk or opportunity
Climate change mitigation	Opportunity, upstream value chain	Financial opportunities in situations where investments contribute to climate change mitigation and the transition to a low-carbon economy. In Mandatum's view, responsible investment is a way to secure investment returns in the long term, and at the same time a means to ensure that sustainability risks and opportunities are broadly considered in investment decisions.
Climate change adaptation	Risk, upstream value chain	Physical chronic and acute risks in investments that have a negative impact on the value of Mandatum's investments.
	Risk, upstream value chain	Transition risks in investments that have a negative impact on the value of Mandatum's investments.

Mandatum's material climate risks are related to investment assets. The physical risks of climate change concerning investment assets refer to chronic and acute risks that arise from environmental impacts caused by climate change, such



as floods and droughts, causing damage to the assets of investee companies or hindering their operations, thereby causing financial damage that negatively affects the value of Mandatum's investments.

Transition risks, on the other hand, refer to risks that arise from changes in the operational and regulatory environment and the transition towards a carbon-neutral economy. Transition risks related to investment assets can materialise when investee companies face challenges, for example, due to changing regulations, legal actions against the company, or changing client demand, which can impact the value of Mandatum's investments.

The impact of climate risks on Mandatum's business operations varies by business area. In the with-profit business area, the impact is immediate, as Mandatum bears the risk of changes in the value of investments related to investment activities. In unit-linked insurance, however, clients bear the risk of changes in the value of investments, and for the company the impact is indirect through future premiums. In the with-profit business area, the insurance portfolio is in a run-off status, which significantly reduces the impact of climate risks in the medium and long term. The key climate risks in Mandatum's with-profit business area are medium-term and long-term transition risks in fixed income investments. Transition risks in investments may be affected by changes in legislation, technology or consumer attitudes. On the other hand, they may manifest as reputational risks and regulatory risks, as the investee companies operate in a wide range of industries. For investments related to unit-linked contracts, the material climate risks are the physical climate risks, both acute and chronic at least in the long term, and climate transition risks in the medium and long term in all asset classes.

Mandatum's approach to risk management, including climate risks, is described in more detail in the chapter <u>Risk</u> <u>management</u>.

SCENARIO ANALYSIS

As Mandatum's material climate risks are related to its investment portfolios, the scenario analysis conducted by the company focuses on the analysis of investment assets. Mandatum conducted a climate risk scenario analysis in 2022 and 2023, assessing climate risks in four scenarios over a 40-year time period.

The four scenarios used were based on the Network for Greening the Financial System (NGFS) scenarios and were as follows:

- 1. A steady net-zero scenario, in which a sustainable transition is achieved, and global warming will average 1.5 degrees by 2100 at a probability of 50 per cent.
- 2. An uneven net-zero scenario, in which a sustainable transition is eventually achieved, but chaotically because of abrupt measures begun too late. In this scenario, average global warming is 1.5 degrees by 2100 at a probability of 50 per cent.
- 3. A limited-action scenario, in which the goals of the Paris Agreement are not attained, and average global warming reaches 2.8 degrees by 2100.
- 4. A high-warming scenario, in which average global warming reaches 4.2 degrees by 2100.

The results showed the change in the value of the investment portfolio compared to the baseline in all four scenarios. The climate scenario analysis reinforces Mandatum's view that climate risks are material risks in investment portfolios, in both the investments in the with-profit business area and the investments related to unit-linked contracts.

The strategic ambition as well as the actions described in the <u>Implementation strategy</u> and <u>Engagement strategy</u> sections of this CTP aim at mitigating the identified climate risks arising from the investment portfolio in the event that they would materialise in different scenarios.

CLIMATE CHANGE RESILIENCE ANALYSIS

In 2024, Mandatum conducted a resilience analysis to assess the climate resilience of its strategy and business model. Climate resilience refers to the company's ability to tolerate climate risks and to adapt its business model in line with the green transition. Since Mandatum's material climate risks are related to its investment assets, the resilience analysis extends to the company's investment activities and includes both physical risks and transition risks. The resilience analysis also draws on the scenario analysis (see previous chapter).



The resilience analysis indicates that Mandatum's strategy and business model have a good resilience for tolerating climate risks in the short term. In its own risk and solvency assessment, Mandatum examines a wide range of market scenarios to evaluate, for instance, changes in its solvency position in various stress scenarios. This assessment indicates that Mandatum's solvency is robust also in stress scenarios, at least in the short term.

Locked-in greenhouse gas emissions refer to future greenhouse gas emissions that are caused as a result of decisions already made, particularly in the case of long-term investments that cannot necessarily be quickly divested. In Mandatum's investments, there is a potential risk of locked-in greenhouse gas emissions in illiquid assets such as private equity and private debt investments and European real estate investments. The duration of these investment commitments varies between 5 and 10 years. However, in Mandatum's view, the risk of lock-ins is not so great that it could compromise the attainment of emission reduction targets or cause a transition risk.

In the company's view, its business operations are flexible and agile in the medium and long term, which enables the company to adapt to various situations, including the physical and transition events described in the climate scenarios in Mandatum's scenario analysis. Also, it is unlikely that individual climate events would cause material risks in terms of resilience in a diversified portfolio.

Mandatum has a group-level Responsible Investment Policy to ensure that investments fulfil certain sustainability criteria and that material sustainability matters are taken into account in the selection of investments. The policy is updated at least annually and as needed, facilitating a rapid response to any sustainability risks that may emerge in the operating environment. In addition, through the implementation of Mandatum's CTP, the company aims to strengthen the climate resilience of its business and ability to mitigate identified climate risks also in the future. Based on the aforementioned factors, Mandatum considers that its business model and strategy are resilient in terms of climate in the short, medium and long term.

2.5. Key assumptions and external factors

Transition planning is inherently forward-looking and takes place in a context of imperfect information. Therefore, certain assumptions are made during the planning process. In addition, the company is dependent on certain external factors outside of the company's control, which influence how successfully the plan can be implemented.

Mandatum has identified the key external factors which affect the successful delivery of its CTP, as well as defined the key assumptions it depends upon in achieving the strategic ambition of its CTP. The key assumptions and external factors are presented in the table below. Updates will be made to the CTP over time as information changes or grows related to the key assumptions and external factors.

Table 3: Identified external factors and key assumptions

Identified external factors	Key assumptions that enable the delivery of Mandatum's CTP	Mandatum's approach
Decarbonisation of the real economy Despite its own actions, Mandatum cannot reach its emission reduction targets without decarbonisation in the real economy.	Real economy decarbonisation (including Mandatum's investee companies, suppliers and other key actors) materialises in line with the Paris Agreement.	Mandatum supports transition by taking actions described in this transition plan's <i>Implementation</i> strategy and <i>Engagement strategy</i> sections.
Decarbonisation in the financial sector In addition to the real economy decarbonisation, financial market participants (including asset owners and managers) need to continue decarbonisation efforts.	A significant portion of financial market participants continue their decarbonisation efforts.	Mandatum commits to net zero and takes action to decarbonise its own operations as well as its investment portfolio. Mandatum supports net-zero efforts through participation in industry initiatives (e.g. NZAM), sectoral organisations (e.g. Finsif) and benchmarking (e.g. GRESB).



Client demand Mandatum's approach towards climate and the climate integration in its products are driven by client preferences.	Clients continue to value environmental considerations in their investments.	Mandatum engages in dialogue with its clients to understand environmental preferences. The company enables consideration of environmental aspects in investments by offering products suitable for this purpose.
Policy and regulatory change The political landscape and regulatory development influence both Mandatum's and its investee companies' actions. Mandatum's ability to meet its commitments and targets is dependent on governments' ability to follow through their commitments to ensure the objectives of the Paris Agreement are met.	Governments continue to implement policies and regulations that drive emission reductions in the real economy and promote the channelling of capital towards climate-neutral activities.	Mandatum continues to participate in selected regulatory consultations via industry associations.
Availability of renewable energy Certifiably renewable energy continues to be available, and companies can continue to use certificates to ensure zero emissions from their purchased energy.	There will be no changes to the availability and usability of renewable energy certificates for purchased energy.	N/A
Carbon removals The availability of credible and financially viable carbon removals is necessary so that residual, unavoidable emissions can be offset to achieve net zero.	Where emissions are reduced to the level of technological and economic feasibility, carbon removals are available and used to offset the remaining emissions so that net-zero emissions are reached.	N/A
Reliable data Making informed decisions that support climate transition requires reliable data.	The availability and reliability of climate data continue to develop positively.	Mandatum seeks suitable data sources to guide its climate work.
Applicable and credible emission reduction target methodologies Availability of applicable and credible science-based target setting methodologies is important to ensure that targets and the actions taken to reach them truly contribute to global efforts to mitigate climate change.	Methodologies continue to evolve and take into account the realised emissions and remaining carbon budgets, as well as technological capabilities to reduce emissions.	Mandatum continues to utilise broadly accepted methodologies in its climate work.



3. Climate metrics and targets

In line with the Paris Agreement and the effort to limit global warming to 1.5 degrees Celsius, Mandatum has in its Sustainability Strategy committed to supporting the goal of net-zero greenhouse gas emissions from its investments and own operations by 2050 at the latest. The net-zero commitment was first published in 2024 with the pledge to set first emissions reduction targets by 2025.

Aligned with the Net Zero Asset Managers (NZAM) initiative commitments in its investment activities, Mandatum takes into account portfolio Scope 1 and 2 emissions and, to the extent possible, material portfolio Scope 3 emissions³. The focus of the net-zero commitment for investments is in supporting real economy emissions reductions within the sectors and companies which Mandatum invests in. The commitment covers all assets under management. The climate targets and metrics for own operations and investments are outlined in further detail in the following chapters.

3.1. Climate targets for own operations

In order to achieve the goal of net zero by 2050, Mandatum has set an interim target for the reduction of emissions from its own operations. The company's target is to reduce its Scope 1 and 2 emissions by 42 per cent by 2030 (compared to the 2024 baseline). The target for own operations covers all of the company's offices. The climate targets for Mandatum's own operations are outlined in the table below.

Table 4: Climate targets and key performance indicators for own operations

Target/ KPI type	Emission scopes	Type of target	Baseline year	Baseline value	Target	Target year
Net-zero commitment	1 & 2	Absolute	2024	Scope 1: 20 tCO ₂ e Scope 2: 276 tCO ₂ e*	Net zero	2050
Interim target	1 & 2	Absolute	2024	Scope 1: 20 tCO ₂ e Scope 2: 276 tCO ₂ e*	-42%	2030

^{*}Market-based Scope 2 emissions.

Methodology for climate targets for own operations

Mandatum's climate targets for own operations currently cover its Scope 1 and 2 emissions, while Scope 3 targets cover category 15, financed emissions (see following chapter). Other Scope 3 categories (1–14) are not included in the targets, following the Science Based Targets initiative's (SBTi) guidance for financial institutions, where these categories are considered optional. While Scope 3 categories 1–14 are currently not included in the climate targets, Mandatum aims to reduce these emissions as outlined in chapter *Decarbonisation of own operations*.

2024 has been used as the baseline year for Scope 1 and 2 targets, as the company has the most recent and comprehensive emissions calculations for that year. Mandatum has calculated the greenhouse gas emissions of its own operations since 2019 in accordance with the Greenhouse Gas Protocol.

In setting the interim target for Scope 1 and 2 emissions, Mandatum follows an absolute contraction approach. The approach is derived from global decarbonisation pathways and sets a uniform annual emission reduction rate aligned with limiting global warming to 1.5 Celsius degrees. Mandatum has utilised SBTi's Corporate Near-Term Tool to inform

³ Mandatum has not set sector-specific emission reduction targets for which generally used frameworks, such as SBTi Net Zero Standard for Financial Institutions, require inclusion of Scope 3 emissions.

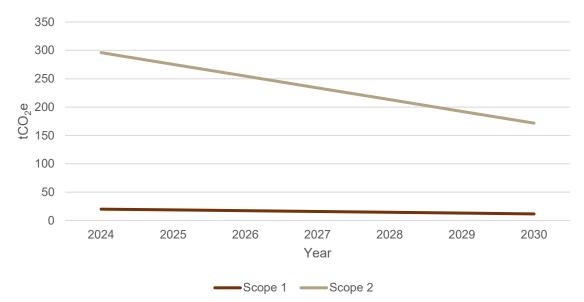


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its own operations target. The Corporate Near-Term Tool applies the absolute contraction approach to company-specific greenhouse gas inventories to determine the absolute emissions reductions required.

At this time, Mandatum has chosen not to seek SBTi validation for its emission reduction targets. The company is committed to best practices, and has used the SBTi methodology, specifically the Corporate Near-Term Tool, to inform the development of the targets for its own operations. Furthermore, Mandatum continues to track updates to the SBTi methodology to be informed on the latest development and make changes when necessary.

Mandatum monitors the fulfilment of its climate targets through annual greenhouse gas calculations, the results of which are disclosed as part of annual sustainability reporting.



Graph 1: Emission reduction target for own operations

Carbon credits

Since 2019, Mandatum has compensated greenhouse gas emissions from its own operations in full (Scopes 1, 2 and 3) by supporting Gold Standard certified projects. Emissions from investments (Scope 3, category 15) are not covered by carbon credits. These projects facilitate global co-operation to fund initiatives reducing greenhouse gas emissions. So far, the focus has mainly been on renewable energy projects contributing to a transition towards a low-carbon economy.

While working towards its emission reduction targets, the company plans to continue using carbon credits to compensate for the emissions from its own operations. In the long-term, the company strives to reduce its emissions as close to net zero as possible and use carbon removals for any residual, unavoidable emissions. Mandatum does not depend on carbon credits in achieving its Scope 1 and 2 emissions reduction targets. The company will continue to report on its use of carbon credits as part of its annual sustainability reporting.

3.2. Climate targets for investments

Mandatum has multiple targets that seek to support the goal of net-zero emissions from its investments. The company invests in various asset classes, each of which has its own characteristics that need to be considered in target setting. Mandatum has begun target setting from the assets for which it is most practical: where Mandatum has the ability to make ultimate investment decision, where reliable data is available and where robust and suitable methodologies exist. The company seeks to expand its targets over time to cover a larger share of the total assets under management.



Table 5: Climate targets and key performance indicators for investments

Target/KPI type	Scope	Emission scopes	Type of target	Baseline year	Baseline value	Target	Target year
Net-zero commitment	All investments	1 & 2 (+3*)	Net zero	N/A	N/A	Net zero	2050
Weighted Average Carbon Intensity**	Direct listed equity and corporate bond investments	1 & 2	Intensity	2020	190 tCO ₂ e / million € revenue	-75% Target level: 47 tCO₂e / million € revenue	2030
Net-zero emissions from operational energy consumption	Special common fund Mandatum AM Finland Properties II	1 & 2	Absolute	Not applicable	Not applicable	Net zero	2030
Net-zero emissions from operational energy consumption	Mandatum's directly owned real estate investments	1 & 2	Absolute	Not applicable	Not applicable	Net zero	2027
Phase out investments in coal	Direct equity and fixed income investments	N/A	Exposure	Not applicable	Not applicable	No investments in coal, i.e. companies that derive more than 5% of their revenue from coal	2030
Phase out investments in oil	Direct equity and fixed income investments	N/A	Exposure	Not applicable	Not applicable	No investments in oil, i.e. companies that derive more than 5% of their revenue from oil	2040

^{*}To the extent possible, material portfolio Scope 3 emissions.

$$Weighted Average Carbon Intensity \\ = \sum_{n}^{i} \left(\frac{current \ value \ of \ investment_{t}}{current \ value \ of \ all \ investments} \ (\underbrace{\in M}) \ x \ \frac{investee \ company's \ Scope \ 1 \ and \ 2 \ emissions_{t}}{investee \ company's \ \underbrace{\in M \ revenue_{t}}} \right)$$



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DIRECT LISTED EQUITIES AND CORPORATE BONDS WEIGHTED AVERAGE CARBON INTENSITY (WACI)

Baseline

The Weighted Average Carbon Intensity (WACI) target has been set using 2020 as baseline year. The baseline level in 2020 was 190 tCO₂e / €M revenue. IIGC's Net Zero Investment Framework (NZIF) suggests using 2019 as a baseline year. However, due to data availability, Mandatum has used 2020 as a baseline.

Scope

The target covers all direct listed equity and corporate bond investments in Mandatum's portfolios (both with-profit and unit-linked balance sheets), for which required data is available.

At the end of 2024, the most recent financial year, this target covered 19 per cent of Mandatum's assets under management.

Emission scopes

Due to availability of trustworthy and comparable data on investee companies, the WACI target covers carbon equivalent emission Scopes 1 and 2.

Data

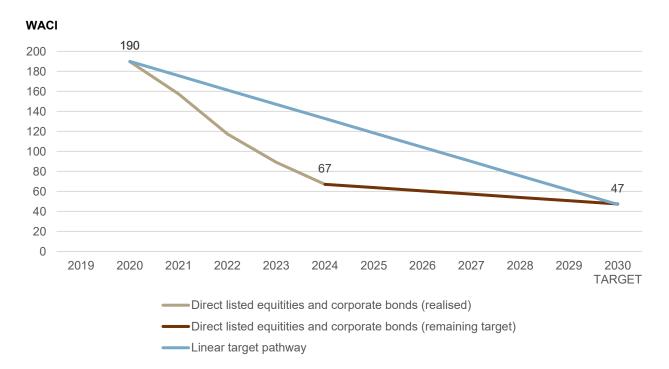
Mandatum utilises data sourced from ISS ESG. The utilised emission data is mostly based on company reporting, but it also includes some modelled data.

Target level and utilised climate scenarios

Mandatum's portfolio target for direct listed equities and listed corporate bonds is a 75 per cent reduction in WACI between 2020 and 2030. This exceeds the \sim 50 per cent global CO $_2$ reduction by 2030 identified in the IPCC Special Report on Global Warming of 1.5°C and is aligned with the IEA Net Zero by 2050 scenario. Mandatum has utilised the NZIF in setting the target.

This ambition ensures that Mandatum's portfolio decarbonisation pathway contributes proportionally to the global effort required to limit global warming to 1.5°C. Mandatum will continue to track both carbon intensity and absolute financed emissions to ensure that progress is consistent with real-world emission reductions.





Graph 2: Emission reduction target for direct listed equities and corporate bonds

NET-ZERO EMISSIONS FROM OPERATIONAL ENERGY CONSUMPTION

The target for net-zero emissions from operational energy consumption has been set for Mandatum's direct real estate portfolios. For Mandatum's directly owned real estate investments, the goal has been set for 2027, and for Special common fund Mandatum AM Finland Properties II for 2030.

The target covers Scopes 1 and 2, i.e. on-premise energy production and purchased energy, respectively. The tenants' energy contracts (Scope 3) are out of scope because they are not within the discretion of Mandatum.

As of 2024, for electricity, renewable wind power has been purchased for all 100 per cent owned properties. For heating, all properties switched to using renewable district heating verified with certificates of origin in 2024. In Mandatum AM Finland Properties II, there remains a single property where on-premise fossil fuel is still used for heating.

PHASE OUT INVESTMENTS IN COAL AND OIL

Since 2023, Mandatum's goal has been to phase out coal (i.e. companies that derive more than 5 per cent of their revenue from coal) from its direct equity and fixed income investment portfolio by 2030 and oil (i.e. companies that derive more than 5 per cent of their revenue from oil) by 2040. The goal will be reached by gradually tightening sector exclusion thresholds until the goal is met. Thus far thresholds have been tightened from 50 per cent in 2021 to current 40 per cent for oil and 30 per cent for coal.



4. Implementation strategy

The implementation strategy of the CTP outlines the key measures through which Mandatum aims to achieve its climate targets. It covers both the company's own operations as well as the investment portfolio. While decarbonisation efforts in the investment portfolio represent the greatest potential in terms of climate change mitigation, the company also strives to reduce its operational emissions.

4.1. Decarbonisation of own operations

Scope 1 emissions result from the fuel used in company vehicles which are leased by employees. As a measure to reduce Scope 1 emissions, Mandatum has outlined in its internal car benefit principles that any new leased vehicles shall be fully electric from September 2025 onwards. The majority of the company's leased vehicles have been electric already previously, and the aim of the policy update is to make sure that electric vehicles are chosen for any new leases or lease renewals, thus enabling the transition to a fully electric fleet over time.

Scope 2 emissions are caused by the consumption of electricity and heat at the company offices. Mandatum has 14 offices in total, 12 in Finland, one in Sweden and one in Luxembourg. The headquarter is in Helsinki, Finland. Mandatum's goal is to use renewable electricity in its office facilities and works together with its landlords to ensure that renewable electricity contracts are upheld for the offices. The company also aims to use renewable heat and to utilise guarantees of origin for district heating to ensure that an amount of renewable heat has been produced which corresponds with Mandatum's heat consumption.

Scope 3 emissions which are related to Mandatum's own operations (categories 1–14) include business travel, purchased goods and services, capital goods (such as IT equipment), employee commuting and teleworking and waste at office facilities. While Mandatum's Scope 3 target covers the emissions from investments (category 15, financed emissions), the company also seeks to reduce other indirect emissions related to its own operations and identify more sustainable ways of operating. All Mandatum's offices follow the "Have a Green Day" programme, which encourages employees to, among other things, favour public transport or cycle or walk to work, recycle, reduce their consumption of electricity and paper, reduce the amount of waste produced, eat more plant-based food and avoid food waste. Mandatum monitors the development of its Scope 3 emissions through annual emissions calculations and continues to develop internal practices and guidelines to promote the reduction of these emissions.

4.2. Decarbonisation of investment portfolio

Mandatum provides comprehensive wealth and asset management services to its clients. The company and its clients invest in a variety of asset classes and strategies. Thus, Mandatum's approach to responsible investment as well as to the decarbonisation of its investment portfolios varies between different asset classes and strategies.

The two key factors determining the scope of application of different approaches relate to the ability to make ultimate investment decisions and the availability of investee company level data. Mandatum generally has a greater influence and ability to utilise more advanced responsible investment approaches in its direct investments compared to fund-type indirect investments. Furthermore, when it comes to data availability, Mandatum's ability to source and utilise investee company level data is greater for listed equity and fixed income investments.

Mandatum's investment solutions include

- Equity
 - o Direct listed equity
 - Direct and indirect private equity
- Credit
 - o Direct listed fixed income



- Direct and indirect loans
- o Indirect private debt
- Real estate
 - o Direct and indirect real estate
- Allocation solutions (indirect external and Mandatum's products)
 - o Equity
 - o Credit
 - o Alternative investments (e.g. real estate, private equity and private debt)

Another key element determining Mandatum's responsible investment approach is the type of product. Products disclosing under the Sustainable Finance Disclosure Regulation (SFDR) articles 8 and 9 generally follow more advanced responsible investment approaches compared to article 6 products, which do not promote environmental or social characteristics. Climate considerations are integrated into SFDR article 8 and 9 products through sustainability indicators that measure the achievement of environmental characteristics promoted by the financial products, as well as through the principal adverse impacts that these products consider.

Currently, Mandatum does not offer products in which climate targets are integrated in the investment portfolio strategy. For certain products, such as special common fund Mandatum AM Finland Properties II, there are product-specific climate targets. See chapters *ESG integration* and *Climate targets for investments* for more details. Mandatum manages its product offering in a way that aims to meet its clients' demands.

Mandatum's approach to responsible investment is determined in the Responsible Investment Policy. The policy is updated annually. This CTP summarises the decarbonisation levers determined in the policy. It is not meant to cover each investment case in detail but to provide an overview of Mandatum's approach. Details can be found from Mandatum's Responsible Investment Policy and product specific documentation. In the event of any inconsistency or contradiction between the CTP and Mandatum's Responsible Investment Policy or product documentation, the latter prevail.

INVESTMENT RESTRICTIONS

Sensitive sector screening

Mandatum has set restrictions in its Responsible Investment Policy for investments in sensitive sectors and business activities that are deemed to carry heightened sustainability risks and cause adverse impacts.

The restrictions are primarily applied to direct equity and fixed income investments disclosing under SFDR articles 8 and 9, unless stricter restrictions are set on a product level. The restrictions are not applied to products disclosing under SFDR article 6. The definition of the scope for investment restrictions is based on Mandatum's ability to make the ultimate investee company level investment decision and to screen these investments.

The restrictions also serve as a guideline for other asset classes, including for example private debt and real estate. For example, during the due diligence process for new indirect private debt, private equity and real estate investments, managers' exclusions are reviewed and actions taken so that Mandatum's restrictions are adhered to as closely as possible.

Investee companies conducting direct and/or indirect business in these sectors are identified and monitored through both external service providers and internal analysis. In the Responsible Investment Policy, Mandatum sets exclusion thresholds for these identified sectors, see table 6 below. From a climate change mitigation and adaptation perspective, the most relevant sectors with set limitations include coal and oil. The thresholds are based on the share of sales by industry/product group.

Direct business refers to the manufacture or production of a product or service, while indirect business encompasses various parts of the product or service production value chain. In investment decisions regarding companies with indirect business activities related to fossil fuels that are not mentioned in the table 6 (e.g. providing services such as



transportation, storage, IT or consulting to companies operating in the fossil fuel sector), case-by-case discretion is applied. Preference is given to companies whose operations support Mandatum's net-zero goal.

Table 6: Sensitive sector exclusions

Industry / Product group	Percentage of sales		Description
Zero tolerance	Direct business	Indirect business	
Controversial weapons	0%	0%	Investments are not made in companies that derive any revenue from the manufacturing, subcontracting, or distribution of controversial weapons. This exclusion applies without exception to anti-personnel mines, cluster munitions, and chemical and biological weapons. It also applies to nuclear weapons that fall outside the scope of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). *
Low tolerance	Direct business	Indirect business	
Coal	5%	30%	Investments are not made in companies that derive over 5% of revenue from mining of coal or whose share of revenue from coal mining subcontracting or distribution of coal exceeds 30%. Investments are not made in companies whose share of revenues from coal-based energy production exceeds 30%. Exemptions may be granted to companies that present a credible transition plan. **
Tobacco	0%	50%	Investments are not made in companies that derive revenue from manufacturing of tobacco products or derive more than 50% of revenue from subcontracting or distribution of tobacco products.
Adult entertainment	0%	50%	Investments are not made in companies that derive revenue from production of adult entertainment or that derive more than 50% of revenue from adult entertainment industry subcontracting or distribution.
Gambling	50%	50%	Investments are not made in companies that derive more than 50% of revenue from gambling or gambling subcontracting.
Oil	40%	40%	Investments are not made in companies that derive more than 40% of revenue from direct business to the fossil oil industry, including exploration, extraction and production of fossil oil. Investments are not made in companies that derive more than 40% of revenue from indirect business to the fossil oil industry, including distribution, refining and processing of fossil oil or production of fossil oil-based energy. Exemptions may be granted to companies that present a credible transition plan. **



Limits set on direct equity (incl. direct private equity investments) and fixed income as a share of sales by industry/product group. The limits are applied to equity and fixed income investment products that are determined to promote environmental or social characteristics or to be sustainable investments, but they serve as guidelines in other asset classes as well.

*Investments in companies that derive revenue from nuclear weapons inside the NPT are evaluated against an internal set of criteria.

The portfolio manager responsible will prepare a summary of the target company, which will then be reviewed by the ESG team for their opinion.

**Exemptions may be granted to companies that present a credible transition plan, evaluated against an internal set of criteria. The portfolio manager responsible will prepare a summary of the target company, detailing the rationale for considering it as a transition company, which will then be reviewed by the ESG team for their opinion. The final decision will be made by the Chief Investment Officer (CIO). Exemptions are not allowed in products making sustainable investments under the SFDR.

Applying thresholds to new investments restricts investments in the sensitive sectors. In addition, all investments within the scope defined above are screened regularly. If an investment no longer meets the criteria, e.g. due to changes in investee company's business activities, Mandatum will seek to divest it within a reasonable timeframe, considering the clients' best interests and market conditions.

Mandatum's goal is to phase out coal (i.e. companies that derive more than 5 per cent of their revenue from coal) from its direct equity and fixed income investment portfolio by 2030 and oil (i.e. companies that derive more than 5 per cent of their revenue from oil) by 2040. The investment restriction thresholds will be tightened according to a plan so that these goals will be met. The definition of the scope for the phase out goal is based on Mandatum's ability to make the ultimate investee company level investment decision and to screen these investments.

Monitoring of exposure to fossil fuels

Mandatum conducts regular screening of exposure to sensitive sectors listed in table 6 as well as to other fossil fuels, such as gas. This fossil fuel screening allows Mandatum to enhance monitoring and reporting while effectively managing risks associated with fossil fuels. Such risks encompass reputational, regulatory and environmental risks, including those related to climate change. The fossil fuel sector, particularly gas, plays a significant role in the transition to a lower-carbon economy. Mandatum is committed to continuously monitoring developments in this sector and regularly reassessing its approach to gas. New investments in the fossil fuel sector are made with prudence and careful consideration, and portfolio exposures are monitored closely.

Along with regular screening of fossil fuel investments in direct equity and fixed income investments, Mandatum monitors the application of exclusions and exposure to the fossil fuel sector in the fund-type private debt, private equity and real estate investments

Norm-based screening and sanction screening

Mandatum screens for climate-related controversies through norm-based and sanction screening. Direct investments are evaluated against international norms established in conventions such as the UN Global Compact, OECD Guidelines for Multinational Enterprises, ILO Tripartite Declaration, the Guiding Principles on Business and Human Rights and the Paris Agreement on Climate Change (data availability varies depending on the asset class). If an investee company violates these standards, Mandatum investigates the incident and takes measures on a case-by-case basis. Depending on the breach's severity, measures may include direct dialogue, engagement actions, or, as a last resort, divestment if the company fails to respond appropriately within a reasonable timeframe. Fund-type private debt and European real estate investments are also monitored for compliance with the UN Global Compact and OECD guidelines.

Mandatum complies with relevant sanctions laws in its operating jurisdictions. Screening procedures are implemented for both new and existing direct equity and fixed income investments, ensuring compliance with sanctions lists before investment and on an ongoing basis.

Norm-based screening and sanction screening enable Mandatum to identify investee companies that may be linked to significant environmental harm or misaligned with Mandatum's decarbonisation goals.



ESG INTEGRATION

This chapter covers the general approach that Mandatum takes in integrating material climate-related information into investment analysis and investment decisions. The focus in ESG integration is in risk-return considerations.

ESG integration in direct equity and credit investments

In investment analysis and decision-making, Mandatum utilises various methods that aim to contribute to the management of climate impacts, risks and opportunities:

- consideration of investee companies' material climate characteristics and impacts such as emissions, emission intensity, targets and transition plans
- · evaluation of expected changes to investee companies' business environment, e.g. expected regulatory changes
- external sustainability risk rating which enables Mandatum to identify investee companies which are more exposed
 to ESG including climate risks. Investments in companies for which the ESG risk is assessed to be severe
 require approval from the Chief Investment Officer.

Mandatum has set an emissions reduction target for direct listed equities and corporate bonds. Weighted Average Carbon Intensity reporting for Mandatum's investment products is also included in Mandatum Group's Responsible Investment Review. Thus, in addition to the climate impact of individual companies, portfolio management needs to consider emissions at the portfolio level.

ESG integration in direct private equity investments

In private equity investments, environmental, social, and governance (ESG) considerations are integrated throughout all phases of the investment process, including the acquisition of portfolio companies, the due diligence process, the 100-day plan, value creation and exit strategies.

Mandatum conducts a comprehensive ESG due diligence process to assess and identify material ESG risks and related opportunities for each company in which it invests. This process aims to uncover opportunities for positive impact during the value creation period, rather than focusing solely on risk mitigation. The ESG due diligence process includes standardised questions covering topics of significance to Mandatum, as well as sector-specific inquiries tailored to the company in question. Following the transaction, a dedicated working group focused on ESG matters is established to address the issues identified during the ESG due diligence, define relevant ESG key performance indicators (KPIs, e.g. emission reductions) and set targets. Mandatum also formulates a plan to rectify any deficiencies highlighted during the ESG due diligence.

Investments are continuously monitored from a sustainability perspective. Whenever feasible, Mandatum receives ESG-related data directly from portfolio companies and tracks progress against selected ESG KPIs. In Mandatum's most recent private equity fund, calculating and reducing emission intensity is selected as a relevant ESG KPI for all investee companies. Additionally, Mandatum ensures that ESG matters are actively discussed within the Board of Directors, formal working groups and management discussions.

ESG integration in direct real estate investments

Mandatum invests directly in real estate properties in Finland. Environmental and social characteristics are considered as a part of Mandatum's ESG due diligence. Mandatum aims to find out what are the most material risks, issues and opportunities for each investment target.

Sustainability in direct real estate investments involves various dimensions, including measuring and reducing the carbon footprint of properties, implementing renewable energy projects, optimising water usage and waste disposal and addressing social responsibilities related to tenant well-being and environmental stewardship. Mandatum's strategy is to seek significant emission reductions while targeting cost savings and creating value to the investors, financiers and property users.

The investment process incorporates sustainability factors through an ESG due diligence assessment, which identifies material ESG risks and opportunities. This assessment analyses technical characteristics, energy efficiency potential, biodiversity status, available certifications and governance while addressing environmental risks.



Responsibility programs are defined at the portfolio level, aiming to transform existing building stock into responsible sites that prioritise environmental factors and tenant satisfaction, with objectives that include energy efficiency and carbon neutrality. All portfolios aim to utilise renewable electricity and are transitioning to renewable heating sources, with monthly monitoring of energy consumption and ongoing investments in energy efficiency.

Mandatum participates annually in the Global Real Estate Sustainability Benchmark (GRESB), an international sustainability assessment for real estate investments. This supports in monitoring both realised environmental performance as well as management practices. It also allows Mandatum to assess its practices against other real estate investors and to identify areas for improvement.

A climate risk assessment including scenario analysis is performed periodically for real estate portfolios managed by Mandatum. In this work, Mandatum has utilised e.g. the TCFD framework and the CRREM risk assessment tool.

ESG integration in indirect private debt, private equity and real estate investments

Indirect investments – i.e. fund investments - include Mandatum's strategies in which asset management is outsourced to external partners. Such strategies include inter alia Mandatum's private debt and European real estate investments, as well as fund-type private equity investing.

Mandatum can advance its climate agenda through integrating climate topics into ESG due diligence and annual ESG questionnaires, as well as through dialogue with the external asset managers. For example, as a result of negotiations, Mandatum's investment restrictions can often be adhered to and in certain cases, fund-level restrictions may be revised accordingly.

Where investment operations are outsourced to external partners within defined limits, Mandatum has no discretion over individual investment decisions. Consequently, the sustainability analysis and dialogue centres on the external partner's investment process. The materiality of sustainability risks varies by asset class, necessitating different emphases on specific sustainability criteria.

Key focus areas for evaluating external partners include assessment of the firm-level as well as fund-level ESG approach:

- Firm commitments to responsible investment (e.g. UN PRI signatory status, responsible investment policies, climate targets)
- The fund's ESG approach, e.g.
 - o the fund's SFDR classification
 - o norm-based screening and industry exclusions
 - integration of sustainability risks and factors in the investment process (e.g. manager's data, tools and due diligence process, and in real estate environmental certifications, energy performance certifications, energy efficiency, resource use)
- Monitoring and reporting (e.g. emissions, principal adverse impacts, sustainability risk management)

During the due diligence phase, Mandatum aims to influence a fund's operating principles by requiring external partners to commit to restrictions defined by Mandatum, such as compliance with international norms or limitations on investee companies' sectors.

In the fund selection phase, Mandatum assesses the external partners' responsible investment practices, favouring those whose approach aligns with Mandatum's processes. The third-party investment analysis evaluates the scope and quality of responsible investment practices, risk management and reporting compatibility with Mandatum's approach. Preference is given to partners committed to the UN PRI or similar initiatives.

For fund-type real estate investments, Mandatum evaluates factors such as energy efficiency, waste management, environmental impact, tenant portfolio responsibility and value-adding property development. Mandatum favours strategies that commit to reporting and improving energy efficiency. For example, the Mandatum AM European Real



Estate IV investment basket aims to invest more than 70 per cent of its assets in properties which are to be made into so-called green buildings⁴ through their respective investment plans. The corresponding figure for the Mandatum AM European Real Estate III investment basket is over 50 per cent. The share of green buildings in the MAM ERE investment programme⁵ is aimed to be raised as high as possible.

For fund-type alternative fixed income and private equity investments, the same ESG criteria apply as for listed equities or bonds. The portfolio manager's engagement with investee companies – through board membership, for example – emphasises the sustainability perspective throughout the investment process, including preliminary reviews, ESG questionnaires, analyses, decision-making materials, side letter negotiations and investment monitoring.

ESG integration in allocation solutions

Mandatum's allocation solutions invest in both its own active strategies as well as external active and passive strategies across equity, fixed income and alternative asset classes. ESG integration in Mandatum's own products is described in further detail in the other chapters under <u>Decarbonisation of investment portfolio</u>.

In investments in active and passive strategies managed by external asset managers, investment operations have been outsourced to external partners within defined limits, and Mandatum has no discretion to the individual investment decisions. Hence, the external partner's investment processes and pre-defined ESG criteria are at the centre of the sustainability analysis. The assessment of strategy-level factors may include, inter alia, the question of whether the strategy has climate-related targets, what the carbon intensity of the fund or strategy is (if available) and how the strategy's potential exclusions align with the investment restrictions defined in Mandatum's Responsible Investment Policy.

In addition to the strategy level approach, on allocation portfolio level, financed emissions and carbon intensity are measured, monitored and managed on an annual basis.

4.3. Policies and guidelines

At Mandatum, policies for climate change mitigation and adaptation are determined by the Group strategy, the supplementary Sustainability Strategy and the company policies. The most important policies and operating principles related to climate change are the Responsible Investment Policy, Code of Conduct, Risk Management Policy and Engagement Principles. These policies and principles are publicly available on <u>Mandatum's website</u>.

Material climate-related impacts, risks and opportunities are particularly relevant in investment operations, and thus the key operating principles relating to them are covered in the Responsible Investment Policy. It describes the operating principles and guidelines for responsible investment at Mandatum and is binding on Mandatum employees. The Responsible Investment Policy is approved annually by the Boards of Directors of the Group companies. The

⁵ The MAM ERE investment programme consists of Mandatum AM European Real Estate investment baskets, which may be linked to unit-linked insurance policies issued by Mandatum Life Insurance Company Limited.



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⁴ In general, green buildings refer to environmentally certified properties, in other words properties that have passed the objective criteria of an independent certification body. The most commonly used certificates may vary depending on the country and real estate sector, which makes it impractical to require a certificate issued by any single named certification body in order for a property to be considered a green building. However, the most well-known and commonly used environmental certificates on the market assess buildings based on the same principles, which include e.g. the sustainability of the building, energy efficiency and quantification of total carbon footprint. In some cases, the definition of a green building may be made in most European countries based on the mandatory energy performance certificate. If the property meets certain minimum requirements, such as the prerequisites for the EPC B energy usage, the building can be considered a green building despite the lack of certification. Also, in certain cases, a property that meets specific requirements can be considered a green building. The share of green buildings in the portfolio is monitored through environmental certificates, energy certificate assessments and other special requirements.

Management Teams of the Group companies are responsible for implementing the policy in each of the Mandatum Group's companies.

The objective of the Responsible Investment Policy is to guide the day-to-day operations of portfolio managers and persons involved in investment activities in taking sustainability risks and matters into account. The Responsible Investment Policy describes the minimum level of measures in addressing sustainability risks and mitigating adverse sustainability impacts. It also covers the operating principles for climate change mitigation and adaptation. Stricter rules and engagement procedures may be applied to specific products or portfolios.

The principles for climate change mitigation in Mandatum's own operations are outlined in the Code of Conduct. In accordance with the Code of Conduct, Mandatum aims to monitor and improve its activities impacting the environment and climate, by, among other things, reducing the greenhouse gas emissions and consumption of natural resources caused by its activities, increasing the personnel's and stakeholders' understanding of environmental and climate issues and collaborating with them on environmental and climate issues.

The Risk Management Policy confirms the underlying principles regarding risk management within Mandatum Group Companies. In the Risk Management Policy, climate risks are considered cross-categorical risks, i.e. as risks within other defined risk categories such as market risk and counterparty risk.

The Engagement Principles guide Mandatum Group's personnel and serve as a guide in the day-to-day activities of those participating in investment activities and, more broadly, in the exercise of ownership rights in investment activities.

4.4. Financial planning

At Mandatum, the financial resources related to climate actions are integrated into the operations of the units and teams working on the topic at Mandatum. The company has not currently set specific financial metrics or targets to monitor progress towards its CTP. As a financial services company, climate actions are mainly driven through ensuring sufficient human capital focused on integrating climate considerations into investment and other operations, rather than significant capital expenditure. Mandatum has an ESG team, which supports investment operations in issues related to responsible investments, monitors ESG factors or risks in investment objects and monitors adherence to the Responsible Investment Policy. In addition, the company has a Group-level sustainability team tasked with developing and co-ordinating Group-level sustainability actions, guidelines, targets and reporting.



5. Engagement strategy

The engagement strategy encompasses Mandatum's engagement activities targeted towards investees, financial services industry and other relevant stakeholders that may influence or support Mandatum's efforts to achieve its transition goals. The majority of Mandatum's emissions relate to its investments. Thus, investees are the most important stakeholder group from an engagement perspective.

5.1. Engagement with investees

For an investor seeking to support real economy transition towards net zero, stewardship and engagement actions are a key tool to supplement portfolio management actions. The scope of influence and the type of investment are the primary determinants of the approaches available and utilised for stewardship activities. Engagement is selective with prioritisation based on criteria such as materiality, investment size and geographical location, and aims to avoid conflicts of interest.

In addition to this CTP, Mandatum's stewardship model (see table 7) has been described in Mandatum's <u>Responsible</u> <u>Investment Policy</u> and Mandatum Asset Management's <u>Engagement Principles</u>. Mandatum does not have a separate voting policy, but the Engagement Principles also include the voting principles. Mandatum reports on its stewardship activities annually in inter alia the Responsible Investment Review.

Table 7: Stewardship approaches

Scope of influence	Approach	Asset classes
Limited influence 1. Direct minority investments	 Focus on reactive engagement Queries related to controversies Taking part in pooled engagement Dialogue with investee company management* 	 Direct equity and fixed income Allocation solutions (own products)
Indirect minority investments via external asset managers	Focus on the manager's investment process and practices • ESG requirements in side letters • ESG questionnaires	 Indirect private equity Indirect private debt Indirect real estate Allocation solutions (indirect)
Influence Investments where Mandatum has significant ownership and where Mandatum engages in direct cooperation with the operative management and/or sits in the board of directors	 Direct dialogue with the investee companies Influence through BoD role ESG workshops ESG questionnaires 	Direct private equity
Decision authority Investments where Mandatum has majority ownership or operative control	 ESG-related management and investments in RE assets Cooperation with property managers Cooperation with tenants 	Direct real estate

^{*}Mainly in selected products



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Limited influence

The majority of Mandatum's assets under management are invested in assets where Mandatum has limited influence. Firstly, these include public assets, such as investments in shares and bonds, as well as financial products consisting of these assets. In these cases, Mandatum is a minority investor with limited influence. With such investments, Mandatum primarily takes a reactive approach by acting on identified controversies either directly or together with other investors ("pooled engagement") on a quarterly basis. If the desired outcomes are not reached, the issue may be escalated further. As a last resort, the portfolio manager may reduce investment or divest from it completely.

Another category of limited influence investments covers investments in external products. In these cases, influence is directed towards external asset managers' practices. Mandatum seeks to influence these practices throughout the investment cycle, from due diligence and contracting to regular monitoring in the form of ESG questionnaires and subsequent dialogue. Climate perspectives are included in both pre-deal and post-deal phases.

Influence

The cases in which Mandatum is considered to have influence on the investee company typically include direct private equity investments. Mandatum is usually a minority investor, but with such a significant stake that warrants a seat in the Board of Directors. Mandatum also works in collaboration with the company management to progress the company's business. Methods include ESG workshops, where ESG targets and action plans are prepared. ESG questionnaires are also used to monitor progress over time.

Decision authority

Decision authority relates to investments where Mandatum is the majority or only owner. Generally, this is the case with direct real estate investments. In these investments, rather than actual engagement, Mandatum has the opportunity to decide on actions that directly benefits the environment. This includes, for example, the selection of renewable electricity and heat and making energy efficiency investments.

Even with investments where Mandatum is considered to have decision authority, it must co-operate with external parties, such as property managers and tenants, who in turn influence the environmental impact of the properties. Tenants' energy contracts are not included in direct real estate investments' operational energy consumption targets. Nevertheless, Mandatum engages with the tenants to promote emission reductions in their energy usage as well. For example, the company has prepared a sustainability guide for its tenants with the aim to support the development of its tenants' environmental practices. The guide contains topics such as renewable energy and energy and water efficiency.

5.2. Engagement with industry

Contributing to initiatives that promote responsible investment is linked in many ways to Mandatum's efforts to manage climate-related impacts, risks and opportunities. A significant step in this respect was taken when Mandatum joined the UN Principles for Responsible Investment (UN PRI) in 2011. Commitment to the UN PRI requires investors to incorporate ESG issues into their investment process, exercise active ownership and promote the principles of responsible investment.

In addition to the UN PRI, Mandatum has joined a number of organisations and initiatives whose work involve promoting responsible investment, sustainable development and adapting investment operations to comply with the Paris Agreement and climate-neutrality by 2050. These include the Finnish Responsible Investment Forum (FINSIF), the Finnish Venture Capital Association and the Global Real Estate Sustainability Benchmark (GRESB).

In setting its net-zero target for investments in 2024, Mandatum joined the Net Zero Asset Managers initiative (NZAM). NZAM is an international coalition of asset managers committed to supporting the goal of net-zero greenhouse gas emissions, in line with the global effort to limit warming to 1.5 degrees Celsius, and to supporting investment aligned with net-zero emissions.



In addition to the abovementioned industry-specific initiatives, Mandatum has committed to the UN Global Compact and its environmental principles. The company also promotes the UN Sustainable Development Goals (SDGs), of which it has identified SDG 13, Climate Action, as relevant to its operations and impacts.

5.3. Engagement with government, public sector and civil society

In accordance with Mandatum's Code of Conduct, the company does not participate in or make direct or indirect donations to political or religious activities. As with all regulatory engagement, Mandatum participates in selected regulatory consultations via industry associations, e.g. Finance Finland, also in climate-related matters.

Mandatum works together with WWF Finland to promote responsible investment and to mitigate climate change. The collaboration, which started in 2017, aims at developing concrete operating models and guidelines on how investors can lower the greenhouse gas emissions of their investments in practice. For example, Mandatum and WWF Finland have published together an investor's guide to managing climate risks.



6. Governance

The oversight of Mandatum's CTP follows the governance model which has been established for sustainability matters at Mandatum. The Board of Directors of Mandatum plc has the responsibility for and ultimate oversight of Group-level sustainability matters, covering all of the company's material sustainability impacts, risks and opportunities. The duties of the Board's Audit Committee include supervising Mandatum's sustainability reporting and other sustainability activities. The Audit Committee regularly discusses sustainability matters at its meetings, and the Chair of the Audit Committee reports to Mandatum plc's Board of Directors on the topics discussed by the Committee after each Committee meeting. Mandatum's net-zero targets have been approved by the Board of Directors. The CTP is supervised, and its progress is monitored by the Audit Committee. The CTP is not subject to shareholder approval.

The Group CEO bears principal responsibility for sustainability management and leads its strategic implementation together with the Management Team. The person directly in charge of sustainability matters in the Group is the SVP, Communications, Brand and Sustainability, who ensures that the Group CEO receives sufficient briefings on sustainability matters. Mandatum has a Sustainability Committee comprised of senior management, whose duties include Group-level responsibility for promoting sustainability matters, monitoring regulations and integrating material sustainability topics into business operations. The CTP has been approved by the Sustainability Committee and Management Team and is reviewed when necessary and at least once every three years.

6.1. Risk management

The Group risk management framework covers all risk classes, including climate risks, as well as all business activities and processes. The risk management framework is described in more detail in the **Risk Management Policy** published on Mandatum's website.

The key elements of Mandatum's risk management process are the identification and evaluation of risks, risk management actions and the monitoring and reporting of risks. Risks are identified through the Risk and Control Self-Assessment (RCSA) process, the Change Risk Assessment (CRA) process and as part of the incident management process. Risks are identified through the activities of different organisational units, but another important approach is to identify risks through processes, such as the sustainability reporting process. The evaluation of risks consists of assessing the impact and probability of the identified risks based on internal guidelines. This serves as a tool for identifying material risks. In accordance with the Risk Management Policy, the Group's Risk Management function reports on key risks to the Board and to the Management Team on a quarterly basis.

6.2. Culture

Integrating climate considerations across the organisation is essential for delivering an effective transition. Climate is a central topic in Mandatum's Sustainability Strategy, and climate change mitigation and adaptation have been identified as key focus areas in the Responsible Investment Policy. In line with Mandatum's Code of Conduct, the company is committed to climate change mitigation and protecting the environment. The company's goal is to monitor and improve its activities impacting the environment and climate, by, among other things, increasing personnel's and stakeholders' understanding of environmental and climate issues and collaborating with them on environmental and climate issues.

Employees are kept up to date on current matters related to climate activities and targets, for example through the company's intranet and sustainability information sessions, which are held for all personnel approximately twice a year. Mandatum also has a Sustainability Forum, which consists of key representatives of different functions in the company. The forum develops and co-ordinates sustainability work at the operational level and works as a platform for information exchange and increasing knowledge on sustainability matters across the organisation.



In addition, climate considerations can be integrated into relevant employees' individual or team targets and are monitored as part of annual performance and target discussions.

6.3. Skills, competencies and training

Employees receive annual training which covers all relevant sustainability topics for Mandatum, including climate matters, as part of the mandatory sustainability training course. In addition, Mandatum has a separate training course on responsible investment, which is mandatory for all employees who work with investment products and/or clients.

Members of both the Board and the Group Management Team have expertise related to sustainability matters. The extensive experience of members in the financial sector is particularly conducive towards effective control of the sustainability impacts, risks and opportunities that are typical for the sector. Sustainability training is provided for members of the Board and of the Group Management Team on an as-needed basis. The Board evaluates its performance with an annual self-assessment, which includes sustainability issues.

6.4. Incentives and remuneration

Mandatum's incentive schemes include consideration of how the selected performance criteria support the implementation of the Group strategy and value creation and help promote the key themes identified in the Sustainability Strategy. Where applicable, sustainability indicators that are material for Mandatum's business are included in the Group's short-term and long-term incentive schemes. Any sustainability performance indicators included in incentive schemes are decided annually in connection with the planning and implementation of each scheme. As Mandatum published its first interim targets for emissions reductions in June 2025, it has not been meaningful to include climate targets or their fulfilment in remuneration criteria, as the work has still been in progress. Therefore, incentive schemes for members of the administrative, management and supervisory bodies or the company's employees do not currently include direct climate targets.



7. Reporting

Mandatum has monitored and reported on the emissions of its portfolios for a decade. In 2015, Mandatum joined Portfolio Decarbonization Coalition, and in 2016 the Montréal Carbon Pledge, which promoted the decarbonisation of investment portfolios and publication of the carbon footprint of investments (both initiatives have since been decommissioned). Emissions from own operations have been monitored and reported on since 2019.

Climate-related information – including the progress of the CTP and Sustainability Strategy, as well as product-level emission intensity – is reported in various reports, including the Group-level Sustainability Statement (included in the Report of the Board of Directors), Sustainability Review, Responsible Investment Review, PAI Statement and product-level reports, such as the SFDR periodic disclosure and bi-annual sustainability report (both published for SFDR article 8 and 9 products).

Table 8: Mandatum's reporting including climate-related information

Sustainability reporting	Product reporting	Other	
 Report of the Board of Directors (including the Sustainability Statement in accordance with the CSRD) Sustainability Review Responsible Investment Review Responsible Real Estate Investment Review PAI Statement 	 Bi-annual sustainability reports SFDR periodic disclosures Quarterly product reports* 	 UN PRI reporting Ad-hoc client reporting 	

^{*} Climate-related information covered in quarterly product reports for selected products.



8. Appendices

Appendix 1: Transition Plan Taskforce (TPT) Disclosure Framework content index

TPT Principles	Dis	sclosure elements	Disclosure sub-elements	Location
Ambition	1.	Foundations	1.1 Strategic ambition	Introduction
				Sustainability strategy
				and climate ambition
				Climate-related risks
				and opportunities
			1.2 Business model and value chain	Sustainability strategy
				and climate ambition
			1.3 Key assumptions and external	Key assumptions and
			factors	external factors
Action	2.	Implementation	2.1 Business operations	Decarbonisation of own
		strategy		<u>operations</u>
			2.2 Products and services	Decarbonisation of
				investment portfolio
			2.3 Policies and conditions	Policies and guidelines
			2.4 Financial planning	Financial planning
	3.	Engagement	3.1 Engagement with value chain	Engagement with
		strategy		investees
			3.2 Engagement with industry	Engagement with
				industry
			3.3 Engagement with government,	Engagement with
			public sector, communities, and civil	government, public
			society	sector and civil society
Accountability	4.	Metrics and	4.1 Governance, engagement,	Sustainability strategy
		targets	business and operational metrics and	and climate ambition
			targets	
			4.2 Financial metrics and targets	Financial planning
			4.3 GHG metrics and targets	Climate targets for own
				<u>operations</u>
				Climate targets for
				<u>investments</u>
			4.4 Carbon credits	Climate targets for own
				<u>operations</u>
	5.	Governance	5.1 Board oversight and reporting	<u>Governance</u>
			5.2 Management roles, responsibility	Governance
			and accountability	
			5.3 Culture	Culture
			5.4 Incentives and remuneration	Incentives and
				remuneration
			5.5 Skills, competencies and training	Skills, competencies
				and training



Appendix 2: External links

More information on sustainability at Mandatum

Sustainability - Mandatum

Responsible investment - Mandatum

Reporting

Annual reporting - Mandatum

Key policies and principles

Mandatum Responsible Investment Policy

Mandatum Asset Management Engagement Principles

Mandatum Code of Conduct





Mandatum Plc

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