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5 Foundation of our work

Financial responsibility means ensuring the continuity, profitability, earnings power and solvency of operations in all market situations.



1

**CORPORATE
RESPONSIBILITY REPORT**

This is Mandatum

Mandatum is a renowned financial group. To its customers and owners, it is more than the sum of its parts.

Mandatum is a solvent and respected financial services provider and part of the successful Sampo Group. Mandatum Group's mission is to grow shareholder value for Sampo Group by creating added value for customers, personnel and society. Sampo is a significant Nordic insurance group and one of the most valuable companies listed on Nasdaq Helsinki. Mandatum combines special expertise in money and life and offers customers a wide array of services covering asset and wealth management, savings and investment, compensation and rewards, pension plans and personal risk insurance.

BUSINESS AREAS:

Asset Management and Wealth Management

Extensive asset management and wealth management services for private and corporate customers, as well as institutional investors.

Services for Preparing for Risks

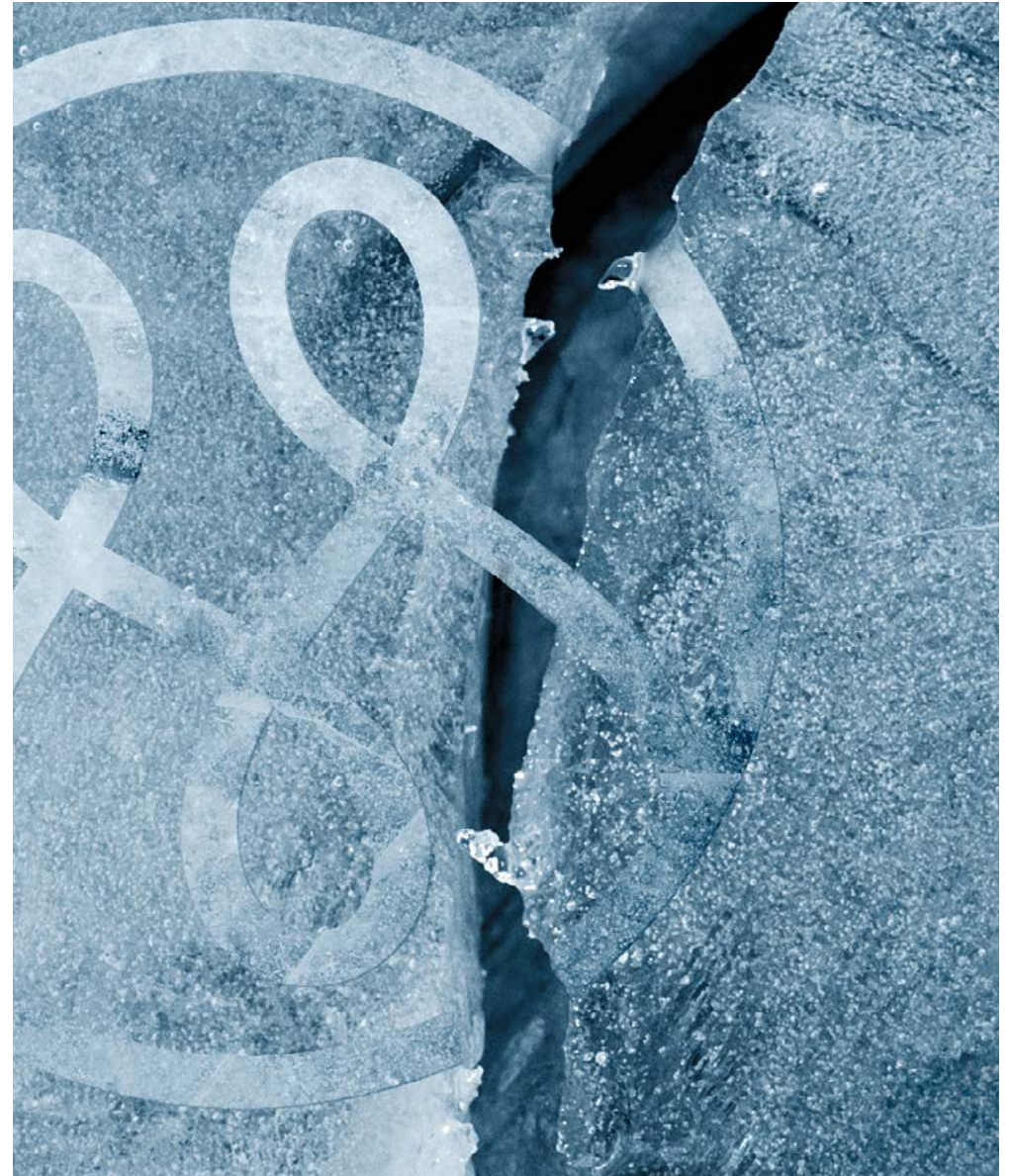
Financial security for private customers and companies alike through comprehensive services, such as personal risk insurance, to help prepare for life's risks.

Corporate Customers

For companies and entrepreneurs, services for preparing for risks and prospering, pension solutions and the most extensive offering of reward and compensation services in the market.

Investing and saving

Investment and saving services, such as digital wealth management and the Trader securities trading service.



Mandatum Group's Structure 31 December 2021

MANDATUM HOLDING LTD

A wholly owned subsidiary of Sampo plc

MANDATUM LIFE INSURANCE COMPANY LIMITED (MANDATUM LIFE) (100 %)

Mandatum Incentives Oy (75 %)

Mandatum Life Services Ltd.

Mandatum Fund Management S.A. (LUX)*

Mandatum Life Insurance Company Limited Estonian Branch**

Mandatum Life Insurance Company Limited Latvian Branch**

Mandatum Life Insurance Company Limited Lithuanian Branch**

MANDATUM ASSET MANAGEMENT LTD (100 %)

Mandatum AM AIFM Ltd

**The company is owned by Mandatum Life Insurance Company Limited, but it will transfer to the ownership of Mandatum Asset Management in the course of spring 2022. The change has been approved by the local financial supervisory authority on 14 February 2022.*

***On 15 June 2021, Mandatum Life Insurance Company Limited signed an agreement on the sale of its Baltic businesses to the Lithuanian asset management group Invalda INVL. The transaction is subject to approval by the financial supervisory authority.*

About this Corporate Responsibility Report

Mandatum Group reports on its corporate responsibility as part of Sampo Group. The objective of Sampo Group's Sustainability Report is to increase transparency and provide information on the business operations of Sampo Group companies and on Sampo's performance in environmental, social and governance issues.

This Corporate Responsibility Report is intended to complement Sampo Group's report. This Summary describes corporate responsibility at Mandatum overall and provides more detailed information on the practical sustainability measures carried out in the company in 2021.

Sampo's Sustainability Report will be published in May 2022 at www.sampo.com/year2021.



Message from the CEO

The renewed and reinforced Mandatum is a financial sector expert whose mission is to create significant added value for its stakeholders. To our customers and owners, we are more than the sum of our parts.

At Mandatum, the year 2021 will be remembered for several reasons: we established a business focusing on asset management, we restructured our company and made business acquisitions. The biggest change was the establishment of the new asset management company, Mandatum Asset Management (MAM). The merger of the investment operations of Sampo Group and Mandatum Life put EUR 29 billion (31 Dec 2021) under the management of the asset management company.

Despite the continuing Covid-19 pandemic, Mandatum's year turned out to be excellent, and many indicators that are essential for our corporate responsibility, such as our personnel's well-being at work, customer satisfaction, the rating concerning responsible investment and the investment carbon footprint, improved.

Mandatum's corporate culture is based on a strong sense of community and supporting one another. It is important that our personnel have a high level of well-being. As proof of this, we were once again successful in the Great Place to Work survey, in which Mandatum was named best in Finland for

the second time running, and among Europe's best in the large organisations category. Of our personnel, 95 per cent considered Mandatum Life a good place to work. Our personnel's enduring satisfaction is based on a long development path which has kept our corporate culture as one of our company's strategic focus areas ever since 2008.

Record-high customer satisfaction illustrates our ability to serve our customers and respond to their needs in all areas, also while working remotely. Behind this success lie our smooth processes and a healthy corporate culture, in addition to well-functioning technology.

With investments increasingly affecting our responsibility performance, we will continue to work hard to increase the momentum steering money towards responsible choices.

At Mandatum, financial responsibility means ensuring the continuity, profitability, earnings power and solvency of operations in all market situations. It is the foundation on which we will build a more responsible future, year after year.



Petri Niemisvirta
CEO, Mandatum group





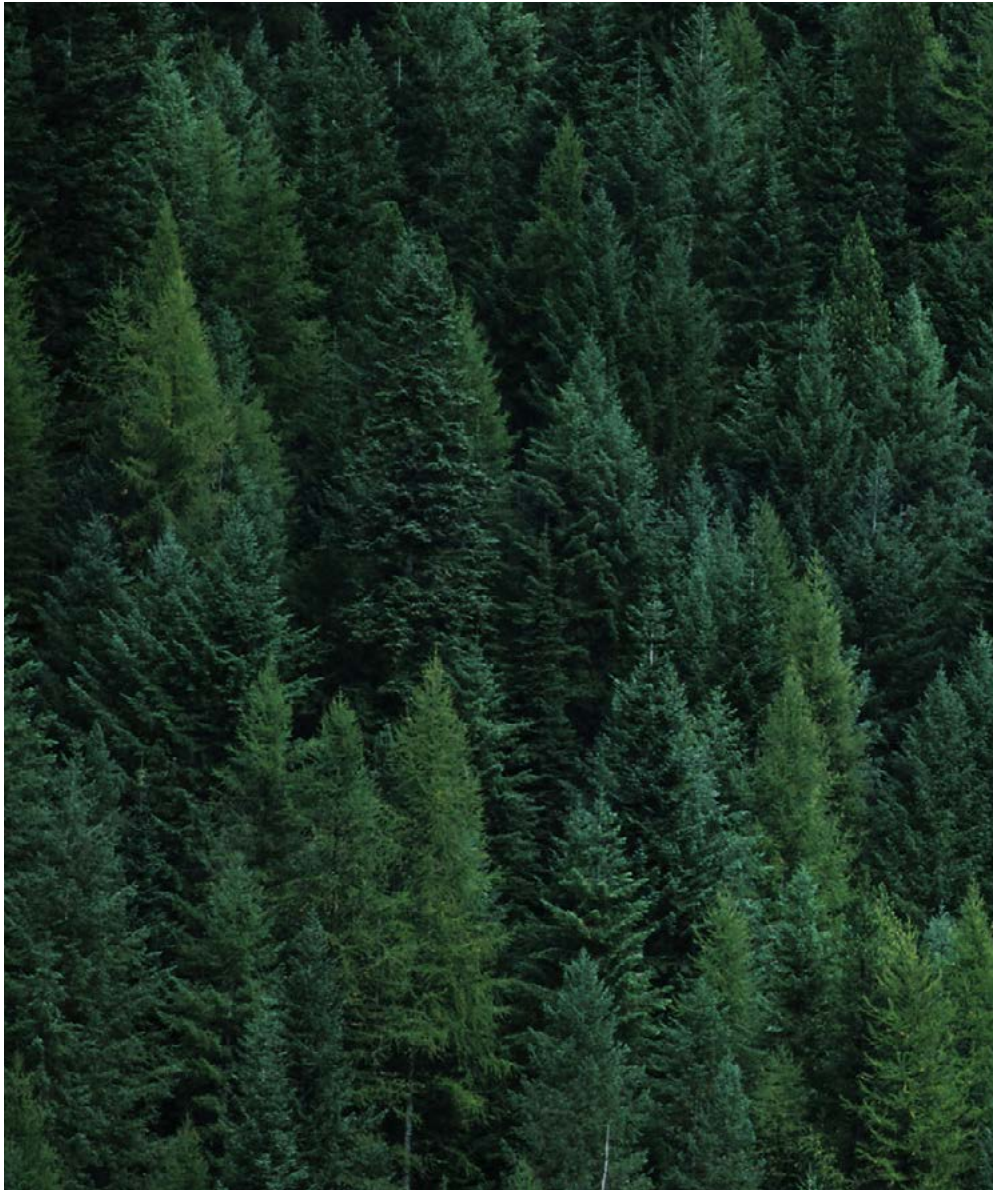
Highlights of 2021

Number one place to work in Finland and top position in Europe

Once again, Mandatum was selected as the best place to work in Finland in the large organisations category of the Great Place to Work® Institute's survey.

In addition, we placed 17th in the large organisations category of the Great Place to Work Institute's list of the best workplaces in Europe.

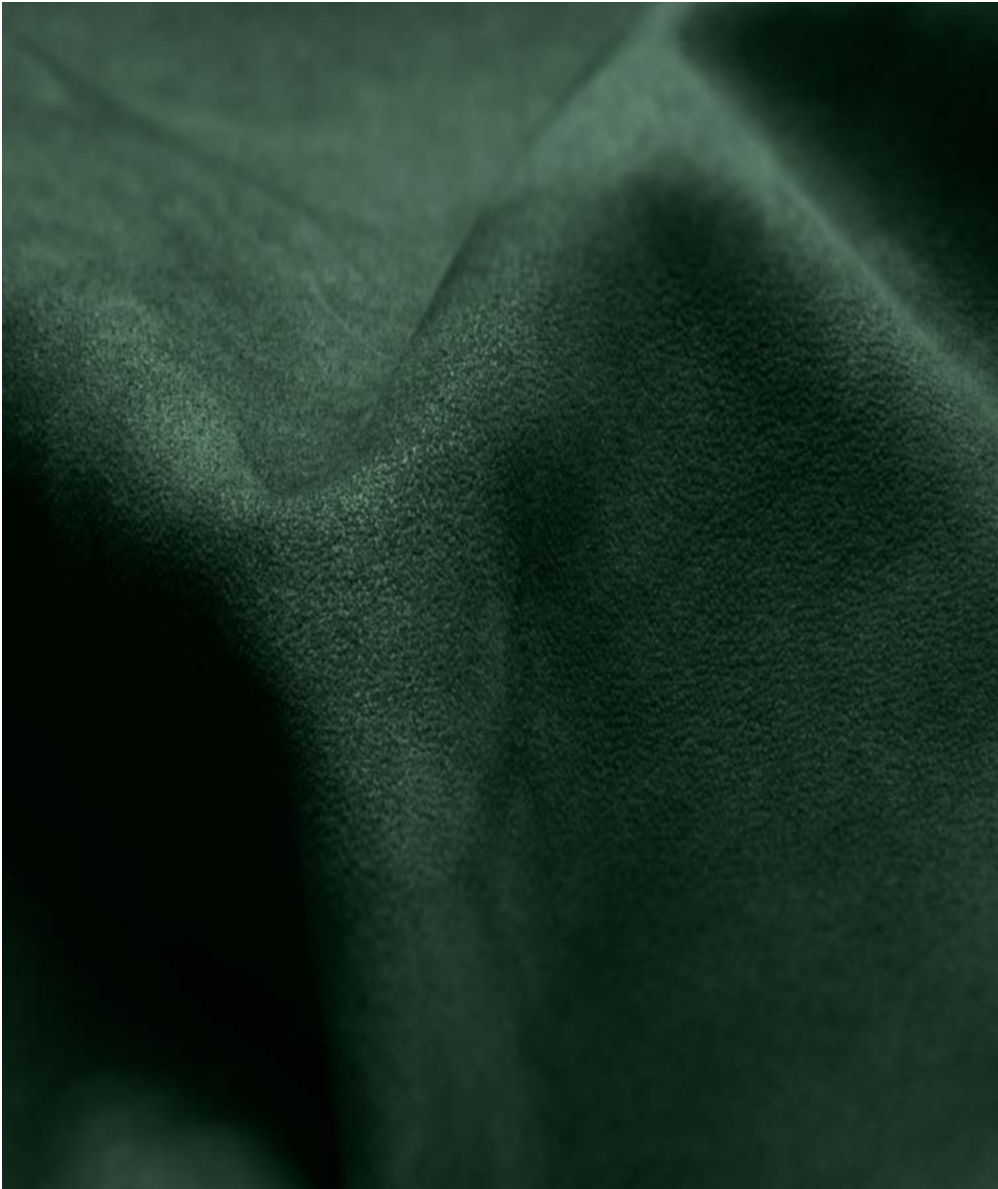




Mandatum receives GRESB Regional Sector Leader and Green Star designations

The real estate portfolio managed by Mandatum Asset Management significantly improved its score in GRESB's real estate sustainability assessment, earning the Green Star designation and Regional Sector Leader recognition for its sustainability work.

Sector Leader recognition is granted to organisations that are among their region's best in sustainability within their real estate and holding sector. The Green Star designation is granted to real estate investors that receive high scores in both leadership and sustainability measures.



Growing customer consultation on responsible rewards and compensation

Responsibility has become integral to the rewarding of the management and entire personnel. When companies incorporate responsibility indicators into their reward schemes, it has significant impacts on the companies' operations and subsequently on society.

In 2021, Mandatum bought from Nordhaven Corporate Finance its business focusing on long-term reward and compensation and equity-based incentive plans (currently Mandatum Incentives), boosting its responsible reward and compensation expertise in the process. During 2021, Mandatum Incentives has helped several Finnish companies adopt responsibility indicators for long-term incentive plans.

Corporate responsibility at Mandatum

Responsibility is at the core of Mandatum's business. Our responsibility consists of three key themes and things that lay the foundation for everything we do. These are: responsible investment, promoting responsible personnel practices in working life and implementing them in Mandatum's own work community.

We require sustainability of our investees

We believe that, in the long run, companies that operate responsibly will yield better results as investees, thanks to their more favourable growth prospects and more predictable cost development.

It all comes down to people

Through its business operations, Mandatum strives to improve the financial security of Finns and promote responsible HR practices.

Leading by example

Taking responsibility for personnel ensures successful business. Personnel's well-being is one of our strategic goals.

Foundation of our work

Responsibility is at the core of Mandatum's business. There are many key elements.

- Ensuring the continuity, profitability, earnings power and solvency of the operations in all market situations
- Security of data processing
- Employment and payment of taxes
- Collaborative projects
- Reducing the environmental impacts of our own operations
- Responsible procurement

We support the UN's Sustainable Development Goals

Mandatum is committed to promoting the UN's Sustainable Development Goals (SSDG). The UN's Agenda2030 and its 17 main goals are focused on sustainable development, taking into account the environment, economy and people in a comprehensive manner.

Our approach to the UN's goals is based on the SDG Compass guide, which is intended for companies. Based on it, we charted Mandatum's impacts in relation to the UN's goals in 2020. We took into account the impacts also in the value chain, such as our investment operations. As a result of the work, we identified three UN goals that are especially important with regard to our operations and impacts.

THE COMPONENTS OF MANDATUMS CORPORATE RESPONSIBILITY AND LINK TO THE UN'S SDG GOALS



- » [3 Good Health and Well-being](#)
- » [8 Decent Work and Economic Growth](#)
- » [13 Climate Action](#)

The selected UN goals have been considered when updating our sustainability goals and indicators.



Material matters, goals and indicators in Mandatum's sustainability



MONEY AS A DRIVER OF CHANGE

- » Commitment to the UN's Principles for Responsible Investment
- » Reducing carbon footprint of investments
- » Integrating responsibility into the investment process
- » Monitoring of investments
- » Assessment of sustainability impacts



IT ALL COMES DOWN TO PEOPLE

- » Improving financial security
- » Improving the competitiveness of companies
- » Improving working life
- » Fair and responsible rewards
- » Saving and investing
- » Security for the entrepreneur
- » Supplementing pension cover
- » Supplementing social security



LEADING BY EXAMPLE

- » Employment
- » Personnel's health and well-being
- » Good leadership and supervisory work
- » Personnel's equality and non-discrimination
- » Professional development and growing intellectual capital



FOUNDATION OF OUR WORK

- » Creating financial well-being in society
- » Combatting grey economy
- » Privacy and data protection
- » Good governance
- » Paying taxes
- » Compliance
- » Minimising own environmental impacts

Material matters, goals and indicators in Mandatum's sustainability

Our sustainability work is goal-oriented and quantifiable. During 2021, we updated our corporate responsibility themes' key matters, goals and indicators. The development process is continuous.

The components of Mandatums corporate responsibility and link to the UN's SDG goals

Material matters and goals

» Indicators

MONEY AS A DRIVER OF CHANGE



Commitment to the UN's Principles for Responsible Investment

- Integrating sustainability aspects in the investment process and the monitoring of investments, for example, according to the Global Compact principles
- » Score in the UN Principles for Responsible Investment assessment

- Assessment and efficient management of sustainability impacts in investment operations and reducing the carbon footprint of investments
- » Carbon footprint of investments

IT ALL COMES DOWN TO PEOPLE



Supporting the well-being of customers and their personnel

- » The number of our customers' employees impacted by our solutions
- » Customer satisfaction (NPS, outcome and goal)

We help our customers in rewarding their personnel fairly and responsibly

- » Satisfaction of personnel fund boards and reward consultation customers
- » Development of the number of Pay Scale studies, equality assessments and reward pulses

The components of Mandatums corporate responsibility and link to the UN's SDG goals

Material matters and goals

» Indicators

LEADING BY EXAMPLE



Employment

» Number of employees, training opportunities

Personnel funds and comprehensive insurance cover for the whole personnel

» Outcome (proportion of employees covered by insurance and personnel funds)

Growing intellectual capital

» Job rotation

Responsible leadership practices and equality

- *At least 40% representation of each gender at different management levels*
- » % share of women at different levels of management (Board, Executive Management Group, senior management)
- » 360-degree evaluations for supervisors

Professional development

» Training and mentoring programmes

Occupational health and well-being

- » Total score for Finnish operations (%) and answers to the claim: "Overall, this is a very good workplace" (%), Great Place to Work Finland survey
- » Absences due to illness per country (%); Turnover %; Accidents

NEW GOAL AND INDICATORS FOR 2022

Goal: to gain the Future Workplaces certificate

» A globally comparable recommendation index (employees are prepared to recommend the workplace to friends and acquaintances)

- » eNPS
- » Flame Index, which reflects how the most significant factors for the employees are realised

FOUNDATION OF OUR WORK



Anticipating and making changes proactively

» Solvency

Creating financial well-being in society

» Taxes

Security of data processing

- » Training, information security deviations, requests for access
- » ISAE 3000 type 1 report, ISO 27001

Minimising own environmental impacts

» Development trend

Collaborative projects

» Effectiveness

Responsible procurement

» Compliance with the procurement policy

Organisation of corporate responsibility and responsibilities

We comply with valid legislation, norms and ethically sound practices in all of our operations. These principles, Mandatum's values and strategy guide us in our decisions and everything we do. In addition to these, sustainability work is steered by the following policies:

- Sampo Group's Code of Conduct.
- Supplementary policies.
 - » For corporate responsibility, a key policy is the Responsible Investment Policy, which is approved by Mandatum Asset Management's and Mandatum Life's Boards of Directors. MAM's and Mandatum Life's Executive Management Groups are responsible for implementing the Policy in each Group company. Other significant policies in terms of corporate responsibility include: the Compliance Policy, Internal Audit Policy, Risk Management Policy, Remuneration Policy, Data Protection Policy, Information Security Policy, Procurement Policy, Outsourcing Policy, principles on preventing money laundering and terrorist financing, engagement principles and Communications Policy.
- The work is additionally supported by other guidelines.

Overall responsibility for managing Mandatum Group's corporate responsibility lies with the Group CEO. In 2021, Mandatum established a corporate responsibility forum, which assembles every quarter. The forum is headed by the Group's vice president in charge of corporate responsibility (Vice President, Marketing and Communications) and the key representatives of different functions are represented in the forum. The main issues related to corporate responsibility are taken before the Business Management Groups. Donations are decided by the Group's Board of Directors.

Mandatum's Group Communications is responsible for developing and coordinating sustainability work. It is also in charge of corporate responsibility reporting and its cascading throughout the organisation.

Sampo Group's sustainability work is also reflected in Mandatum's sustainability work. Sampo Group's corporate responsibility organisation and reporting structure are described in more detail on [Sampo's website](#).

Responsible investment responsibilities and division of tasks at Mandatum are described in the Responsible Investment Policy (*as detailed in the table below*).

Unit/body	Responsibilities and tasks
MAM's and Mandatum Life's Boards of Directors	Approve the Responsible Investment Policy and outline the responsible investment operating methods.
MAM's and Mandatum Life's Executive Management Groups	Monitor the implementation of responsible investment practices and are responsible for compliance with the Responsible Investment Policy.
Portfolio Management Unit	Each portfolio manager and analyst includes a sustainability analysis in their investment analysis and monitors their investment objects also from a CSR perspective. If any discrepancies are observed, the portfolio manager/analyst consults with the ESG committee to ensure a consistent operating method. The responsible portfolio manager for each investment basket, fund or responsibility area ensures compliance with the Responsible Investment Policy within their area of responsibility.
ESG committee	Expert body responsible for coordinating responsible investment, developing tools and cascading operating methods throughout the organisation. Prepares the responsible investment approach and supports the portfolio managers in issues related to responsible investment. Reports on the implementation of responsible investment to MAM's and Mandatum Life's Executive Management Groups. Under the lead of the Senior ESG Manager, is responsible for developing Mandatum's ESG approach.



2

MONEY AS A
DRIVER OF CHANGE

Money as a driver of change

We believe that, in the long run, companies that operate responsibly will yield better results as investees, thanks to their more favourable growth prospects and more predictable cost development. The investment assets flowing into more responsible companies put these companies in a better position to succeed and push other companies to improve their ways of operating.

Integration of sustainability aspects in Mandatum's investment process is continuous. Mandatum has committed to the UN's Principles for Responsible Investment. We monitor investments on the basis of the UN Global Compact principles, among other things. In accordance with the EU's action plan on sustainable finance, our objective in investment

operations is the comprehensive assessment and management of sustainability impacts.

Taking climate change into account and reducing investments' carbon footprint is one of the focal points of Mandatum's investment operations. We have signed the UN's Montréal Pledge and disclose the carbon footprint of our

investments annually. We work together with WWF Finland to promote responsible investing and to mitigate climate change.

Key indicators to measure the sustainability of investment operations are the score in the assessment of the UN's Principles for Responsible Investment and investments' carbon footprint.

The components of Mandatum's corporate responsibility and link to the UN's SDG goals

Material matters and goals

» Indicators

» Development compared to 2020

MONEY AS A DRIVER OF CHANGE



Commitment to the UN's Principles for Responsible Investment

- Integrating sustainability aspects in the investment process and the monitoring of investments, for example, according to the Global Compact principles

» The international investor initiative Principles for Responsible Investment (PRI) annually assesses its members' investment operations. The assessment tells organisations how they have progressed in integrating responsible investment, as well as areas where their investment operations are in need of improvement. Mandatum received the highest score (A+) in the Strategy & Governance* and Property categories. *We expect to receive the results for the 2021 assessment in summer 2022 and this report contains the latest figures, i.e. those for 2020*

» Same score

- Assessment and efficient management of sustainability impacts in investment operations and reducing the carbon footprint of investments

» The carbon footprint of unit-linked assets managed by Mandatum Life is measured annually. The latest result is for 2020 when, measured by financed emissions, the total carbon footprint of the investments was as much as 51 per cent below the general market indices

» Successful reduction of carbon footprint. The carbon footprint of investments, measured by financed emissions*, was 200 tCO₂e/MEUR in 2020 (307 tCO₂e/MEUR in 2019)

In 2021, significant changes took place in Mandatum's investment operations when the investment operations of Sampo Group and Mandatum Life were combined into the Mandatum Asset Management business (MAM).

MAM combines Mandatum's and Sampo's asset management expertise. Its mission is to offer funds and asset management services to both its institutional clients and Mandatum Life's clients and manage Sampo Group's significant investment assets. At the end of 2021, MAM managed EUR 29 billion in assets, which includes the assets of Mandatum Life, Kaleva, Sampo's strategic investments and If, as well as Mandatum's current unit-linked products and funds.

In summer 2021, MAM signed an agreement to acquire the real estate fund management company Trevian Funds AIFM. The company, currently operating under the name of Mandatum AM AIFM Ltd, further complements Mandatum's real estate investment expertise.

For 2021, the corporate responsibility reports of Mandatum and Sampo complement one another. Sampo Group's report discusses Sampo Group's investments based on the following groupings: Sampo Group (If, Mandatum and Sampo plc), Topdanmark and Hastings. This Corporate Responsibility Report does not discuss Sampo plc's, If's, Topdanmark's or Hastings' investments.

Sampo's report does not cover the unit-linked business discussed in Mandatum's report that is dealt with in this report. For example, in the areas of carbon footprint and compliance with the EU

Taxonomy Regulation, the reports complement one another. At the same time, the information is congruent in many cases as the Responsible Investment Policy lays out the responsible investment operating principles and guidelines of Mandatum Asset Management Ltd and Mandatum Life Insurance Company Limited.

The Investment Policy describes the responsible investment principles

Mandatum acts in the best interests of its customers and aims for the best possible return on its investments at an acceptable risk.

Mandatum's personnel are bound by the Responsible Investment Policy. The Policy is intended as a guide for portfolio managers and those participating in investment operations to take sustainability risks and factors into account in their day-to-day activities.

The Policy describes the minimum level for measures taken to tackle sustainability risks and adverse sustainability impacts. More stringent rules and engagement procedures can be applied to certain products or portfolios.



Commitment to responsible investing

As part of Sampo Group, Mandatum is committed to acting in compliance with Sampo Group's approach to sustainable development and promoting sustainability perspectives when developing the company's business.

A core part of this is committing to different international principles and supporting initiatives, and partnerships with organisations and foundations.

Sampo Group has signed the **UN Global Compact** initiative. Based on the Global Compact's ten principles, the Group companies must act in a manner that ensures compliance, at least, with the basic requirements on human rights, labour rights, the environment and corruption. These principles have also been included in the investment processes. Sampo Group and MAM are signatories to the **UN's Principles for Responsible Investment (UN PRI)**. Taking climate change into account and efficiently managing climate risk is one of the focal points of Mandatum's investment activities. As a company belonging to Sampo Group, Mandatum supports the **Paris Agreement** and **Climate Action 100+** initiative.

As a member of the **Portfolio Decarbonization Coalition** investor network, Mandatum's objective is to minimise investments' emissions globally by actively managing the climate risks of investment activities and offering opportunities to invest in companies with a smaller

carbon footprint. Upon joining the network we were its first Finnish member. Through the **UN's Montréal Pledge**, Mandatum annually publishes the results of its investment emissions measurement. The carbon footprint of investments is reported on both in absolute terms and in relation to general market indices to make it more understandable and comparable with both the development in the industry and development over time.

Mandatum strives to promote sustainable development and the adoption of the PRI Principles in the investment sector, also through partner organisations and foundations, including **Finland's Sustainable Investment Forum (Finsif)**, the **Finnish Venture Capital Association**, **Finance Finland** and **GRESB**.

Implementation of responsible investment

MAM has included sustainability analysis in its investment processes and monitors all of its portfolios' investees also from a sustainability perspective.

In liquid investments, the monitoring is continuous, and in alternative investments, the assessment of the sustainability of the investment objects focusses on an analysis at the time the investment is made, but the investments are monitored regularly also in terms of sustainability.

Sustainability is assessed based on several criteria, taking into account the special characteristics of each asset class.

The criteria are also included in the due diligence process that precedes investment decisions.

When analysing the risks of an investee, MAM takes sustainability factors into account as part of the big picture, and uses both negative and positive screening methods in its investment process.

Investments can also be made with an emphasis on certain sustainability themes, for instance, climate change and climate risk. The operating methods used in various asset classes are outlined in the adjacent table.

	Direct equity investments	Direct bond and loan investments	Alternative investments	Fund investments
Sustainability analysis incorporated into investment analysis	✓	✓	✓	✓
Negative screening methods	✓	✓	✓	✓
Positive screening methods	✓	✓	✓	✓
Sustainability themes	✓	✓		✓
Direct dialogue	✓	✓	✓	
Engagement	✓	✓	✓	✓

Table: Summary of responsible investment implementation by asset class.

Sensitive sectors

MAM has defined sensitive business areas that are monitored using both external service providers and through company analysis.

Sensitive sectors mean violations of international norms and standards and sectors sensitive from an ESG perspective.

All investments are monitored and their sustainability risks are assessed based on these sensitive sectors.

Sectors defined as sensitive include the manufacture or production of the following products or services and the subcontracting of the manufacture or production, logistics or distribution of the products in question: adult entertainment, tobacco, gambling, defence materials, controversial weapons and energy production based on coal or fossil oil.

In addition to sector-specific monitoring, the company excludes investees that must be legally excluded (e.g. targets to be excluded based on national/international legislation, bans, agreements or trade embargos).

Implementation of responsible investments and active ownership are described more closely in the Responsible [Investment Policy](#) [approved in December 2021](#).

Sector/product category	Key risk factors	Share of turnover		Description
<i>Zero tolerance</i>		<i>Direct business</i>	<i>Indirect business</i>	
Controversial weapons	Reputation risks, risks related to regulation	0%	0%	Investments are not made in companies whose business involves the manufacture, subcontracting or distribution of controversial weapons. Controversial weapons are considered to be, for example, biological, chemical, nuclear and cluster weapons.
<i>Low tolerance</i>		<i>Direct business</i>	<i>Indirect business</i>	
Coal mining	Reputation risks, technology risks, transition risks, risks related to regulation	0%	50%	Investments are not made in companies whose business involves mining of carbon or coal or whose core business is coal mining subcontracting.
Tobacco	Reputation risks, risks related to regulation, human rights risks	0%	50%	Investments are not made in companies whose business involves the manufacture of tobacco products or whose core business is tobacco production subcontracting or the distribution of tobacco products.
Adult entertainment	Reputation risks, risks related to employee rights, human rights risks	0%	50%	Investments are not made in companies whose business involves the production of adult entertainment or whose core business is adult entertainment industry subcontracting or distribution.
<i>Partial tolerance</i>		<i>Direct business</i>	<i>Indirect business</i>	
Gambling	Reputation risks, risks related to governance, money laundering	50%	50%	Investments are not made in companies whose core business involves gambling or gambling subcontracting.
Defence materials	Reputation risks, risks related to regulation	50%	50%	Investments are not made in companies whose core business involves the manufacture, subcontracting or distribution of defence materials.
Energy based on fossil oil	Reputation risks, technology risks, transition risks, risks related to regulation	50%	50%	Investments are not made in companies whose core business involves fossil oil drilling, production or refining and processing or energy production or distribution based on fossil oil if a company does not have a clear strategy for transitioning to a more sustainable business model.
Energy based on coal	Reputation risks, technology risks, transition risks, risks related to regulation	50%	50%	Investments are not made in companies whose core business involves energy production or distribution based on coal if a company does not have a clear strategy for transitioning to a more sustainable business model.

Climate strategy

Climate change has been identified as one of MAM's key focal areas. The significance of tackling climate change and the loss of biodiversity is indicated by the data accumulating on the phenomenon, the interest shown by stakeholders, and public regulation.

The company abides by the double materiality principle in its climate strategy. Double materiality considers both the impacts of climate risks on the investee company and the company's impacts on sustainability factors.

MAM wishes to be part of the climate crisis solution by carefully screening investment opportunities based on climate criteria. Instead of a method that strictly excludes certain sectors, Mandatum's approach is to find companies that offer, for instance, technical innovations for mitigating climate change or energy companies with a clear and believable strategy for transitioning from fossil fuels to green energy (incl. precise targets and methods for achieving time-bound targets).

Investments' climate assessment

The impacts of the direct equity and fixed income investments managed by Mandatum Life on the climate were analysed again in 2021. The analysis was carried out on behalf of Sampo Group, and the analysis by an external service provider included the investments of If, Topdanmark, Hastings, Mandatum Life and Sampo plc at the end of 2020. The analysis did not cover Mandatum Life's

unit-linked portfolio, whose climate risks are monitored and reported on separately, for example, through the investment products' monthly reports. Hastings was part of the analysis for the first time, which means that the results cannot be compared to the results of the previous year.

According to the analysis, direct equity and fixed income investments are already in line with the sustainable development scenario (SDS), i.e. the 1.5-degree scenario until 2037. By 2050, the potential temperature increase is 1.9 degrees, while for the benchmark index (iShare MSCI World ETF) it is 2.8 degrees.

In order to shift to a low-carbon world, the investee companies must commit to international climate targets. According to the climate target analysis, 27 per cent of the value of Sampo Group's direct equity and fixed income investments was committed to this target on 31 December 2020.

According to the climate impact assessment, Sampo Group's exposure to physical climate risks and transition risk is smaller than the reference value. To manage transition risks, Sampo Group, for example, screens fossil fuel investments and measures the carbon footprint of investments.

[Read more](#) in Sampo's report.

Active ownership and CSR in owner practices

As a rule, MAM's intention is to only engage with companies in which it has invested, but it can decide not to engage with a company in order to avoid conflicts of interest, for example. Other matters to be considered before starting up an engagement process could include, for instance, the materiality of sustainability issues, the size of the investment, the measures already carried out by the investee company and its geographical location. In all of its engagement processes, the company takes into account especially factors related to climate change and other sustainability risks and factors, and tries to ensure that all investee companies have incorporated sustainability factors into their business strategies. Read more about engagement, such as joint engagement, voting and meetings in the [Responsible Investment Policy](#).

Mandatum annually publishes a report on the implementation of the engagement principles in order to ensure the transparency of its engagement measures.



»» CASE: HIGHEST OVERALL SCORE IN AN ASSESSMENT OF RESPONSIBLE INVESTMENT PRINCIPLES

The PRI is an international investor initiative that annually assesses how its members' investment operations compare year-on-year and with peers in various categories. The assessment tells organisations how they have progressed in integrating responsible investment, as well as areas where their investment operations are in need of improvement.

Exceptionally, the results for 2021 will not be announced until during the summer of 2022, which is why this report contains the latest results, i.e. those from 2020. The 2021 results will be published on our website once they are available.

In 2020, Mandatum's Wealth Management was assessed in nine categories, achieving at least the median score or better in all categories. Mandatum received the highest score (A+) in the Strategy & Governance* and Property categories. We received the highest score in Strategy & Governance also in 2019. In 2020, Mandatum also attained the highest score in the Property category. Worldwide, only approximately one third of PRI members receive this score.

Mandatum's scores in the PRI comparison ranged from excellent to good. The company's

weakest score (B) was in the Listed Equity – Active Ownership category. Mandatum does not generally vote in shareholder meetings, which influenced this particular score.

"In our experience, the most natural way to engage with companies is to discuss matters directly with their executive management. The meetings focus, for instance, on a company's governance, relative position and operating methods compared to other companies in the same business sector, and on the direction and pace of development of its business processes. We also pay attention to the scope and quality of companies' CSR reporting," says Senior Portfolio Manager **Topias Kukkasniemi** from Mandatum Asset Management.

"In our discussions, we additionally take note of how prepared the company is to rectify possible shortcomings. If an investee company is not willing to invest in the responsibility of its business, the investment may be divested," he adds.

Mandatum Life signed the UN Principles for Responsible Investment in 2011 and has accordingly committed to incorporating ESG factors in its investment processes, to being an active owner and to promoting the principles of responsible investment.

Mandatum Life's scores in the PRI comparison ranged from excellent to good. The company's weakest score (B) was in the Listed Equity – Active Ownership category. Mandatum does not generally vote in shareholder meetings, which influenced this particular score.

SUMMARY SCORECARD

Kategoria	Mandatum 2020	Median 2020	Mandatum 2019
1. Strategy & Governance	A+	A	A+
2. Listed Equity	A	A	A
3. Private Equity	A	A	A
4. Property	A+	A	A
5. Listed Equity - Incorporation	A	A	A
6. Fixed Income - SSA	A	B	A
7. Fixed Income - Corporate Financial	A	B	A

* For several years, the Strategy & Governance category was called 'Overall Score'. This term was no longer used in the 2020 assessment.



CASE: THE CARBON FOOTPRINT OF MANDATUM'S INVESTMENTS DECREASED, FALLING CLEARLY BELOW THE INVESTMENT MARKETS' AVERAGE LEVEL

The annual carbon footprint of Mandatum's investments totalled 994,663 (1,357,008) CO₂e tonnes in 2020, showing a significant drop compared to the previous year (–27%) regardless of the increase in the assets under management. The measurement covered the investment assets managed by Mandatum within the company's own investment baskets, full-mandate wealth management and allocation investment baskets, as per the situation on 31 December 2020.

“The carbon footprint of our equity investments measures in financed emissions was as much as 51 per cent below the level of market indices. Measuring the carbon footprint is essential for us to be able to fully monitor and understand the risks affecting our investments. We look into the carbon footprint of our investments not only in absolute terms but also with respect to the market in general, which is a concrete way to benchmark our progress. We are very pleased to see that our long-term efforts are bearing fruit,”* says Senior Portfolio Manager **Topias Kukkasniemi** from Mandatum Asset Management.

Taking climate change into account and efficiently managing climate risk is one of the focal points of Mandatum's investment activities.

“Climate change is shaping the investment markets. If climate risk is increasingly priced in by the markets going forward, it will have an impact on the value of investments. Therefore, preparing for the impacts of climate change is a way for investors to practice sensible risk management and seek a better return–risk ratio,” Kukkasniemi adds.

The reduction in the financed emissions can largely be explained by active portfolio management measures. In full-mandate customer portfolios, for example, the proportion of fossil energy was reduced during the year. Mandatum is constantly working towards reducing the climate risks of investment activities. In practice, every portfolio manager sees to the efficient management of climate risk in the investment baskets or funds within their area of responsibility.

As a member of the Portfolio Decarbonization Coalition investor network, Mandatum's objective is to minimise investments' emissions in the long run by actively managing the climate risks of investment activities and offering opportunities to invest in companies with a smaller carbon footprint. Through the UN's Montréal Pledge, Mandatum annually publishes the results of its investment emissions measurement.

RESULTS IN BRIEF:

- The carbon footprint of investments, measured by financed emissions*, was 200 tCO₂e/MEUR in 2020 (307 tCO₂e/MEUR in 2019). Overall, it was 44 per cent below the general market indices. Equity investments were –51% and fixed income investments –41% in relation to the market indices.
- The average carbon intensity of investments was 138 tCO₂e/MEUR (196 tCO₂e/MEUR in 2019).
- The results for the year 2021 will be available later in 2022.

HOW THE MEASUREMENT WAS CARRIED OUT:

- Measurements have been carried out by Mandatum since 2017.
- The measurement was carried out by ISS ESG.
- The carbon footprint of the investees is based on the Carbon Disclosure Project's (CDP) data on the emissions of the companies. Where no data is available, the emissions have been estimated using ISS ESG's sector-specific models.

**) Financed emissions reflect the investment portfolio's emissions in relation to the invested capital. In equity investments, emissions are proportioned to the company's market value, and in fixed income investments, to the amount of debt. The emissions are allocated to the investment portfolio in proportion to the holdings. The emissions include scope 1 and scope 2 emissions, i.e. the emissions from the company's operations and purchased energy.*

***) Average carbon intensity is an alternative way of measuring an investment portfolio's carbon risk. With carbon intensity, emissions are proportioned to the company's net sales. The reported figure is a weighted average of the investments' carbon intensity. The emissions include scope 1 and scope 2 emissions, i.e. the emissions from the company's operations and purchased energy.*

IMPACT ON SUSTAINABLE DEVELOPMENT:

If greenhouse gas (GHG) emissions and concentrations in the atmosphere remain at their current level, the rise in the Earth's temperature will likely exceed 1.5°C by the end of this century (compared to the years 1850–1900). If nothing is done to tackle GHG emissions and the loss of biodiversity, extreme weather phenomena, rising sea levels and other natural disasters will grow more common and become increasingly erratic.

Mandatum has defined climate action as one of its key focal areas. As demand for climate data and its accuracy, and official measures improving its availability increase, Mandatum will continue to report on the climate impacts of its investments and the carbon footprint of its portfolios.



>> CASE: MANDATUM RECEIVES GRESB REGIONAL SECTOR LEADER AND GREEN STAR DESIGNATIONS

The real estate portfolio managed by MAM significantly improved its score in GRESB's real estate sustainability assessment, earning the Green Star designation and Regional Sector Leader recognition for its sustainability work. Real estate investors use the international GRESB assessment to develop their ESG work.

This was the second time that Mandatum took part in the Global Real Estate Sustainability Benchmark (GRESB) sustainability assessment. This year, the score for the direct real estate investments managed by MAM was 84/100, coming first out of 14 peers in the benchmark group. The benchmark group received 67 points on average.

Sector Leader recognition is granted to organisations that are among their region's best in sustainability within their real estate and holding sector. This was the first time that Mandatum received this recognition. Additionally, Mandatum received the Green Star designation, which is granted to real estate investors that receive high scores in both leadership and sustainability measures.

The excellent score was partly the result of the company's successful measures to reduce our properties' energy and water consumption, and

our mitigation of emissions. A concrete method for improving the figures was the transition to green electricity in its properties.

The GRESB assessment looks at the sustainability of real estate at the level of the whole portfolio. The assessment includes energy and water consumption, waste volumes, greenhouse gas emissions, risk management, stakeholder co-operation and, extensively, ESG reporting, principles and management.

MAM is constantly working towards reducing the climate risks of investment activities. In spring 2021, a climate risk assessment was implemented for the real estate investments managed by MAM, involving a systematic review of current and potential tools for preparing for risks caused by climate change.

IMPACT ON SUSTAINABLE DEVELOPMENT:

Mandatum creates the conditions for decent work and supports economic growth by investing in, for example, growth companies, and by supporting their development as responsible and profitable businesses. In addition, the working conditions offered by investee companies are monitored regularly and Mandatum engages with companies on a case-by-case basis.



CASE: PLANT-BASED PRODUCTS GO GLOBAL WITH GROWTH FUNDING

In 2021, Mandatum Asset Management invested EUR 25 million in Oddlygood Global, which aims to be a leading provider of plant-based foods.

Oddlygood Global develops and markets plant-based products under the Oddlygood™ brand, including oat drink for coffee and products used in cooking and baking. Currently, Oddlygood™ products are sold e.g. in Finland, Sweden, UK, USA and the Baltic countries. The goal is to grow in these markets and, at the same time, expand into new areas.

EU's sustainable finance regulation

Mandatum monitors the European Union's regulatory projects in sustainable finance and, in particular, takes the framework concerning sustainable development (EU Taxonomy Regulation) and the Sustainable Finance Disclosure Regulation (SFDR) into account in its investment operations.

The new regulation will provide a framework for what is eligible as sustainable investment in the future. The regulation is based on the fact that, according to the Commission's calculations, in order to reach the climate and energy goals of the Paris Agreement by 2030, EUR 260 billion more capital is required for investments supporting the goals each year. The private sector plays a major role in filling up the investment gap as public funding cannot do it alone.

Going forward, there will be an EU-level definition of what kind of economic activity is eligible as environmentally sustainable and supportive of the Paris Agreement goals. The package, known as the Taxonomy Regulation, includes the EU's environmental goals and a comprehensive set of technical criteria for assessing the sustainability of business areas.

Investments promoted as sustainable are subject to stricter disclosure obligations, and formal information must be supplied on their sustainable characteristics. The first regulations entered into force on 10 March 2021, and initially, they will apply, above all, to financial market participants.

In addition, financial market participants must disclose their operating principles for taking into account sustainability risks and adverse sustainability impacts, and classify the financial products they offer into different categories based on their sustainability.

The financial products marketed in the EU will, in the future, be classified based on whether the product promotes sustainability factors or whether it has an objective related to sustainable development.

The most ambitious of these in term of sustainability is Article 9. Financial products complying with the article must have a quantifiable sustainability objective, which must be reported on annually to investors.

FINANCIAL PRODUCTS WILL BE CLASSIFIED IN THREE GROUPS:

1. Sustainable investments with a positive impact on the achievement of goals related to the environment or society ('dark green' investments as referred to in Article 9)
2. Investments that promote sustainability factors alongside their other characteristics ('light green' investments as referred to in Article 8)
3. Other investments (investments as referred to in Article 6).

Also products in compliance with Article 8 must have a clear strategy that accounts for sustainability factors, the implementation of which must be reported on annually.

EU Taxonomy

BACKGROUND

According to the basic principle of the EU Taxonomy, economic activity must significantly promote at least one of the EU's climate and environmental goals in order for the activities to qualify as environmentally sustainable. At the same time, the economic activity must not significantly harm any of these objectives, and in addition it must meet the minimum social safeguards. In order to define what substantial contribution and significant harm mean, the Taxonomy's delegated acts create and maintain clear criteria (technical screening criteria) for activities.

The Taxonomy Regulation (Regulation (EU) 2020/852) entered into force in July 2020. The Regulation is not complete, however, and by December 2021, two environmental criteria – climate change mitigation and climate change adaptation – have been defined based on the technical screening criteria.



Disclosure requirements

According to Article 8 of the EU Taxonomy Regulation, major financial sector and other companies subject to the Non-Financial Reporting Directive (NFRD), must report on the extent of their activities that are aligned with the taxonomy criteria. The part of insurance companies' activities that is related to other than life insurance business is subject to taxonomy reporting. Mandatum Life is a life insurance company, so it reports only its key figures on investments that fall under the scope of the Taxonomy.

The Taxonomy will be implemented gradually, so only taxonomy eligibility (i.e. whether the economic activity falls under the Taxonomy Regulation) is reported for 2021 and 2022. Taxonomy alignment (i.e. whether the financial activity achieves the technical criteria for i) substantial contribution, ii) the principle of 'do no significant harm', iii) minimum social safeguards) is required for 2023.

Methology

The taxonomy analysis of Mandatum Group's investments was conducted using an external service provider's data. The service provider's indicators on taxonomy eligibility were based either on (1) the reporting on taxonomy eligibility directly available from the company or (2) the service provider's own estimate using other available data.

All of the underlying investments were analysed, except for government bonds, which must be excluded from the taxonomy analysis based on the Taxonomy Regulation requirements. In the taxonomy eligibility analysis, derivatives and non-NFRD companies were excluded from the calculations, which is in line with the reporting requirements. Here, non-NFRD companies means companies that are not subject to the reporting requirements of the Taxonomy Regulation.

In order to improve the consistency of reporting taxonomy eligibility and taxonomy alignment and to ensure the consistency of reporting throughout the holdings, it has been proposed that financial institution disclosures should be based on information reported by the underlying financial or other company or by the counterparty itself. Thus, because the underlying companies have not yet reported their taxonomy eligibility, Mandatum's share of investments that are taxonomy eligible is zero per cent for the 2021 reporting year. Investments' taxonomy eligibility figures will likely increase for the reporting year 2022 when more companies report their taxonomy figures.

According to the analysis, 62,9 per cent of Mandatum's with-profit portfolio investments and 68,9 per cent of Mandatum's unit-linked portfolio investments were companies that are not obligated to publish a taxonomy report on 31 December 2021. According to the taxonomy reporting requirements, the companies in question are not included in the taxonomy eligibility analysis. In addition to this, 0,1 per cent of Mandatum's with-profit portfolio investments and 0,1 per cent of Mandatum's unit-linked portfolio investments were derivatives, which should also be excluded from the taxonomy eligibility analysis. Investments made in states, such as government bonds, must also be excluded from taxonomy eligibility calculations, according to the Taxonomy Regulation. Of Mandatum's with-profit portfolio 13,2 per cent and of the unit-linked portfolio 7,2 per cent were in investments made in states on 31 December 2021.

Supplementary voluntary disclosure

If an underlying company has not yet disclosed its taxonomy eligibility, a financial sector company can decide to estimate the taxonomy eligible portion of the economic activities. These types of estimated figures can only be disclosed on a voluntary basis, and they must not be included in the mandatory disclosures. According to the estimate, the taxonomy eligibility of Mandatum's with-profit portfolio is 8,9% and the taxonomy eligibility of its unit-linked portfolio is 4,0%.

	Share (%) of covered assets*	Share (%) of all assets**
Taxonomy eligible functions	0%	0%
Non-taxonomy eligible functions	100%	100%
Of which: unit-linked assets		
Unit-linked assets (life insurance policies)	64%	66%
Derivatives (unit-linked assets)		0,1%
Non-NFRD undertakings (unit-linked assets)		69%
Investments in states, central banks and multinational issuers (unit-linked assets)		7%
Of which: with-profit assets		
With-profit assets	36%	34%
Derivatives (with-profit assets)		0,1%
Non-NFRD undertakings (with-profit assets)		63%
Investments in states, central banks and multinational issuers (with-profit assets)		13%

*investment assets excluding investments in states

**investment assets including investments in states

What has Mandatum done for sustainability?

On its website, Mandatum has published operating principles related to sustainability risks and an account of how it takes adverse impacts on sustainability factors into account in its investments. Regulation has also been accounted for in Mandatum's Responsible Investment Policy, which was approved in December 2021.

Information on how sustainability risks are accounted for in investment decisions and the likely impacts on income of sustainability risks has been added to the product materials. Outside consultants were used to assist in classifying investees into categories based on the new regulation.

For example, the [ML Global Climate Index](#), which invests in the global equity markets with a carbon intensity of at least 30% lower than the global equity markets, and whose investee companies seek an annual emissions reduction of seven percent on average, was assessed to be a sustainable financial product as described in Article 9.

The majority of the other fixed income and equity products are in the class based on Article 8, i.e. they take sustainability factors into account in their investment operations. These include ML European Small & Mid Cap, ML Nordic Equity, ML Global Sustainable Equity, ML Stamina Equity Fund, ML Fixed Income Portfolio, ML Nordic High Yield, ML Money Abs, ML Money Portfolio and ML Allocation investment baskets.

The assessment and development of financial products is continuous.

The regulation will be developed further and the adverse sustainability impacts of investment decisions will be assessed and disclosed in more detail than before.

We aim to ensure that our investment personnel always have access to up-to-date information on legislation related to responsible investment, as well as other guidelines and sufficient tools for taking responsibility aspects into account.

In 2021, we established a new responsible investment team, which is responsible for developing and coordinating responsible investment, developing personnel's competence in responsibility issues, supporting portfolio managers in the responsibility analysis and reporting related to responsible investment.

MORE DETAILED INFORMATION ON INVESTEEES

On its website, Mandatum publishes sustainability reviews to disclose investees' ESG risk rating, detected norm violations, carbon dioxide emissions and the portfolio manager's comments. These reviews have also been sent to institutional customers.

>> CASE: WHAT IS SUSTAINABLE INVESTMENT?

Consumers need to spend very little time in the shop wondering whether a detergent or soap is safe or environmentally friendly. All they need is to check for the EU Ecolabel. But what about with investments? How can they be compared to one another? It has been difficult to compare responsible investments, because there has been no joint framework. Comparison has required time, information and expertise.

It has been difficult for investors to assess the sustainability of investments. Different parties have applied different criteria when assessing responsibility, and extremely diverse types of investments have been promoted as being responsible.

In direct investments, it has been possible to monitor, for example, companies' sustainability reporting, either directly or using data from knowledgeable companies. Over the past few years, an entirely new ecosystem of service providers has sprung up on the markets, collecting, analysing, and publishing responsibility data on companies. The best-known ones are Sustainability, MSCI and ISS ESG. Although there is more sustainability data available than before,

the problem is still that the data is not necessarily commensurable and is not readily available to private investors.

Funds' sustainability ratings, on the other hand, are based on company-specific sustainability ratings. It has been possible to compare funds, investment baskets and other investment products to one another using Morningstar, for example.

In comparisons of asset managers, a good starting point has also been to see whether a financial sector company is committed to the UN's Principles for Responsible Investment. The UN PRI is an international investor initiative that annually assesses how its members' investment operations compare year-on-year and with peers in various categories. For example, Mandatum Life achieved the highest overall score of A+ in the UN Principles for Responsible Investment's latest, i.e. 2020, assessment.

"The change means more transparency and comparable data for investors. The regulation will impact investments and financial market participants in numerous ways – both companies and investors. This is a positive change overall,"

says **Suvi Collin**, Mandatum Asset Management's Senior ESG Manager.

All of this is just the beginning – a lot is yet to come. In the future, companies offering financial products are obligated to chart customers' sustainability-related preferences in the applicability assessment. Now every customer knows that their investment goals and risk tolerance will be charted for the purpose of recommending the financial products that best suit them. In the future, customers will also be asked about their sustainability goals and they must be taken into account in product recommendations. This change will most likely enter into force in late 2022.

"I believe that this will also guide customers to think about sustainability and what steps they are prepared to take in their investments to combat climate change and other sustainability risks," says Collin.



3

IT ALL COMES
DOWN TO PEOPLE

It all comes down to people

Through its business operations, Mandatum strives to promote a good working life and improve the financial security of Finns. We help our customers reward their personnel supportively, fairly and responsibly. Our services help our client companies improve their competitiveness responsibly, and ensure that entrepreneurs and employees receive enough income when they retire or face financial challenges.

Examples of our service offering and their impacts

» **Responsible employee rewards and compensation and financial preparedness through personnel funds**

Personnel funds offer employees the opportunity to save and invest. For employers, it is a reward and management tool that can be used to guide work in the intended direction. Well-managed business creates well-being in society and strengthens competitiveness. Mandatum offers companies tools for good leadership and reward schemes, as well as a means of monitoring and assessing the employees' impact on the company's financial success and work satisfaction.

» **Fair and equal reward and compensation**

Mandatum conducts wage comparisons that can be used to compare wages within the company and with peers. Wage comparisons offer reliable market pay data for work at different levels.

The Equality Act requires that employers employing at least 30 employees annually create a gender equality plan concerning pay and other employment terms and conditions, and conduct a pay survey every three years on wage differentials between women and men. The gender equality plan and survey must be communicated appropriately to the personnel.

Mandatum also carries out pay surveys as required by the law, which look into how men and women are situated in different jobs within an organisation and whether there are differences in pay between the genders.

» **Supportive rewards and compensation**

Advisory services for variable compensation and rewards are used to build reward models in which personnel are rewarded based on shared performance. Reward models like this include annual bonus schemes and long-term (share-based) reward schemes.

» **Supplementing pension cover**

Our aim is to increase Finns' awareness and their possibilities to ensure that their income is sufficient during retirement. Earlier retirement could lead to low pension cover for entrepreneurs, for example, if they have not properly prepared for it. Investing or taking out pension insurance is a way to supplement one's pension cover. Pension cover that is supplemented by the employer through group pension insurance guarantees a better income level during retirement and reduces the need for employees to prepare themselves.

» **Supplementation of statutory social insurance cover**

A growing number of Finns are concerned about their income in the face of financial adversity. Mandatum Life's personal risk insurance increases customers' and their families' financial security in the event of serious illness, disability or death.

» **Providing security to entrepreneurs fosters entrepreneurship**

Mandatum Life's services for entrepreneurs secure the continuity of their business and supplement the statutory cover of the entrepreneurs and their families.

We monitor and measure the realisation of sustainability in terms of this theme in three ways. The first is customer satisfaction (Net Promoter Score), in which our target level for 2021 was 70. Secondly, we measure the satisfaction of personnel fund boards and reward consultation customers. Our third indicator is the development of the number of Pay Scale studies, equality assessments and reward pulses.

The components of Mandatums corporate responsibility and link to the UN's SDG goals

Material matters and goals

» Indicators

» Development compared to 2020

IT ALL COMES DOWN TO PEOPLE



Supporting the well-being of customers and their personnel through Mandatum Life's products

- » Responsible employee rewards and compensation and financial preparedness through personnel funds, supplementing pension cover, supplementing statutory social security, providing security for entrepreneurs
- » Customer satisfaction (NPS) was 71.9 in 2021, while the corresponding figure for 2020 was 72.5. Although customer satisfaction fell slightly, it was better than the upper target set for 2021 (70).

We help our customers in rewarding their personnel fairly and responsibly

- » Satisfaction of personnel fund boards and reward consultation customers
- » The NPS for funds' boards was 67.6 in 2021 (47.4 in 2020)
- » Development of the number of Pay Scale studies, equality assessments and reward pulses
- » The NPS for consultation customers was 80.8 in 2021 (52.3 in 2020)
 - » The number of Pay Scale market pay comparison reports grew 9%
 - » The number of pay surveys related to the gender equality plan grew 133%
 - » The number of reward pulses grew by 50%

Ensuring financial security

Mandatum offers its customers and their families services to increase their financial well-being and to improve their income level during retirement. The product offering includes supplementary pension insurance and different forms of saving that increase wealth. Mandatum's various investment services allow all customers to save and invest, regardless of their investment assets.

Furthermore, Mandatum's services for entrepreneurs secure the continuity of their business and supplement the statutory cover of the entrepreneurs and their families. Entrepreneurs are responsible for their pension cover and their companies' risk management, so preparing for unexpected changes is even more important for them.

Employers can play a key role in ensuring the financial security of their employees before and after their careers. Mandatum believes that insurance taken out by the employer is an effective way to arrange individuals' financial security, and the employer receives, in turn, a more engaged employee and a better employer image.

Planning ahead is essential for taking care of employees' well-being and work ability. Mandatum offers entrepreneurs, private customers and corporate customers active advice on timely and appropriate measures. These include one-on-one conversations, ensuring the easy availability of material information and sharing practical lessons.

In 2021, Mandatum Life paid EUR 382 million in pensions to approximately 57,000 pensioners.

We help our customers reward their personnel supportively, fairly and responsibly

Well-managed business creates well-being in society and strengthens competitiveness. Mandatum's Reward and Compensation Services' experts will help different types of companies plan and develop their reward and compensation structures: from mapping out the current situation to planning a complete package and developing, cascading and communicating the remuneration and reward schemes.

In 2021, Mandatum strengthened its position in reward and compensation services by buying from Nordhaven Corporate Finance its business focusing on long-term reward and compensation and equity-based incentive plans.

Following the acquisition, Mandatum's Reward and Compensation Services are able to provide customers with even more comprehensive consulting in remuneration and reward schemes for all employees and key personnel. Mandatum's existing offering of reward and compensation services includes, among other things, Pay Scale basic salary schemes and market pay comparisons, and personnel funds and group pension insurance as supplementary rewards.

Equity-based reward schemes have traditionally been targeted at executives of listed companies, but today, both listed and unlisted companies

are increasingly using long-term incentives to motivate and retain also other key persons and the entire personnel.

From the company's perspective, it is important that the overall reward and compensation system is clear and well-structured, and that the variable pay components are based on performance indicators that steer work towards the shared goals while at the same time supporting the company's strategy implementation and value growth responsibly in the long term.

Rewards and compensation have a significant impact on Finnish companies, and as a result, on employment and society.

» **Mandatum's pay survey can be used to check that rewards and compensation are fair**

Fair pay is often considered to be one of the pillars of working life. In Finland, pay is agreed on in an employment contract, and different sectors' collective agreements usually state the grounds for the pay and minimum wages. An equal pay level also benefits every organisation, as the experience of fairness is tied to performance, according to studies.

» **The competitiveness of remuneration in relation to other companies can be viewed in a market pay comparison**

The situation concerning gender pay differentials inside an organisation can be reviewed using a pay survey.

The survey looks into how women and men are situated in different jobs within an organisation, whether there are differences in pay between the genders or between people performing the same jobs. This review needs to be performed regularly. The pay survey is also an obligation dictated by law. According to the Equality Act, persons performing the same work or similarly valued work must be paid the same wages. The act also requires that employers employing at least 30 people create, at least every other year, a gender equality plan concerning pay and other employment terms and conditions, and carry out the related pay survey.

» **Mandatum also consults with customers on responsible rewards and compensation**

Responsibility has become integral to the rewarding of the management and entire personnel. Less than half of large listed companies (47%) have made various responsibility indicators part of their targets for rewarding the company's management.



CASE: WHAT DOES THE PAY SURVEY TELL US?



SINI JÄMSÉN

Lead Consultant, Reward and Compensation

Sini Jämsén, Lead Consultant, Reward and Compensation, and her colleagues have been involved in creating several pay surveys related to gender equality plans for different types of organisations. Their customers have included private companies of different sizes and public sector organisations.

"We start the work by asking the organisation for the entire personnel's payroll data and other background information. Then we analyse the big picture. In the pay survey, we compare, for instance, the average pay for men and women in different personnel groups and competence groups."

"If the analysis reveals differences, we dive deeper into the situation. Often, there will be clear reasons for pay differences. For example night work can impact the average pay of people performing the same work – some people may be doing more night work than others. There may also be differences in training, experience or, for example, the competence classification. The most important thing is to find justifications for why people working in similar jobs and at the same competence level have different pay," she says.

If there are no justifications for the pay differences, the next step is to make a plan for how to level up the differences.

"In many organisations, we review the pay survey results with HR and the chief shop steward. Companies should report on the pay survey in their organisation. It is always a positive signal if everything is fine in the pay survey. And if there is a pay differential, it is at least as important to explain that the issue has been identified and that work towards equal pay has begun."

Even though the pay survey is required by law, it is very useful to companies. The experience of injustice has negative impacts on personnel's commitment and performance, among other things.

"Active reviewing of wages and pay structures within an organisation, as well as in comparison with external market data, enables the creation of a responsible and fair pay policy, and the best pay satisfaction among personnel."

IMPACT ON SUSTAINABLE DEVELOPMENT:

The pay survey promotes development-oriented practices that support productive activities. The pay survey enables the same labour rights for all employees.





CASE: MANDATUM INVOLVED IN THE MINISTRY OF SOCIAL AFFAIRS AND HEALTH'S EQUAL PAY PROGRAMME

The Ministry of Social Affairs and Health has launched a project studying and developing the assessment of the degree of competence required for work from an equal pay perspective. Mandatum's Reward and Compensation Services are responsible for the Equal Pay Programme together with their partners, Haaga-Helia and Sopl.

[Read more about the project here.](#)

The project is diverse, and is looking into:

- Assessment of the work's competence requirement and equal work from the perspectives of Finnish legislation and EU law, literature, and the remuneration systems of key collective agreements.
- How do the current remuneration systems and their implementation support equal pay? The goal is also to investigate how remuneration systems and the tools used to assess required competence can be developed further to support the accomplishment of equal pay and equal work.
- The legal portion of the project is intended to chart and assess the case law concerning equal pay. An examination of collective agreements maps out assessment criteria for competence requirements and application guidelines found in different collective agreements.
- The project also involves a practical development portion in a pilot organisation. In the portion that began in autumn 2021, the focus in the pilot organisation is on the work competence assessment tools and how well they function from the equal pay perspective, and creating development measures that can be tailored to each organisation.

IMPACT ON SUSTAINABLE DEVELOPMENT:

Mandatum is helping to look into equal pay and the implementation of equal work. The project enables the same labour rights for all employees.



>> **STUDY: ALMOST HALF OF LARGE FINNISH LISTED COMPANIES REWARD THEIR MANAGEMENT BASED ON RESPONSIBILITY INDICATORS**

Mandatum wanted to investigate and share information on how sustainability issues are accounted for in Finnish listed companies, in management's variable reward and compensation targets. The data from the ESG study carried out by Mandatum Incentives in 2021 is based on the reward and compensation reports, Annual General Meeting decisions, websites and releases of large Finnish listed companies.

According to the study, responsibility has become an integral part of management rewards. Less than half of large listed companies (47%) have made various responsibility indicators part of their variable reward targets.

Finnish companies perform relatively well in comparisons with international competitors: some 60 per cent of the companies on the London FTSE 100 index have adopted ESG targets as part of their management rewards, while 51 per cent of the US S&P 500 index companies have done the same.

Companies' managements have traditionally been rewarded through the achievement of various short- and long-term targets, such as growing the shareholder value or turnover, or improving profitability and the return on invested capital.

ESG targets vary from country to country. For example in the USA, indicators related to personnel diversity are highlighted. In Europe and Finland, targets related to the climate are more common than in the USA, however. In Finland, the targets are most often related to occupational safety and the carbon footprint.

ESG indicators will continue gaining in importance in the rewarding of companies, their management and personnel, as investors and customers turn their focus increasingly to companies' sustainability issues. Although the main weight of large listed companies in Finland is still on achieving financial targets, the weight of ESG targets is already around 10–20 per cent of the management's short- and long-term incentive plans.

"Responsibility has become a core theme in social debate in recent years, with a specific focus on issues related to climate change. Finnish listed companies have risen to meet this challenge. It seems that companies can react to pressure faster than public bodies. I am frankly surprised by the speed of the change taking place," says **Tapio Tolvanen**, Managing Director of Mandatum Incentives.

There are differences between sectors; Finnish energy companies, for instance, use ESG indicators in rewarding management as do up to half of industrial sector companies. Finnish corporate responsibility indicators also reflect companies' sector history. For example, many industrial companies have focused on occupational safety for a long time.

"Responsibility issues have always been highlighted in good business, but not necessarily under the heading of corporate responsibility. When considering indicators and targets, it is important to make sure they are real business indicators that bring a genuine competitive advantage. We have helped several companies to define suitable indicators and targets as part of their management rewards," Tolvanen explains.

TAPIO TOLVANEN

Managing Director
of Mandatum Incentives





CASE: GROWING CUSTOMER CONSULTATION ON RESPONSIBLE REWARDS AND COMPEN- SATION FOR MANAGEMENT



MARJUT SIMPANEN

Director, Mandatum Incentives

Responsibility has become integral to the rewarding of the management and entire personnel. When companies incorporate responsibility indicators into their reward schemes, it has significant impacts on the companies' operations and subsequently on society.

Based on many indicators, Finnish companies are world leaders in responsibility, and listed companies have long reported on corporate responsibility in addition to financial data. ESG indicators are now becoming an even more important part of rewarding company management.

The pressure to make responsibility issues part of management's variable rewards comes from the company's owners, investors and customers alike. In an ideal situation, ESG issues are included in reward and compensation so that they have a genuine long-term positive impact on a company's business.

"When responsibility is included in management rewards, what matters most is finding responsibility indicators that are business-oriented and relevant in terms of responsibility. Responsibility and selecting the right ESG indicators should be based on a company's strategy and business goals," says Director **Marjut Simpanen** from Mandatum.

For instance, by reducing the environmental impacts caused by a company's products, and thus also the environmental impacts of customers, responsibility measures can create added value also for the customers. This, in turn, affects business operations. It is not always so easy to set the right indicators defining variable rewards and compensation.

"We need to be able to measure the indicators objectively. That is why it would be a good thing for companies to have, for example, two years of experience of measuring targets defining rewards before setting a target as a performance indicator in a variable reward system. Measuring also involves the challenge of setting targets. Even today, companies may end up choosing something more familiar

and easier to measure instead of business-oriented responsibility indicators. These are the kinds of challenges that we solve with our customers as part of customer projects."

In 2021, Mandatum Incentives helped several Finnish companies define responsibility indicators for their long-term incentive plans starting in 2022. According to Simpanen, responsibility issues come up in practically every company when discussing the targets of management rewards and compensation. This was not the case a few years back. The change has been dramatic and the trend remains on track.

IMPACT ON SUSTAINABLE DEVELOPMENT:

Mandatum looks into and shares information on responsible rewards and compensation.

When companies incorporate ESG indicators into their rewards and compensation, it has significant impacts on the companies' operations and subsequently on society.

Management reward targets impact companies' financial goals, the environment and occupational health and safety, among other things. The more companies commit to, for example, reducing their carbon footprint, the greater the total impact on the environment..

Mandatum shares information on responsible rewards and compensation with the media, customers and potential customers. Information is also available on Mandatum's website.





4

LEADING BY EXAMPLE

Leading by example

Taking responsibility for personnel ensures successful business. For Mandatum, personnel's well-being is a strategic goal. Our HR policy is based on the belief that taking care of personnel ensures customer satisfaction and puts the company in an even better position to achieve success.

Our key goals include:

- Growing intellectual capital
- Responsible leadership practices and equality
- Employment
- Professional development

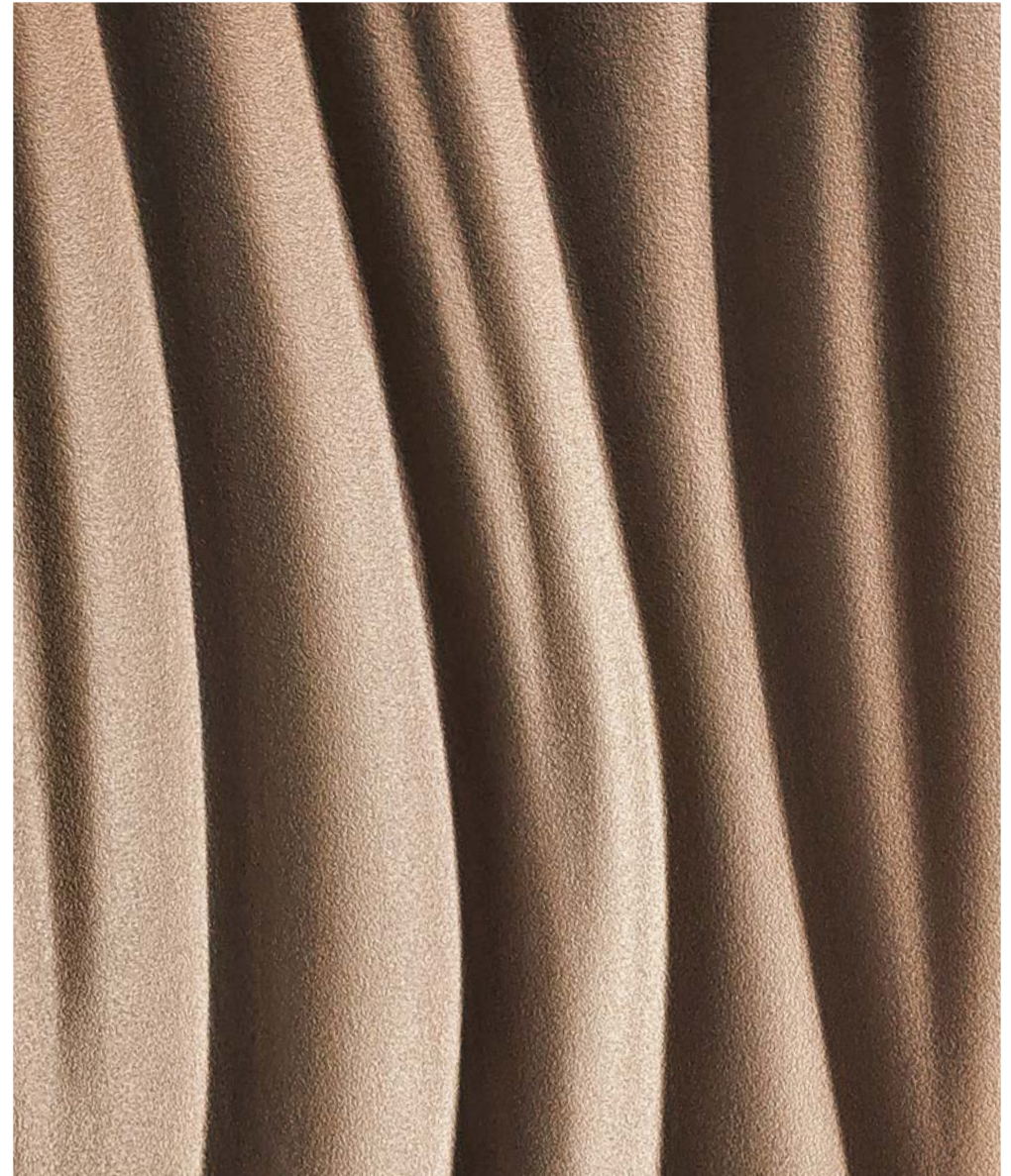
We also pay particular attention to the benefits linked to work-ability management and employee well-being.

We measure the realisation of sustainability in many ways. Mandatum offers its entire personnel comprehensive insurance cover and the opportunity to fund their bonuses in a personnel fund. Responsibility for personnel also means providing security for employees and their families in case of financial risks.

Our equality goal is to have at least 40% representation of each gender at the different management levels. The company has comprehensive training and mentoring programmes, and job rotation is a way in which we support professional development. We conduct 360-degree evaluations for supervisors.

We have participated for a long time in the Great Place to Work Finland survey with excellent results. We especially keep track of the overall score and the responses to the 'Taking everything into account, this is a great place to work' claim.

Other key responsibility indicators include absences due to illness by country, employee turnover and accidents.



LEADING BY EXAMPLE



Employment

- » Number of employees: 638 (568 in 2020)
- » Our goal is to employ young people and students. We had altogether 18 employees who went by the titles of Trainee and Summer Trainee. In addition, we employed several hourly workers, some of whom worked full time or almost full time during the summer

Responsible leadership practices and equality

- *Target: At least 40% representation of each gender at different management levels*
- » In 2021, Mandatum had at least 32 per cent representation of each gender at different management levels (39% in 2021). Women accounted for 44.4 per cent of the directors reporting to the CEO. The proportion of women on the Board of Directors was 22 per cent and 29 per cent in the Executive Management Group. Due to the new corporate structure, the figures are not directly comparable to previous years
- » 360-degree evaluations for supervisors are carried out every two to three years; the next time in 2022

Personnel funds and comprehensive insurance cover for the whole personnel

- » All our employees are covered by accident insurance. All employees covered by the bonus system (sales bonus or performance bonus) are covered by the personnel fund, i.e. our entire regular personnel

Occupational health and well-being

- » In the Great Place to Work Finland survey, the trust index measuring employees' overall satisfaction was 91% (86% in 2020)
- » 95% agreed with the claim: 'Taking everything into account, this is a great place to work' (92% in 2020)
- » Absences due to illness per country (%);
 - » Estonia 1,8%
 - » Finland 1,1%
 - » Latvia 1,1%
 - » Lithuania 0,6%
 - » Mandatum, all countries 1,1%
- » Turnover: 10,6%
- » Accidents: 3

Growing intellectual capital

- » There were 12 job rotations ongoing during 2021. In addition, people have applied for open positions and transferred to new positions within the company

Professional development

- » The in-house mentoring programme was also in use in 2021. It began in October 2021 and will end in June 2022. Twelve pairs, i.e. 24 employees participated in the mentoring programme

Personnel satisfaction

Mandatum has been selected as the best workplace in Finland for the second year in a row in the large organisations category of the Great Place to Work Institute's survey. The company has made it onto the list of Finland's best workplaces for eleven consecutive years. In a Europe-wide comparison, Mandatum placed 17th in the large organisation category.

According to the company's employees, Mandatum's corporate culture is uniquely equal, caring and friendly. In Mandatum's most recent survey, the Great Place to Work claim 'Taking everything into account, this is a great place to work' received a score of 95%, meaning 95% of the employees agree with the statement.

In the midst of the Covid-19 pandemic, we have demonstrated that we live up to our words and the company's values, and that shows in the Great Place to Work survey. Mandatum's corporate culture is based on a strong sense of community and mutual support, which we believe are important factors behind our high employee satisfaction, also during the exceptional year.

Every year, some 150 organisations take part in the Great Place to Work survey. The survey is based on the Great Place to Work's definition of a great workplace: a great workplace is about the level of trust that employees experience in their leaders, the level of pride they have in their jobs, and the extent to which they enjoy their colleagues.

The ranking in the survey is based on an employee satisfaction survey and an analysis of the workplace culture carried out by the Great Place to Work Institute's experts. In 2021, the employee survey consisted of 61 claims. They are divided into five dimensions: credibility, respect, fairness, pride and camaraderie. The analysis of the workplace culture focusses on the organisation's HR practices and looks into how well they support the building of an employee-driven HR culture.

When examining the total scores in the different areas, Mandatum's results are again excellent, even compared to 2020's record results. The results indicate that the company has succeeded in creating an excellent workplace – as much as 93% (91) of our employees would recommend Mandatum as an employer. Our trust index, measuring employees' overall satisfaction, was again the best in our company's history: 91% (86).

EXAMPLES OF MANDATUM LIFE'S RESULTS:

Response rate: 95% (2020: 90%)

91% (2020: 86%)

Trust Index total score
(average of all claims)

95% (2020: 92%)

Taking everything into account,
this is a great place to work

94% (2020: 87%)

In my opinion, our ways to
engage with society are good

99% (2020: 95%)

People are treated equally here,
regardless of their origins

94% (2020: 91%)

People are treated equally here,
regardless of their gender

93% (2020: 92%)

I would recommend Mandatum
Life as an employer



Change in personnel survey, Future Workplaces certificate as a goal

For more than a decade, Mandatum has participated in the Great Place to Work survey to chart our personnel's work satisfaction and well-being. Through the surveys, we have gained valuable insight into what the workplace's strengths and improvement areas are. In the future, the goal is to delve even deeper into what factors are the most meaningful in the lives of Mandatum's employees.

This is why Mandatum will conduct the Signi survey in 2022, in which each employee will select five of the most significant claims related to good workplaces, for which they will give a score and open-ended feedback. This will teach us:

- » What things are the most meaningful to our employees.
- » How well we perform in them.
- » What we could do even better to ensure that the meaningful aspects are implemented (in our company) as well as possible.

Mandatum's goal is to gain the **Future Workplaces** -certificate.

*FUTURE
WORKPLACES
'22*

Employees' work well-being

Mandatum's goal is to maintain a healthy level of total employee turnover. During 2021, employee turnover grew compared to 2020. This was primarily the result of the reactivation of the labour markets following the slow pandemic year 2020. Employee turnover therefore returned to its normal level during 2021.

Estonia's relatively high employee turnover resulted from a natural job turnover. The number of people resigning was not large, but as the number of personnel in Estonia is small, even a slight change has a big impact on the figures. The turnover fell from 2020.

Mandatum's management system changed

Due to the change in corporate structure in 2021, also the management system changed. Going forward, Mandatum Group's management model will be based on several forums. At Mandatum Group's level, business steering will take place through the Group Committee based on the business strategies defined by the companies' boards. Mandatum Life and Mandatum Asset Management will have their own Business Management Groups, which will be responsible for, among other things, strategy implementation, business decisions and the profitability of business.

Both companies will also have their own Steering Group, which will be responsible for governance and preparing the company's operating conditions. In addition to this, Mandatum Asset

Management will have asset-class-specific Investment Committees, which will be responsible for investment activities and the investment strategy and, together with the Business Management Group, for the development and implementation of investment solutions. Our equality goal is to have at least 40% representation of each gender at the different management levels. Due to the change in corporate structure, our equality target cannot be compared to the previous years. In the company's senior management, the equality target was realised as follows: On 31 December 2021, the Group Committee had 29% women, Mandatum Steering Group had 40%, Mandatum Asset Management's Business Management Group had 21% and Mandatum Life's Business Management Group had 29%. Of the different management levels, women made up 32% per cent.

Covid-19 still making an impact

At the start of 2020, we established a Covid-19 preparedness team, which continued its work throughout 2021. The preparedness team, led by the Group CEO, has been responsible for assessing the current situation, making company-level decisions on measures and operating models, and communications.

While the media has provided a wealth of information on the Covid-19 situation, we have communicated on the subject on a regular and employee-driven basis, explaining how the evolving pandemic situation is affecting our operations. We have discussed the situation based on facts, openly and repeatedly. The CEO's info

sessions have been held regularly, at least once a month, and supervisors have organised regular info sessions and all units and teams have held remote meetings more frequently than usual. In addition, we have regularly communicated on the topic on the intranet, where we have published clear instructions on all exceptions affecting daily work life. A clear structure and easy-to-find instructions have provided security and continuity in employees' lives. The instructions are intended to keep our employees and customers healthy and safe. The purpose has been to provide clear guidelines to enable each employee to focus their efforts and energy on their own core task.

Over the course of the Covid-19 pandemic, the situation has evolved rapidly. We worked remotely at the start of the year, but from the start of October we switched to a hybrid model, i.e. multi-location work, where work is done at the office and elsewhere. In this model we can combine our best lessons and practices from both remote work and office work. The model is based on the results of the work model survey conducted in May 2021 and the comments gained from discussions held in the units. Mandatum Life's Operative Management Group also discussed the work model in the spring.

In the hybrid model, each employee can decide for themselves where they wish to work for up to 70% of their working hours. Employees will therefore spend at least 30% of their working hours at the office. There is no upper limit. Each unit or team decides when they will be at the office. At the end of December, extensive remote work began again.

Employee benefits adjusted

Already in 2020, due to the Covid-19 pandemic, we revamped various processes and employee benefits. This work continued in 2021.

The biggest changes concerned occupational health services. Covid testing continued as part of the occupational health services. The psychological support provided by occupational health services was also increased, as the uncertain situation has been likely to affect well-being and coping at work. A number of other traditional benefits were also adapted to better suit the situation. For example, in addition to normal exercise benefits, employees were offered the opportunity to participate in virtual yoga classes twice a week.

Mandatum has actively offered different types of opportunities for flexibility during the pandemic, such as making use of flexible working hours or the hours accumulated in the working time bank. Working shorter hours, dividing holidays into shorter periods and exchanging holiday pay for additional days off have helped employees recover.

In 2021, each employee was given the opportunity to order work equipment for remote work, on Mandatum's account. The product selection now includes an office chair, an electric standing desk, a screen and a camera.

EVERYONE HAD THE OPPORTUNITY TO DO VOLUNTEER WORK DURING WORKING HOURS

There is no such thing as too many good deeds. That is why Mandatum encouraged its entire personnel to engage in corporate responsibility work.

It was possible to carry out corporate responsibility work for eight hours in 2021. This could involve offering professional expertise to someone in need of it or providing some other kind of support in an area important to the employee.

MORE SECURITY FOR EVERYONE

The entire personnel is covered by comprehensive off-working hours accident insurance. This protects the employees and their families in the event of a permanent injury caused by an accident or accidental death. In addition, a significant proportion of personnel has disability and life insurance.

We supplement our employees' pension security with group pension insurance covering the entire personnel, in addition to which the company's employees are also members of the bonus system (personnel fund). Sampo Group's bonus system encourages long-term saving by paying an additional 20-percent bonus to employees who decide to fund their bonuses on the funded portion.



5



FOUNDATION OF
OUR WORK

Foundation of our work

At Mandatum, financial responsibility means ensuring the continuity, profitability, earnings power and solvency of operations in all market situations. Ensuring continuity creates the foundation for the sustainable and responsible management of customers' insurance-related liabilities and customers' investments and pensions for decades. That is why risk management is also a key component of Mandatum's financial responsibility. The most important goals of the risk management process are to ensure the sufficiency of capital in relation to business risks and

to curb variations in financial performance in the long run. Financial responsibility also means proactively responding to different situations, such as changes taking place within and outside of the organisation.

Mandatum is a major employer and taxpayer in society. The company employed approximately 640 people in Finland and the Baltic countries in 2021. For years, Mandatum has been one of Finland's largest taxpayers.

AMONG THE LARGEST TAXPAYERS

Mandatum paid EUR 50.9 million in corporate tax in 2021. For years, Mandatum has been on the list of Finland's largest taxpayers. For example, according to the latest listing, i.e. 2020, we were among the largest corporate taxpayers in Finland, ranked seven.

The components of Mandatums corporate responsibility and link to the UN's SDG goals

Material matters and goals

» Indicators

LEADING BY EXAMPLE



Anticipating and making changes proactively

» Solvency ratio: 190% (188 12/2020)

Security of data processing

- » *ISAE 3000 type 1 report, ISO 27001*
- » *Data protection online training completion rate: 99%*
- » *Information security online training completion rate: 99%*
- » *Requests for access: 0*
- » *Personal data protection incidents: 29*
- » *Other information security incidents: 0*

Creating financial well-being in society

» Mandatum Life paid EUR 50.9 million in taxes in 2021

Minimising own environmental impacts

» Mandatum Life's GHG emissions were calculated and disclosed for 2021. The GHG emissions for 2021 were 508.7 tonnes (976.6 tonnes in 2020). Emissions fell 47.9%. The figures are not comparable, because the previous year's emissions increased due to the renovation carried out at the Helsinki office, and the improved availability of data increased emissions

Responsible procurement

» Compliance with the procurement policy

Collaborative projects

» The impactfulness of the collaborative projects can be concretised, for example, through the co-operation with the Tukikummit foundation. More than 3,500 children had benefited from a donated accident insurance policy by the end of 2021

Security of data processing

Processing of personal data is part of our core business. Each of our customers must provide us with personal data when using our services.

Mandatum employs several measures to ensure that the company's information and cyber security are in good shape. Protecting systems containing sensitive data is a particular focal area. In addition, we make sure that all of our employees and subcontractors who process confidential data in their work are aware of their responsibilities and obligations.

In our work, we comply with the European Union's General Data Protection Regulation, the Finnish Data Protection Act, the Information Security Code, the Insurance Companies Act, the Act on Investment Services, the Act on the Protection of Privacy in Working Life and other applicable legislation. Our operations are bound by, among other things, insurance secrecy (Insurance Companies Act, Chapter 30, Article 1), which forbids the company from disclosing to third parties information concerning the financial situation, state of health (sensitive information), personal circumstances and business and professional secrets of the insurance company, its customer or another party. In addition to the insurance secrecy, we are bound by other regulations to practice a high level of confidentiality and secrecy in processing personal data.

Our company's personal data processing is steered by the Information Security Policy, Data Protection Policy and Information Management

Policy. These are supplemented by different information security and personal data processing principles and other guidelines.

We use technical and administrative information security means that are necessary, appropriate and in line with the best practices to protect personal data and other information. Such means include, for instance, the use of firewalls, strong encryption technologies and safe IT areas, access control, restricted granting of user rights, providing instructions and training to personnel participating in personal data processing and careful selection of subcontractors.

In November 2021, an external auditor carried out a certification audit and Mandatum was granted an information security ISO/IEC 27001:2013 certificate in December.

We report on significant deviations in information security to the Finnish Financial Supervisory Authority, both annually and as the need arises. Mandatum did not experience any significant information security or cyber security deviations in 2021.

In practice the Information Security Policy means the following measures, for example:

- We continuously assess the information security level and test processes and systems regularly. The information security level of our partners and service providers is audited on a risk basis. Regular information security audits are carried out on our systems by

independent service providers specialising in information security.

- Use of the systems and networks and the threats related to them are monitored actively. We react without delay to abnormal events and, if needed, we start up a deviation management process that has been determined beforehand.
- We have at our disposal tools and services that we use to identify threats related to systems and services already at the development phase.
- Our customers' personal data can only be processed by persons who need to process the data in order to perform their tasks. Log entries on viewing or other processing of personal data remain in our systems. In addition to policies and guidelines, personnel's competence is ensured through mandatory online courses that must be completed regularly, and through targeted training.
- Each of our customers is entitled to receive confirmation from our company on whether we process their personal data. If a customer's personal data is processed, they have the right to receive a copy of the data and to inspect the data.
- The Privacy Notice provides more detailed information about the processing of personal data at Mandatum, and specifically, what personal data we process, how the data is used and what rights people have regarding the processing of their data. Read more on the topic [here](#).



Mandatum measures the environmental impacts of its operations

In 2018, Sampo plc initiated a project to calculate Group-level GHG emissions and harmonise the Group's emission calculation principles.

As part of this project, Mandatum also calculated its GHG emissions in 2021. The calculations included areas such as electricity and heating, business travel, paper consumption and emissions from the use of various cloud services. In 2021, Mandatum Life's total GHG emissions were

508.7 tonnes. The majority of the total emissions resulted from purchased goods and services, whose share made up 37.3 per cent.

Together with Sampo plc and If, Mandatum compensates the GHG emissions resulting from its operations by supporting Gold Standard certified projects. The projects enable global collaboration, to finance and reduce GHG emissions in emerging countries.

Mandatum compensated emissions from its own operations in 2021 by supporting a clean water project in Indonesia. The project involves the

sale and distribution of ceramic water filtration technology to low-income families. The filtration systems remove 99.99% of pathogens and particles from the water and households no longer need to boil water to purify it. As wood and charcoal have been used to boil the water, the project reduces emissions, saves forests, and improves the indoor air quality. The families benefit from having to spend less money buying wood and they have more time for other activities now boiling water is no longer needed.

IMPACT ON SUSTAINABLE DEVELOPMENT:

If greenhouse gas (GHG) emissions and concentrations in the atmosphere remain at their current level, the rise in the Earth's temperature will likely exceed 1.5°C by the end of this century (compared to the years 1850–1900). If nothing is done to tackle GHG emissions and the loss of biodiversity, extreme weather phenomena, rising sea levels and other natural disasters will grow more common and become increasingly erratic.

Mandatum has defined climate action as one of its key focal areas. As demand for climate data and its accuracy, and official measures improving its availability increase, Mandatum will continue to report on the carbon footprint of its operations and its emission compensation.



Our collaborative projects

Mandatum supports the efforts of exceptional people and beneficial projects, and donates to charities. We also collaborate with educational institutions and take part in various fairs and seminars.

» **Tukikummit**

We work together with the Tukikummit foundation to prevent the marginalisation of children and adolescents. Mandatum donates accident insurance to the children of families facing the most difficult situations. During the collaboration, around 3,500 children or adolescents have been provided with accident insurance. Our collaboration began in 2014.

» **Hope ry**

Hope is a volunteer organisation that helps low-income families. Families with a low income or that have experienced a crisis receive practical help through Hope in the form of clothing and household items and support for hobbies and leisure activities.

As part of our enduring tradition, we donated the money reserved for the personnel's and customers' Christmas presents to Hope ry, together with Kaleva. The donated sum was altogether EUR 15,000.

» **WWF Finland**

We work together with WWF Finland to promote responsible investing and to mitigate climate change. We create concrete operating models and guidelines on how investors can lower the carbon dioxide emissions of their investments in practice.

» **Others**

Mandatum supports Finland's women's and men's national alpine ski team and golf player Mikko Korhonen and sprinter Samuel Puro. We are an Official Partner of the northern fell resort Levi and the main co-operation partner of the alpine ski club GrIFK Alpine r.f. In addition, thanks to the co-operation between Mandatum and Vihreä-Valkoinen Tennishalli Oy in Helsinki's Kulosaari, and Grön-Vita Lawntennis klubben, a tennis hall was named Mandatum Center. During the 2022 season, we are also collaborating with Tapiola Golf and Equestrian Center Aino.

»» **COLLABORATION: MANDATUM'S REAL ESTATE COMPANY SUPPORTS NEIGHBOURHOOD FENCE ART PROJECT IN ESPOO**

The real estate company Mandatum Life Vuokratontit II Ky, which is managed by Sampo plc's Real Estate Investment unit (currently Mandatum Asset Management), owns an unbuilt plot in the middle of the new neighbourhood Suurpelto in Espoo, Finland. The active community association Suurpelto-seura wanted to make the surroundings more appealing and asked the real estate company to participate. Initially, the fence was set up for protection and the fence art project started to take shape in 2020 when Suurpelto-seura and representatives from Espoo School of Arts and the City of Espoo started developing the idea.

Improving the urban environment and strengthening the local community are perceived as valuable. In addition to lending the fence, Mandatum Life Vuokratontit II Ky contributed to the costs of the supplies.

Painting the fence was a community project, which engaged people of different ages and

nationalities in the neighbourhood. Especially local kindergartens and schools were invited to participate, and adults volunteered through a series of community workshops. The theme for the project was a clean Baltic Sea. One part of the fence is a gallery of images related to the Baltic Sea, the Lukupuro brook, animals and seafaring created by kindergarteners and school children. In their artwork the children depicted the impacts of environmental problems on marine life. The part of the fence facing the square was designed by students from Espoo School of Arts. Over 100 children and youth and 40 adults took part in the project.

The fence art project started up in the early spring of 2020. It had to be put on hold a few times due to the Covid-19 pandemic, but it was finally completed in 2021. The completed fence art was celebrated by the community on World Oceans Day on 8 June 2021. The fence now brightens up the main thoroughfare in Suurpelto and brings joy to inhabitants and passers-by.





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2021