

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant

Taaleri Energia Funds Management Ltd (Business ID 2833245-3, LEI code: 743700EV5EPoHQDUSX6o)

Taaleri Private Equity Funds Ltd (Business ID 2264327-7, LEI code 636700VBH3AX2DYMgT88)

Summary

Taaleri Energia Funds Management Ltd (Business ID 2833245-3, LEI code: 743700EV5EPoHQDUSX6o) and Taaleri Private Equity Funds Ltd (Business ID 2264327-7, LEI code: 636700VBH3AX2DYMgT88) (hereinafter jointly referred to as "Financial Market Participants") consider principal adverse impacts of their investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the Financial Market Participants.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

This statement applies to Financial Market Participants limited liability companies owned by Taaleri. The companies manage private equity funds that invest in renewable energy, real estate and other alternative investments that have a positive impact on the environmental and society and a strong return. This statement is in line with the requirements of the European Union's Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 on the disclosure of financial sector sustainability data, in particular the Principal Adverse Sustainability Impacts (PASI) as part of investment decisions.

The statement describes how the aforementioned Financial Market Participants consider principal adverse sustainability impacts as part of the investment process and portfolio management. This statement is reviewed annually.

Taaleri's fund products managed by the Financial Market Participants have raised their funds from investors. The products are managed according to the investment objectives and agreed limits. Although Taaleri's aim is to make investments that have a positive impact on our stakeholders, society and the environment, we recognise that our operations may also have adverse sustainability impacts on our operating environment. Taaleri recognises the responsibility of financial markets and the Financial Market Participants for climate-related and other principal adverse sustainability impacts, as well as the impact of our investment decisions on the sustainability factors of our investee companies.

Taaleri applies the SFDR (EU 2019/2088) definition of the principal adverse sustainability impacts (PASI), the sustainability factors, the sustainability risks, and the 'do no significant harm' principle:

- 'Principal adverse impacts' are understood as those impacts of investment decisions and advice that result in negative impacts on sustainability factors.
- 'Sustainability factors' mean environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.
- 'Sustainability risk' means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
- Sustainable investments do not significantly harm any environmental or social objectives as set out in regulation EU 2020/852 or 2019/2088, and the investee companies follow good governance practices, including respecting human and laborers' rights and compliance with sound management structures, employee relations, remuneration of staff, and tax compliance.
- 'Financial market participant' refers to the definition in Article 2 e) of the SFDR: 'an alternative investment fund manager (AIFM)' (EU 2019/2088 (2)).

For the purposes of the application of the SFDR (2019/2088), Taaleri considers principal adverse sustainability impacts in its fund products as follows:

- Article 6 funds: The investments included in this financial product do consider the EU criteria for environmentally sustainable economic activities. Principal adverse impacts are considered, as the financial products are mainly closed-end, non-strategic investments that no longer actively market or raise funds, and it is no longer possible to change their investment strategy or to increase the resources available.
 - Article 8 funds: The 'do no significant harm' principle is only applied to investments in a financial product that consider the EU criteria for environmentally sustainable economic activities. The EU criteria for environmentally sustainable economic activities are not considered in regard to other investments included in this financial
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product.

- Article 9 funds: The 'do no significant harm' principle is applied to all investments in the financial product, and they consider the EU criteria for environmentally sustainable economic activities.

Taaleri Energia Funds Management Ltd					Taaleri Private Equity Funds Ltd				
Art.	Fund:	Taxonomy goal:	Eligibility (%)	Alignment (%)	Art	Fund:	Taxonomy goal:	Eligibility (%)	Alignment (%)
9	Taaleri Aurinkotuuli Ky	1	100%	100%	9	Wind Power Fund IV	1	100%	
9	Taaleri SolarWind II SCSp-RAIF / Taaleri SolarWind II CEE SCSp	1	100%	100%	9	Aurinkotuuli II	1	100%	
9	Taaleri Tuulitehdas II Ky	1	100%	100%	9	Bioindustry Fund I	1, 4 & 5	N/A	N/A
9	Taaleri Tuulitehdas III Ky	1	100%	100%	8	Rental Home	N/A	100%	N/A
9					8	Housing Fund VIII	N/A	100%	N/A
					6	Infra I	N/A	N/A	N/A
					6	Multifunctional Premises	N/A	N/A	N/A
					6	Property Fund I	N/A	N/A	N/A
					6	Property Fund II/Taaleri Property Fund II	N/A	N/A	N/A
					6	Forest Fund III/Taaleri Forest Fund III	N/A	N/A	N/A
					6	Real estate development fund	N/A	N/A	N/A
					6	Housing Fund IV	N/A	N/A	N/A
					6	Circular economy	N/A	N/A	N/A
					6	Africa Fund I	N/A	N/A	N/A
					6	Africa Fund II	N/A	N/A	N/A
					6	Growth Funds I	N/A	N/A	N/A
					6	Velkarakastot I	N/A	N/A	N/A

Taaleri's financial products use resources or cause adverse environmental impacts mainly through greenhouse gas emissions, waste and the use of natural resources. Most of the greenhouse gas emissions from the financial products are caused during the construction phase of investments, such as wind farms or real estate. Greenhouse gas emissions from the Bioindustry fund's investments are caused by energy, electricity and/or fuels used in production. Waste is generated during the construction, use and operation phases, during production and the final phase of the life cycle of investments. Natural resources are utilised in building materials and in bioindustry production.

Principal adverse impacts are assessed using third-party models (Upright platform) and data from subcontractors and investee companies. Principal adverse sustainability impacts have been determined through due diligence and materiality analysis. The analysis identifies the key sustainability impacts of the invested sector and financial product investments during their life cycle by utilising key sustainability frameworks. Due diligence draws on the OECD's recommendations on the due diligence process to assess both the environmental impact and the impact on human rights and society. On the basis of these reviews, the principal sustainability impacts are identified and a plan of measures to mitigate the impacts is established.

The Financial Market Participants are committed to reducing carbon dioxide emissions in their value chains in line with the Paris Agreement in accordance with Taaleri's Net Zero Asset Managers (NZAM) commitment. In addition, the Financial Market Participants strive to reduce environmental impacts by focusing our investment activities on renewable energy, circular economy and bioeconomy projects that replace traditional industrial manufacturing and the use of virgin raw materials. In addition, we investigate how to improve the recyclability and efficiency of the raw materials used, construction projects and the waste produced by power plants. The Financial Market Participants continue to develop the measurement of their adverse environmental impacts in order to increase understanding of financed emissions and the sustainability impacts of the value chain and to reduce principal adverse impacts.

In addition, the Financial Market Participants are committed not only to reducing their adverse impacts, but also to promoting sustainability factors. Sustainability factors are considered throughout the value chain of investments. The Financial Market Participants and the financial products they provide contribute most positively to the following UN Sustainable Development Goals: "7 Affordable and clean energy", "9 Industry, innovation and infrastructure", "11 Sustainable cities and communities", "8 Decent work and economic growth" and "13 Climate action".

Another version of this statement is provided in Finnish, and is downloadable from Taaleri's website.

Description of the principal adverse impacts on sustainability factors
 [(Information referred to in Article 7 in the format set out below)]

In accordance with the SFDR, the Financial Market Participants consider the principal adverse sustainability impacts by measuring impacts through, for example, key resource efficiency indicators on energy, renewable energy, raw materials, water and land use, production of waste and greenhouse gas emissions, or impacts on biodiversity and the circular economy, or indicators on a social objective, tackling inequality, social cohesion, social integration and labour relations, or indicators on human capital or on economically or socially disadvantaged entities applicable to enterprises, sovereigns and supranational actors, and real estate assets listed in Tables 1, 2 and 3 of Annex I to the EU Regulatory Technical Standards supplementing the SFDR (EU 2022/1288). All Article 8 and Article 9 funds report on the indicators set out in Table 1.

In addition, the Financial Market Participants monitor and report on at least two additional indicators specified in Tables 2 and 3 (EU 2020/1288) of the EU RTS supplementing the SFDR. For Tables 2 and 3, the funds that report on the indicators in question are listed below the indicators.

In addition, the sustainability impact of funds is measured by fund-specific sustainability indicators, which are intended to measure the achievement of environmental or social characteristics or objectives promoted by the fund. These indicators are listed under "Other indicators on the principal adverse impacts on sustainability factors" in this statement.

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
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CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	To be reported by 30 June 2023			
		Scope 2 GHG emissions	To be reported by 30 June 2023			
		Scope 3 GHG emissions	To be reported by 30 June 2023			
		Total GHG emissions	To be reported by 30 June 2023			
	2. Carbon footprint	Carbon footprint	To be reported by 30 June 2023			
	3. GHG intensity of investee companies	GHG intensity of investee companies	To be reported by 30 June 2023			
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	To be reported by 30 June 2023			

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	To be reported by 30 June 2023			
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	To be reported by 30 June 2023			
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	To be reported by 30 June 2023			
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	To be reported by 30 June 2023			
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	To be reported by 30 June 2023			

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	To be reported by 30 June 2023			
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	To be reported by 30 June 2023			
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	To be reported by 30 June 2023			
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	To be reported by 30 June 2023			
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	To be reported by 30 June 2023			

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	The Financial Market Participants do not invest in countries or international organisations			
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	The Financial Market Participants do not invest in countries or international organisations			

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	To be reported by 30 June 2023 for the Rental home and Housing Fund VIII			
Energiatehokkuus	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	To be reported by 30 June 2023 for the Rental home and Housing Fund VIII			

Other indicators for principal adverse impacts on sustainability factors

[Information referred to in Article 6 in the format set out below]

[Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (a) in the format in Table 2]

The Financial Market Participants provide information on one or more climate and other environment-related indicators in accordance with Table 2 of Annex I by fund.

[Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (b), in the format in Table 3]

The Financial Market Participants provide information on one or more additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters in accordance with Table 2 and Table 3 of Annex I.

[Information on any other adverse impacts on sustainability factors used to identify and assess additional principal adverse impacts on a sustainability factor referred to in Article 6(1), point (c), in the format in Table 2 or Table 3]

The Financial Market Participants provide information on any other sustainability indicators used to identify and assess the impact on a particular sustainability factor. In addition, in Tables 1, 2 and 3 of this statement, the Financial Market Participants report the following sustainability indicators that measure the objectives of the fund:

Taaleri Aurinkotuuli Ky:

- Estimated emission reduction (EIB calculation method, tCO_{2e}/MWh)
- Energy production capacity (MW) (measurement and monitoring)
- Renewable energy produced (MWh) (measurement and monitoring)

Taaleri Tuulitehdas IV Ky:

- Estimated emission reduction (EIB calculation method, tCO_{2e}/MWh)
- Energy production capacity (MW) (measurement and monitoring)
- Renewable energy produced (MWh) (measurement and monitoring)

Taaleri Tuulitehdas II Ky:

- Estimated emission reduction (EIB calculation method, tCO_{2e}/MWh)
- Energy production capacity (MW) (measurement and monitoring)
- Renewable energy produced (MWh) (measurement and monitoring)

SolarWind II and Aurinkotuuli II:

- Estimated emission reduction (EIB calculation method, tCO_{2e}/MWh)
- Energy production capacity (MW) (measurement and monitoring)
- Renewable energy produced (MWh) (measurement and monitoring)

Taaleri Tuulitehdas III Ky:

- Estimated emission reduction (EIB calculation method, tCO_{2e}/MWh)
- Energy production capacity (MW) (measurement and monitoring)
- Renewable energy

Rental Home:

- Energy efficiency
- Energy consumption
- The amount of renewable energy used in the total energy consumption
- Property heating method
- Water consumption
- Location of the building
- Building recycling rate
- Construction materials
- Total amount of the electric car charging points
- Resident comfort
- Number of housing units
- The employment impact of the construction site
- Workplace accidents at the construction site
- The rent level of the investment properties in relation to the level of rental prices of the state-subsidized housing in the area and the market rent level

Housing Fund VIII:

- Energy efficiency
- Energy consumption
- The amount of renewable energy used in the total energy consumption
- Property heating method
- Water consumption
- Location of the building
- Construction phase recycling rate
- Building recycling rate
- Construction materials
- Resident comfort
- Number of housing units
- The employment impact of the construction site
- Workplace accidents at the construction site

Bioindustry Fund I

- Estimated emission reduction (tCO_{2e}) (Calculations of carbon handprint (tCO₂) for LCA calculations according to verified ISO standards/IRIS PD2243)
 - Income from products that are (i) reusable, (ii) recyclable and/or compostable
 - Proportion (%) of raw materials used in production which are: (i) recycled material, (ii) from renewable resources or (iii) recycled material from renewable resources
 - New hires
 - Gender distribution of employees
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Description of policies to identify and prioritise principal adverse impacts on sustainability factors

(Information referred to in Article 7)

a) The governing body of the Financial Market Participants approved the policies described in this document on 14 November 2022. The policies are updated annually.

b) The allocation of responsibilities of the policies uses governance structures that enable appropriate decision-making, oversight, remuneration and management of risk and conflicts of interest. We define roles and responsibilities for, for example, the following functions and positions:

- 1) boards, CEOs, other management and investment committees of companies managing investments in the asset management business;
- 2) internal control (compliance) and risk management representatives;
- 3) other specialists (such as ESG, legal and technical experts).

c) Principal adverse impacts are assessed using third-party models (Upright platform) and data from subcontractors and investee companies. Principal adverse sustainability impacts have been determined through due diligence and materiality analysis. Materiality analysis identifies the key environmental impacts of the invested sector and financial product investments during the life cycle by utilising key sustainability frameworks. The due diligence evaluation draws on the OECD's recommendations on the due diligence process to assess both the environmental impact and the impact on human rights and society. On the basis of these reviews, the principal sustainability impacts are identified and a plan of measures to mitigate the impacts is established. The evaluations consider the likelihood, impact, severity and reparability of the impacts. The likelihood of the principal adverse sustainability impacts is assessed on a five-step scale: 1) rare, 2) unlikely, 3) possible, 4) likely and 5) almost certain. Similarly, the severity of the impacts is assessed on a five-step scale: 1) non-significant, 2) minor, 3) moderate, 4) large and 5) significant. The likelihood and severity of the impacts is also assessed on the basis of the interaction between the scores obtained by squaring the severity of the impact. The combined impact produces a classification which determines the principal adverse impacts in three categories: 1) low, 2) medium and 3) high.

The due diligence process includes a two-way materiality analysis and sustainability risk analysis, which is carried out using the sustainability risk tool and the material request list, interviews and analysed data. In support of the materiality analysis, the review considers universal sustainability issues, such as human and labour rights, climate change and equality. In addition, all investee companies must undertake to comply with the minimum social impact stipulated in the SFDR (2019/2088).

On the other hand, indicators measuring the objectives or characteristics of the fund have been defined on the basis of the strategy and objectives of the fund's products. These sustainability indicators have been defined by assessing which quantitative or qualitative variables best reflect the environmental characteristics or environmental objectives and impacts promoted by the fund product and which are appropriate for the characteristics of the investments made by the fund product.

In addition, data available on investees have been considered in the selection of the indicators to be reported. Data from project subcontractors and the Financial Market Participants and data modelled by third parties are used for the reporting of indicators regarding energy and real estate portfolios. The reporting of the Bioindustry Fund will use data reported by investee companies, which may be partly calculated and/or modelled by a third party.

d) PAI indicators are calculated using the calculation methods defined in the regulatory technical guidelines supplementing the SFDR (2020/1288). The assessment of the principal adverse sustainability impacts over the entire life cycle of an investment is based in part on projections, which means that the assessment of their likelihood and severity is always subject to uncertainty. In addition, it is possible that, despite best efforts, not all sustainability impacts can be predicted in advance. In addition, a limited amount of available emission data can be found in some of the objects to be placed, which is why the calculations are supplemented with modelling. Third-party modelling for taxonomic investments is in line with EU-defined standards in order to reduce the margins of error.

e) The calculation of the reported indicators can be supported by, for example, life-cycle impact assessment methods in accordance with ISO standards, information, surveys and audits measured and monitored by the management company, subcontractors or investee companies. The Financial Market Participants of Taaleri have carried out a preliminary data analysis and obtained additional information from investees and external reporting agents in order to fulfil their reporting obligations under the EU's Sustainable Finance Disclosure Regulation.

Engagement policies

[Information referred to in Article 8]

For the purposes of this section, the Financial Market Participants provide the following information:

(a) **Brief summaries of the engagement policies referred to in Article 3g of Directive 2007/36/EC of the European Parliament and of the Council (14) (shareholder engagement policy aimed at managing actual or potential conflicts of interest in relation to shareholder engagement)**. The summaries also describe the indicators of adverse impacts to be considered in the engagement policies referred to in paragraph 1 and provide information on how those engagement policies are to be adjusted if the principal adverse impacts do not decrease over more than one reporting period.

Taaleri's engagement policies referred to in Article (14) 3g (2007/36/EC) aim to ensure that the activities of Taaleri, its Financial Market Participants or its partners do not cause significant harm to society and workers, violate human rights or engage in corruption and bribery. We regularly monitor and audit our operations and those of our investees. In the event that the principal adverse impacts described in Table 1 of Annex 1 to Regulation EU 2022/1288 are observed, the policies and code of conduct to prevent, correct and mitigate those impacts will be amended. In addition, as part of the Group's Annual Report, we report and monitor the principal adverse impact indicators described in Table 1 of Annex 1 to Regulation EU 2022/1288 and manage these impacts through the continuous development of our policies.

- Taaleri Code of Conduct, Taaleri Energia Code of Conduct, Taaleri Bioindustry Code of Conduct and Taaleri Real Estate Code of Conduct
 - The Code of Conduct and the values of the Taaleri Group govern and describe the ethical principles that guide our operations and what we believe is the right way to act. The Code of Conduct applies to all activities, to all staff and to our significant partners. The Code of Conduct outlines business principles regarding compliance with laws and regulations, corruption and bribery, conflicts of interest and secondary occupations, prevention of money laundering and the financing of terrorism, sanctions, handling of confidential information and anti-competitive behaviour. In addition, the Code of Conduct covers a description of working with stakeholders and sustainability.
- Taaleri Partner Code of Conduct, Taaleri Real Estate Partner Code of Conduct, Taaleri Energia Partner Code of Conduct
 - Partners are committed to the Partner Code of Conduct to reduce principal adverse sustainability impacts in the value chain. The code of conduct contains a description of Taaleri's values and international commitments, which we also want our partners to adhere to.
- Corporate Governance Statement

The Corporate Governance Statement describes Taaleri's decision-making hierarchy, the activities of the Board of Directors and management, diversity and procedures related to financial and risk reporting. Taaleri Plc is a Finnish limited liability company listed on Nasdaq Helsinki. In addition to the laws and regulations applicable to listed companies, the rules and regulations of the Finnish Financial Supervisory Authority and Taaleri's administrative principles, the company adheres to the Securities Market Association's Finnish Corporate Governance Code, which is publicly available on the Securities Market Association's website at www.cgfinland.fi. Taaleri Plc's Board of Directors approved the Corporate Governance Statement in February 2022.

b) Brief summaries of all other engagement policies aimed at reducing the principal adverse impacts. The summaries also describe the indicators of adverse impacts to be considered in the engagement policies referred to in paragraph 1 and provide information on how those engagement policies are to be adjusted if the principal adverse impacts do not decrease over more than one reporting period.

Taaleri's other engagement policies aim to ensure that the activities of Taaleri, its Financial Market Participants or its partners do not cause significant harm to the environment, society and workers, violate human rights or engage in corruption and bribery. We regularly monitor and audit our operations and those of our investees. In the event that the principal adverse impacts described in Table 1 of Annex 1 to Regulation EU 2022/1288 are observed, the policies and code of conduct to prevent, correct and mitigate those impacts will be amended. In addition, as part of the Group's Annual Report, we report and monitor the principal adverse impact indicators described in Table 1 of Annex 1 to Regulation EU 2022/1288 and manage these impacts through the continuous development of our policies.

- Taaleri Plc Sustainability Policy, Taaleri Private Equity Funds Ltd Responsible Investment Policy, Taaleri Energia ESG Policy, Taaleri Bioindustry ESG Principles, Taaleri Real Estate ESG Principles;
 - The sustainability policies of Taaleri and its Financial Market Participants and the ESG Policy and ESG Principles of the businesses describe our approach
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to analysing, monitoring, avoiding and mitigating principal adverse sustainability impacts. Examples of such sustainable investment policies include thematic investing, positive screening and negative screening, and influencing investees through active ownership and engagement. The means of active ownership are described in Taaleri's Sustainability Policy. A more detailed description of the appropriate due diligence and active ownership measures will be updated in Taaleri's Sustainability Policy by the end of 2022. Taaleri Energia's engagement measures are described in the Taaleri Energia Stakeholder Engagement Policy.

- Taaleri Plc Sustainability Risk Policy, Taaleri Private Equity Funds Ltd Risk Management Policy
 - Taaleri's Sustainability Risk Policy describes Taaleri's and its Financial Market Participants' approach to considering and managing sustainability risks in different businesses. Taaleri considers the sustainability impacts of investments on the environment, society and governance. In addition, the policy describes the risks to economic activity posed by climate change and various sustainability factors.
- Taaleri Energia Material Climate Change Impacts Assessment
 - Taaleri Energia's Material Climate Change Impacts Assessment describes methods for identifying financial risks to business caused by climate change in accordance with IPCC's climate change scenarios. The analysis was carried out in accordance with the 'do no significant harm' criteria of the Taxonomy Regulation (2020/852).
- Taaleri Energia Stakeholder Engagement Policy
 - The Taaleri Energia Stakeholder Engagement policy describes active ownership methods and means of engagement in the energy business. The methods and means of engagement described are in line with the active ownership practices described in Taaleri Plc's Sustainability Policy.
- Taaleri Private Equity Funds Ltd Valuation Policy
 - The Valuation Policy describes the valuation responsibilities, operating models and principles that Taaleri Private Equity Funds Ltd observes in the funds it manages. The policy describes the valuation procedures fund by fund.

Taaleri's engagement policies and the dates on which the Group or the governing body of the business approved each policy are listed in the table below.

Taaleri Plc's Code of Conduct and policies	
Taaleri Code of Conduct (Management approval May 2021) To be updated during December 2022. Taaleri Partner Code of Conduct (pending approval) Taaleri Plc Sustainability Policy (Management approval: 17 December 2021) To be updated during December 2022. Taaleri Plc Sustainability Risk Policy (Management approval: 25 March 2021) To be updated during December 2022. Corporate Governance Statement (Management approval: 11 February 2022)	
Taaleri Energia Funds Management Ltd	Taaleri Private Equity Funds Ltd
Taaleri Energia ESG Policy (Management approval: March 2021)	Taaleri Private Equity Funds Ltd Sustainable Investment Policy (Management approval: September 2022)
Taaleri Energia Code of Conduct (Management approval: 23 August 2019)	Taaleri Private Equity Funds Ltd Valuation Policy (Management approval: 23 May 2022)
Taaleri Energia Partner Code of Conduct (Management approval: May 2022)	Taaleri Bioindustry ESG Principles (Management approval: 17 January 2022)
Taaleri Energia Stakeholder Engagement Policy (internal document)	Taaleri Bioindustry Code of Conduct (Management approval: 17 January 2022)
Taaleri Energia Material Climate Change Impacts Assessment (draft)	Taaleri Real Estate Code of Conduct (internal guidelines) (Management approval: March 2021)
	Taaleri Real Estate ESG Principles (internal guidelines) (Management approval: March 2021)
	Real Estate Partner Code of Conduct
	Taaleri Private Equity Funds Ltd Risk Management Policy (internal policy) (Management approval: December 2021)

References to international standards

[Information referred to in Article 9]

In this section, Taaleri and its Financial Market Participants describe whether and to what extent (methodologies and coverage) they comply with the code of conduct for sustainable business and internationally recognised standards for due diligence and reporting, as well as their degree of alignment with the objectives of the Paris Agreement. The standards referenced reflect Taaleri's and its Financial Market Participants' approach to dealing with both economic and environmental, social and governance-related sustainability factors.

Compliance, reliability and transparency are the basis of Taaleri's and its Financial Market Participants' operations. Compliance with legislation and responsible, ethical practices are the cornerstones of companies' business and are strongly linked to stakeholder cooperation, reputation and the ability to conduct business in the financial markets. Taaleri Group's codes for due diligence and responsible business are described in the documents listed in section "Engagement policies". Sustainability issues are considered in all operations and the 'do no significant harm' principle is applied to strategic financial products throughout their life cycle. In accordance with the 'do no significant harm' principle, the principal adverse impacts of investees are assessed, and it is determined whether the investees meet the 'do no significant harm' criteria of the SFDR and/or the Taxonomy Regulation. If significant harm to the environmental and/or social objective or characteristic is detected before the investment decision is made, the investment is not made. Funds that promote sustainability features and aim to make sustainable investments report on the indicators required by Annex 1 to Regulation 2022/1288 and the indicators specified in this document. Funds monitor and report on the principal adverse impact indicators in accordance with the disclosure requirements (EU 2019/2088). Reduction targets to be promoted through active ownership, policies and codes of conduct are defined for the principal adverse impacts to be monitored.

Taaleri and its Financial Market Participants respect all internationally recognised human and labour rights. The companies are committed to the principles of rights set out in the eight core conventions identified by the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. In addition, the companies are committed to implementing the UN Guiding Principles on Business and Human Rights in all activities. We consider central fundamental and human rights issues to include combatting the use of forced or child labour, the prevention of discrimination and harassment, the freedom of expression, religion and peaceful assembly and the promotion of decent working.

Other key international conventions and guidelines that underpin the corporate sustainability work of Taaleri and the Financial Market Participants include the UN Universal Declaration of Human Rights, the UN Convention against Corruption, the UN Rio Declaration on Environment and Development, the UN Sustainable Development Principles, the OECD Guidelines for Multinational Enterprises (including the OECD Guidelines for Institutional Investors) and the UN Global Compact. As such, our activities contribute to the minimum safeguards of the EU regulation to facilitate sustainable investment (2020/852), the UN Global Compact and the precautionary principle.

In order to assess compliance with these commitments, Taaleri and its Financial Market Participants carry out an annual human rights risk analysis to assess the likelihood and severity of potential principal adverse impacts on society, good governance practices and human rights. On the basis of this assessment, possible measures to prevent, mitigate or eliminate the principal adverse impacts are planned. Furthermore, funds that promote sustainability features and aim to make sustainable investments report on the indicators required by Annex 1 to Regulation 2022/1288 and the indicators specified in this document with respect to the commitments referred to in the regulation. Funds monitor and report on the principal adverse impact indicators in accordance with the disclosure requirements (EU 2019/2088). Reduction targets to be promoted through active ownership, policies and codes of conduct are defined for the principal adverse impacts to be monitored. All investees comply with the minimum protection requirements of the SFDR.

The Financial Market Participants use the sustainability frameworks described below to identify sustainability impacts related to investment and to use appropriate approaches to manage and address the principal adverse sustainability impacts. The Financial Market Participants monitor the evolution of the frameworks and general market developments in relation to accountability and best practices and assess the best way to take these standards into account in their activities. Examples of the internationally recognised standards used include the Carbon Disclosure Project (CDP), TCFD, UNPRI and, where applicable, the European Sustainability Reporting Standards (ESRS) of the EU Corporate Sustainability Directive (CSRD). These frameworks are used to identify and analyse the principal adverse impacts on climate. The framework recommendations on the indicators used to assess impacts correspond to the greenhouse gas emission indicators described in Table 1 of Annex 1 to Regulation 2022/1288. These are reported and calculated using the definitions and instructions in the said regulation. Taaleri also assesses the principal adverse impacts caused by it and its funds annually by responding to a UNPRI survey on sustainable investment measures. On the basis of an assessment by UNPRI, policies and practices can be compared with best practices in the market, which supports the development of applied policies and practices. The UNPRI survey is under development, so it is difficult to make a precise reference to the principal sustainability impact indicators of Regulation 2022/1288, but previous surveys have identified, for example, corporate governance in relation to fossil fuels, human rights and related commitments, and the reporting of greenhouse gas emissions. These elements are partly in line with the

indicators listed in Table 1 of Annex 1 to Regulation 2022/1288.

The CDP and the TCFD make recommendations on information and risks related to climate change. Taaleri and its Financial Market Participants support and follow the TCFD's proposal for data to be reported on the economic impacts of climate change. The TCFD-compliant climate risk assessment utilises the IPCC's forward-looking climate scenarios (RCP4.5–RCP8.5), and the climate risk assessments were prepared by the Group's sustainability experts during 2022. In addition, efforts have been made to align climate risk assessments with the requirements of the 'do no significant harm' assessment criteria of the Taxonomy Regulation (2020/852) with regard to the climate change adaptation target. Climate risk assessments and the Net Zero Asset Managers initiative support the reporting on the indicator 'Share of investments in companies active in the fossil fuel sector' in Table 1 of Annex 1 to Regulation 2022/1288 and the indicator 'Investments in companies without carbon emission reduction initiatives' in Table 2 of Annex 1 to the regulation and help to monitor the development of these principal adverse sustainability impacts.

In addition, Taaleri participates in various ways in the development of best practices in industry regulation and sustainability work. Taaleri and its Financial Market Participants have signed the Net Zero Asset Managers (NZAM) initiative, which aligns the emission reduction targets of the company and its investments with the Paris Agreement. The initiative requires cutting emissions from the company's activities, committing investees to reducing greenhouse gas emissions and setting a net zero emission target. Zero emissions must be achieved by 2050.

Historical comparison

[Information referred to in Article 10]

After the second reporting period, the Financial Market Participants will provide a historical comparison of the reported period with respect to the previous reporting period and thereafter with respect to each previous reporting period for the previous five reporting periods under the heading "Description of the principal adverse impacts on sustainability factors" in Table 1.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average
	4. Investments in companies without carbon emission reduction initiatives <ul style="list-style-type: none"> • Taaleri Aurinkotuuli Ky • Wind Power Fund IV Ky • Taaleri SolarWind II SCSp-RAIF / Taaleri SolarWind II CEE SCSp • Aurinkotuuli II Ky • Taaleri Tuulitehdas II Ky • Taaleri Tuulitehdas III Ky • Housing Fund VIII • Rental Home • Bioindustry Fund I 	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement

Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source
Water, waste and material emissions	6. Water usage and recycling <ul style="list-style-type: none"> Bioindustry Fund I 	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy
	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing
	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies
	13. Non-recycled waste ratio <ul style="list-style-type: none"> Bioindustry Fund I 	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average

	14. Natural species and protected areas	1. Share of investments in investee companies whose operations affect threatened species 2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas
	15. Deforestation	Share of investments in companies without a policy to address deforestation
Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds

Indicators applicable to investments in sovereigns and supranationals

Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds
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Indicators applicable to investments in real estate assets

Greenhouse gas emissions	18. GHG emissions <ul style="list-style-type: none"> • Housing Fund VIII • Rental Home 	Scope 1 GHG emissions generated by real estate assets
		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets
Energy consumption	19. Energy consumption intensity <ul style="list-style-type: none"> • Housing Fund VIII • Rental Home 	Energy consumption in GWh of owned real estate assets per square meter
Waste	20. Waste production in operations <ul style="list-style-type: none"> • Housing Fund VIII • Rental Home 	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
Resource consumption	21. Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations

Biodiversity	22. Land artificialisation	Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets
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Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse impact on sustainability factors	Adverse sustainability impact
Indicators applicable to investments in investee companies		
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
	2. Rate of accidents <ul style="list-style-type: none"> • Taaleri Aurinkotuuli Ky • Wind Power Fund IV Ky • Taaleri SolarWind II SCSp-RAIF / Taaleri SolarWind II CEE SCSp • Aurinkotuuli II Ky • Taaleri Tuulitehdas II Ky • Taaleri Tuulitehdas III Ky 	Rate of accidents in investee companies expressed as a weighted average
	3. Number of days lost to injuries, accidents, fatalities or illness <ul style="list-style-type: none"> • Bioindustry Fund I 	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average
	4. Lack of a supplier code of conduct <ul style="list-style-type: none"> • Bioindustry Fund I 	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)

	<p>5. Lack of grievance/complaints handling mechanism related to employee matters</p> <ul style="list-style-type: none"> • Bioindustry Fund I • Housing Fund VIII • Rental Home 	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	<p>6. Insufficient whistleblower protection</p> <ul style="list-style-type: none"> • Bioindustry Fund I 	Share of investments in entities without policies on the protection of whistleblowers
	7. Incidents of discrimination	<p>1. Number of incidents of discrimination reported in investee companies expressed as a weighted average</p> <p>2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average</p>
	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
Human rights	<p>9. Lack of a human rights policy</p> <ul style="list-style-type: none"> • Bioindustry Fund I 	Share of investments in entities without a human rights policy
	<p>10. Lack of due diligence</p> <ul style="list-style-type: none"> • Bioindustry Fund I 	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts
	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings
	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation
	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis

Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies

Indicators applicable to investments in sovereigns and supranationals

Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column
	19. Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely including a quantitative indicator explained in the explanation column
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column
	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes
	23. Average political stability score	Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column

25.7.2022

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