

TAALERI
ENERGIA

PRINCIPLES FOR RESPONSIBLE INVESTING

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1 PURPOSE

The purpose of these Principles is to define Taaleri Energia Funds Management Oy's ("Taaleri Energia") approach to responsible investing. One of Taaleri Energia's core objectives is to support sustainable development by financing the transition to renewable energy. These Principles seek to describe our methodology when working towards this objective, as well as to describe how we integrate the consideration of environmental, social and governance (ESG) risks and value creation opportunities into investments made through our private equity funds ("Investment Activities").

Taaleri Energia is committed to develop its business and exclusively offer products which have a positive impact on the environment through the transition to renewable energy. As part of its Investment Activities, Taaleri Energia is committed to consider material ESG issues in the course of its due diligence and in the monitoring of portfolio investments to the extent reasonably practical under the circumstances, while simultaneously adhering to the provisions of the Partnership Agreements and the Confidential Private Placement Memoranda of the funds or other investment vehicles concerned, and to the duty of Taaleri Energia to seek to maximise the returns on its investments.

2 SCOPE

This policy will apply to all Investment Activities of Taaleri Energia. Taaleri Energia exercises full or joint control in most of the investment targets and subsequently has the ability to implement these Principles at its discretion. However, in cases where Taaleri Energia determines it has limited ability to influence and control the integration of ESG considerations in the investment, or where other circumstances affect Taaleri Energia's ability to assess, set or monitor ESG-related performance goals, the principle of proportionality will be implemented as to determine the appropriate ESG-measures to be implemented and reasonable efforts will be made to encourage these private equity portfolio companies to consider relevant ESG-related principles. Taaleri Energia will also seek focus its proactive efforts to make improvements on ESG related matter in projects and regions where we believe the greatest impact can be achieved.

3 ROLES AND RESPONSIBILITIES

Taaleri Energia's private equity investment professionals are primarily responsible for ensuring that the consideration of ESG issues is integrated into all Investment Activities. Through the technical professionals of Taaleri Energia Operations, Taaleri Energia has the enhanced opportunity to assess, influence and monitor ESG aspects of the Investment Activities on a detailed level. The activities of these investment and technical professionals are supported by Taaleri Energia Head of Responsible Investment, in close collaboration with the wider Taaleri Group's Compliance, Risk Management and ESG specialists. The Head of Responsible Investment is responsible for the preparation of proper instructions, co-ordinating ESG training and monitoring. Where additional subject matter expertise is needed, the team utilises external resources as relevant and necessary.

The responsibility for assessing the proper implementation of these Principles during the due diligence process of each Investment Activity is with the Investment Committee of Taaleri Energia. The ultimate responsibility for assuring that these Principles are implemented in the Investment Activities is with the Board of Directors of Taaleri Energia.

4 GOALS

In connection with its Investment Activities, Taaleri Energia seeks to:

- 1) Consider environmental, public health, safety, and social issues associated with target companies when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.

- 2) Be accessible to, and engage with, relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.
- 3) Work through appropriate governance structures (e.g., board of directors, technical advisory boards) with portfolio companies and engage Taaleri Energia's technical professional's expertise with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimising adverse impacts in these areas.
- 4) Use governance structures that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest, and to implement compensation and other policies that align the interests of owners and management.
- 5) Remain committed to compliance with applicable national and local labour laws in the countries in which Taaleri Energia invests; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining. In addition to local laws and regulations, Taaleri Energia is committed to respecting internationally recognised labour rights, including the International Labour Organization (ILO) Core Standards.
- 6) Respect the internationally recognised human rights as defined by the UN Universal Declaration of Human Rights of those affected by Taaleri Energia's investment activities and confirm that Taaleri Energia does not invest in companies that utilise child or forced labour or maintain discriminatory policies.
- 7) Provide timely information to Taaleri Energia's limited partners on the matters addressed herein, and work to foster transparency about Taaleri Energia's activities.
- 8) Encourage Taaleri Energia portfolio companies to advance these same principles in a way that is consistent with their fiduciary duties.

Taaleri Energia shall apply the mitigation hierarchy on its operations and Investments Activities. In any decision making process, Taaleri Energia shall strive to firstly avoid and prevent negative impact. Only if material negative impact cannot in a technically and financially feasible manner be avoided, shall they be minimised. Only as a last resort, remaining negative social or environmental impact shall be compensated or remedied.

5 ESG INTEGRATION IN PRIVATE EQUITY INVESTMENTS

Taaleri Energia will seek to integrate the consideration and thoughtful management of ESG issues throughout the investment cycle.

5.1 Pre-investment

To ensure the integration of ESG considerations in the pre-investment phase of its Investment Activities, Taaleri Energia will establish and maintain an Environmental and Social Management System (ESMS) to ensure that adequate standards are met for each investment. The ESMS shall contain elements to ensure:

Compliance with national laws and regulations

Taaleri Energia undertakes to comply with applicable national and local laws and regulation, as well as with EU legislation where applicable. Compliance will be ensured not only through the actions of the employees of Taaleri Energia, but also through ESG due diligence procedure as described below, as well as obtaining contractual obligations from all investee companies who are not in directly owned or managed by Taaleri Energia, as well as all material subcontractors, including the obligation to report on any breaches thereof.

Environmental and Social Impact Assessment

For all investments subject to an Environmental Impact Assessment (EIA), Taaleri Energia shall prior to any final investment decision, ensure that an Environmental and Social Impact Assessment (ESIA) is or has been carried out and that public consultation is undertaken in accordance with national legislation and the principles of the EU EIA Directive.

For investments outside the EU, in countries with a comparably weaker E&S regulatory framework, Taaleri Energia shall comply with applicable national law. In order to ensure the adequacy of the E&S measures taken, Taaleri Energia shall further independently implement social and environmental impact assessments at the same detail as would be required under EU standards and as supplemented by the Environmental and Social Standards of any International Financial Institutions (IFI) involved in the Investment Activity. Should no IFI be involved in the Investment Activity, Taaleri Energia will apply the Environmental and Social Standards on the European Investment Bank.

ESG due diligence measures

As a minimum requirement, Taaleri Energia will undertake an independent expert Equator Principles review prior to the investment decision, whereby the impact class of each project is categorised, ESG issues are identified and actions required are documented. Equator Principles review is carried out unless the investment process contains a similar or more thorough review process. Each project is categorised as follows

Category A: Project with potentially significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented;

Category B: Project with potentially limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; and

Category C: Project with minimal or no adverse environmental or social risks and/or impacts.

Taaleri Energia will involve internal subject matter experts with ESG-related competence to conduct an assessment of ESG value creation opportunities or risks for all investments considered through the Investment Committee process. When material ESG issues are identified, they will be included in discussions with the applicable Investment Committee. External advisors may be engaged to carry out additional ESG-related due diligence as needed.

Where management of, or performance on, a material issue is considered by Taaleri Energia to require improvement, Taaleri Energia will develop a corrective action plan or support the project company management to do so. As a prerequisite for proceeding with any investment, Taaleri Energia shall come to the reasoned conclusion that the environmental and social impacts have been identified and duly addressed and the Investment Activity is considered acceptable (i.e. that each investment is designed so as to avoid and, if this is not reasonably possible, reduce any significant adverse impact, and any significant residual negative impacts have been, in order of preference, mitigated, compensated or offset).

The issues considered, findings, and next steps, if any, shall be documented for internal use and kept on record for at least six years.

As described below, a separate Environmental and Social Action Plan (ESAP) shall be prepared for each investment either prior to the investment decision or at any point after the investment decision as deemed necessary.

5.2 Asset management after investment phase

To manage ESG risks and value creation opportunities in its renewable energy investments during the construction or operational phase, Taaleri Energia's ESMS will contain elements to implement:

Monitoring and reporting

As set out in the Equator Principles, Taaleri Energia will base reporting methodology on the impact categorisation of the project. Category A projects and higher risk Category B projects will require independent third party follow-up and monitoring and reporting. Taaleri Energia will, however, in all cases also engage its internal technical and ESG professionals to monitor, safeguard and seek to minimise all material negative E&S impacts of the project throughout the project lifetime.

Taaleri Energia will document all material ESG-related risks and opportunities monitored or managed by Taaleri Energia. All material issues and progress on mitigating such issues will be included in its investor reporting.

Engagement

Where there are material issues identified during the diligence process or at any later stage, Taaleri Energia will include the management of these issues in a project specific Environmental and Social Action Plan (ESAP). Taaleri Energia will encourage the management teams of portfolio companies to identify and raise material ESG issues to the relevant decision-makers, including, where appropriate, board level individuals. The ESAP will be reviewed at least annually. Any new issues will be added to the ESAP and mitigation procedures put into motion accordingly.

5.3 Transparency and stakeholder engagement

Taaleri Energia will seek to be transparent in its approach to incorporating ESG considerations in its private equity investments by reporting at least annually on its progress and outcomes. The format of this reporting may vary among written public reports, or verbal informal reports, or confidential fund or asset-level reports to Taaleri Energia investors. Where appropriate, throughout the investment cycle Taaleri Energia will seek to actively engage relevant stakeholders in an effort to make informed decisions that may affect these stakeholders.

GHG offsets

Taaleri Energia calculates the Carbon Footprint of its investments with EIB's methodology (EIB version 11.0). The methodology is based upon the internationally recognised IPCC Guidelines, the WRI GHG Protocol and the IFI's Harmonised Approach to GHG Accounting. Gaia Consulting has audited Taaleri's methodology and calculations.

The greenhouse gases (GHGs) included in the footprint include the seven gases listed in the Kyoto Protocol (carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), and nitrogen trifluoride (NF₃)). The GHG emissions quantification process converts all GHG emissions into tonnes of carbon dioxide called CO₂e (equivalent).

To calculate the emission offsets Taaleri uses its project specific production data and EIB's country specific emission factors. Taaleri estimates the CO₂ emissions that a project is expected to offset on an annual basis for a representative year once it is complete and at normal operating capacity. Once the project is operational, actual production and CO₂ offset is tracked on a monthly basis and reported quarterly.

6 APPROVAL AND PERFORMANCE

This policy has been approved by the board of directors of Taaleri Energia in January 2019 and was updated in September 2019, and is to be implemented across all Taaleri Energia activities. This policy will be reviewed from time to time and updated as needed. The performance and successful implementation of this policy will be monitored through separately defined key performance indicators. We encourage all breaches or suspected breaches of these Principles to be reported to: TE-Compliance@taaleri.com.

KEY PERFORMANCE INDICATORS	
OUR COMMITMENT	PROGRESS REPORT
<p>“We will incorporate ESG issues into investment analysis and decision-making processes.”</p> <p>Include ESG due diligence when assessing potential private equity investments as part of the Investment Committee process. Provide guidance to Taaleri Energia investment professionals for identifying and assessing opportunities.</p>	
<p>“We will be active owners and incorporate ESG issues into our ownership policies and practices.”</p> <p>Ensure key ESG issues are being assessed and managed appropriately through independent action or by partnering closely with our private equity portfolio companies.</p> <p>Through hands-on technical and operational management, site visits, foster continuous improvement in the health and safety performance, diversity, and employee productivity of portfolio companies.</p>	
<p>“We will facilitate appropriate disclosure on ESG issues by the entities in which we invest.”</p> <p>Portfolio companies report on their sustainability and ESG efforts to key stakeholders.</p>	
<p>“We will promote acceptance and implementation of the Principles within the investment industry.”</p> <p>Work with individuals throughout the private equity value chain to share best practices.</p> <p>Promote the PRI and other guidelines for responsible investment through involvement in sector initiatives.</p>	
<p>“We will work together to enhance our effectiveness in implementing the Principles.”</p> <p>Work with others in the financial services industry to develop a common framework for ESG reporting</p>	
<p>“We will report on our activities and progress toward implementing the Principles.”</p> <p>Integrate discussion of ESG issues into investment partner communications</p> <p>Obtain stakeholder feedback on our ESG reporting</p>	