

Environmental, Social and Governance Policy

June 2022

Table of Contents

1. Purpose.....	2
2. Reporting (suspected) breaches or requesting further information	2
3. Scope.....	2
4. Roles and Responsibilities	3
5. Adverse Sustainability Impacts	3
6. Principles of Responsible Investing	4
Biodiversity, Ecosystems and Circularity	5
Resource Efficiency, Pollution Prevention and Climate.....	5
Stakeholder Engagement and Information Disclosure.....	5
Land Acquisition	6
Cultural Heritage.....	6
Labour Standards.....	6
Health, Safety and Security	7
Governance.....	7
Compliance with National Laws and Regulations.....	7
Reliable Partners.....	7
7. Sustainability Indicators.....	8
8. UN Sustainable Development goals.....	9
9. Integration of ESG impacts in the investment process	9
Pre-Investment:.....	10
Initial Screening of Target Investments.....	10
ESG Due Diligence	10
Investment Decision and Structuring	10
Asset Management:.....	11
Monitoring and Reporting	11
10. Remuneration	12
11. Performance.....	12

1. Purpose

The purpose of this environmental, social and governance policy ("ESG Policy") is to define Taaleri Energia's approach to responsible investing. One of Taaleri Energia's core objectives is to support sustainable development by financing the transition to renewable energy. The ESG Policy seeks to describe our methodology when working towards this objective, as well as to describe how we integrate the consideration of ESG risks and value creation opportunities in investments made through any of our investment vehicles ("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 and sustainability issues in the course of its due diligence and in the monitoring of portfolio investments, while simultaneously adhering to the provisions of the Partnership Agreements and the Confidential Private Placement Memoranda of the funds it manages or other investment vehicles concerned, and to the duty of Taaleri Energia to seek to maximise the returns on its investments.

2. Reporting (suspected) breaches or requesting further information

We encourage all possible non-compliance or suspected breaches of the principles set out in this ESG Policy to be reported to: TE-Compliance@taaleri.com. Any individual may also anonymously and confidentially report on such matters in Taaleri's Whistle Blowing Channel accessible at www.taaleri.com. Taaleri's employees may also notify their supervisors or the management directly on such matters identified.

Taaleri Energia's general contact email is energia@taaleri.com. Taaleri Energia also creates project specific websites where information about the project, its contacts and possible grievance channels are provided.

3. Scope

The ESG Policy applies to all Investment Activities of Taaleri Energia. The framework for Taaleri Energia's commitment towards responsible investment activities is further supplemented by Taaleri Energia's Code of Conduct and the Partner Code of Conduct available online, as well as Taaleri's Sustainability Policy and Taaleri's other governance documents as applicable. Taaleri Energia also follows the Taaleri Energia Risk Management Principles when considering ESG and sustainability impacts and risks.

Taaleri Energia exercises full or joint control in most of the investment targets and subsequently has the powers required to implement this ESG Policy in practice. 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. Furthermore, Taaleri Energia will seek to focus its proactive efforts to make improvements on ESG related matters in projects and regions where the investment team believes the greatest impact can be achieved.

4. Roles and Responsibilities

The ultimate responsibility for assuring that the ESG principles herein are implemented in the Investment Activities is with the Board of Directors of Taaleri Energia. If an investment committee ("**Investment Committee**") has been established for a fund, the responsibility of assessing the proper implementation of the ESG Policy during the investment process of each investment and that each investment fulfils the ESG requirements is with the Investment Committee of the fund making the investment. Among the Investment Committee members, there is a named person who is responsible for ensuring the proper implementation of the ESG Policy. If no investment committee has been established, then the responsibility lies with the Board of Directors.

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.

All employees of Taaleri Energia shall comply with the ESG Policy as relevant and linked to their roles and responsibilities.

Commitments made by Taaleri Energia may be carried out by Taaleri Energia through its own actions or Taaleri may procure that the measure is performed by a third party, as applicable.

5. Adverse Sustainability Impacts

Taaleri Energia considers in its Investment Activities the potential adverse impacts of its investment decisions on sustainability factors, such as ESG matters. Taaleri Energia shall follow the guidelines set out in this ESG Policy and the Taaleri Energia Risk Management Principles when considering adverse impacts of its Investment Activities.

Taaleri Energia considers that its Investment Activities' potential principal adverse sustainability impacts are mainly investment target level impacts. Renewable energy production itself does not cause direct emissions, whereby the emission and energy consumption impacts or the Investment Activities are considered minimal. As wind and solar farms may have significant impact on the area where they are situated during construction and operation,

including impacts on human health and environmental values, these potential impacts are considered as part of the Environmental and Social Impact Assessment (as defined below) or ESG due diligence. For example, impacts relating to the health and safety of workers during construction and inadequate governance of investee companies could be significant if materialised. Adverse sustainability impacts may also be caused externally to the investee companies or the funds. Extreme weather phenomenon, wind condition changes, corruption, criminal activities among others may also cause significant impacts if materialised.

Adverse impacts are mitigated by assessing the impacts of the investments prior to an investment decision, mitigating potential impacts, if possible, good governance processes and appropriate monitoring processes pursuant to the processes set out in this ESG Policy. In addition, the fund level adverse sustainability impacts are assessed and monitored on a portfolio level.

Taaleri Energia takes all reasonable steps to minimise the negative sustainability impacts of any selected project. Taaleri Energia applies the mitigation hierarchy on the construction and operations of its Investments Activities. In any given decision-making process, Taaleri Energia strives to, firstly, avoid and prevent negative impact. Only if material negative impact cannot in a technically and financially feasible manner be avoided, will these be minimised. As a last resort, remaining negative social or environmental impact shall be compensated or remedied.

6. Principles of Responsible Investing

Taaleri Energia aims to make only sustainable investments as defined by the EU (originally in regulation 2019/2088 and thereafter as amended e.g. in related regulations, delegated acts and regulatory technical standards). Thus, it is our highest priority, for our investment vehicles classified as SFDR Article 9, to ensure fulfilment of the commitment.

Taaleri Energia's is committed to adhere to and implement the following international standards and norms in its Investment Activities:

- United Nations Principles for Responsible Investments (UNPRI)
- Net Zero Asset Managers initiative (NZAM)
- Minimum safeguards, as defined by the EU's Taxonomy for sustainable activities, including
 - OECD Guidelines for Multinational Enterprises
 - UN Guiding Principles on Business and Human Rights
 - International Labour Organisation (ILO) standards
- Do not significant harm (DNSH) approach as defined by the EU's Taxonomy for sustainable activities
- Equator Principles standards
- Good industry practice in the management of HSE issues

Taaleri Energia's policies and procedures are considered to align with these international standards in all material respects. In addition, investments follow investor and fund specific requirements as relevant, for example the standards of the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

Taaleri is a signatory to the UNPRI, the NZAM initiative and the CDP. In addition, Taaleri is an active member of the Finnish Association for Responsible Investment (FINSIF) and participates in the Finnish Business and Society (FIBS), a network of Finnish companies promoting socially and economically sustainable development.

Biodiversity, Ecosystems and Circularity

Taaleri Energia acknowledges the intrinsic value of biodiversity and that its operations may have a potential impact on biodiversity and ecosystems. Taaleri Energia will (through its own actions or procure that the measure is performed by a third party, as applicable):

- Conduct an Environmental Impact Assessment ("EIA") for each potential investment and will not construct in areas with high biodiversity values
- Aim to avoid untouched natural area and construct on areas designated for industrial development or at a site with existing or historic activities
- Implement a variety of measures to minimise the potential impact and protect nature and the environment. The actions can include for example, optimising project layout, avoiding construction during sensitive ecological periods or switching the turbines off at certain periods to protect local bat and bird populations, assessing and promoting circularity in selection of equipment/components (durability, recyclability, dismantling and refurbishing)
- Monitor the potential impact on the environment
- Develop and implement action plans as deemed necessary
- At the end of the project lifetime, the wind turbines and solar panels and ancillary equipment and building are dismantled and removed from the site and the land restored to its former condition in accordance with best practice. The parts are also recycled as well as possible.

Resource Efficiency, Pollution Prevention and Climate

Taaleri Energia aims to avoid and minimise pollution and waste from its operations with a project-level approach to resource efficiency and pollution prevention and control in line with best available techniques and international practices. The environmental consequences related to the construction of infrastructure assets as well as the following ongoing operations, are minimised in accordance with good industry practices, such as:

- Project specific waste management plans are developed
- Solar plants may have a higher cumulative water usage. If the project is located in an arid area where local communities rely upon scarce groundwater resources, a water management plan is developed

Taaleri Energia assesses and manages climate change aspects both from mitigation and adaptation points of view, including modelling the value chain's indirect greenhouse gas ("GHG") emissions, and analysing potential climate hazards, risks, vulnerability and adaptation solutions identified for the site's expected lifetime.

Stakeholder Engagement and Information Disclosure

Taaleri Energia actively promotes the right to access to information, as well as public consultation and participation in its Investment Activities. Our goal is to be accessible to, and engage with, all project affected communities and

relevant stakeholders either directly or through representatives of portfolio companies, as appropriate. Taaleri Energia will, among other things:

- Commit to active stakeholder engagement, including developing and implementing a stakeholder engagement plan per asset
- Set up a grievance mechanism for each Investment Activity
- Provide timely information to the investors in the funds or other investment vehicles managed by Taaleri Energia on the matters addressed herein, and work to foster transparency

Land Acquisition

Investment Activities necessitate land acquisition, expropriation and/or restrictions on land use, which can result in temporary or permanent resettlement of people from their original places of residence, their economic activities or subsistence practices. We respect the rights to property and to adequate housing, and thus we seek to mitigate any adverse impacts arising from the land acquisition or restrictions on land use with the following principles:

- Avoid involuntary resettlement
- Promote active stakeholder engagement with the landowners
- Consider alternative project layouts during the EIA process to minimise the negative impacts

Cultural Heritage

Taaleri Energia recognises the central role of cultural heritage within individual and collective identity, in supporting sustainable development and in protecting cultural diversity. Consistent with the applicable international conventions and declarations, we aim to identify, manage and protect the tangible and intangible cultural heritage that may be affected by our Investment Activities with the following best practice principles of cultural heritage impact assessment and management:

- Identify at the earliest opportunity if any elements of cultural heritage are likely to be adversely affected by the Investment Activity and assess the likelihood of any chance finds of physical cultural heritage are encountered during project construction. As required, we will work with communities, government agencies and relevant stakeholders to identify and manage places, objects, and practices of cultural significance
- If, as a result of the screening process, it is deemed necessary to carry out an impact assessment, we will use qualified and experienced cultural heritage specialists to study the cultural resources and to fully characterise the risks and impacts
- Taaleri Energia ensures that provisions for managing chance finds are in place
- Taaleri Energia is responsible for locating and designing the project to avoid significant damage to cultural heritage. Where impacts cannot be avoided, we will assess potential impacts and, if necessary, implement mitigation measures

Labour Standards

Taaleri Energia's investments and business partners are required to comply, at a minimum, with national labour, employment and social security laws and internationally recognised labour rights. In addition, Taaleri Energia and its investments are committed to:

- 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
- Respect the internationally recognised labour rights, including the ILO Core Standards
- Support the payment of competitive wages and benefits to employees
- Provide a safe and healthy workplace in conformance with national and local law
- Consistent with applicable law, respect the rights of employees to decide whether to join a union and engage in collective bargaining
- Promote the fair treatment, non-discrimination and equality of opportunity of workers

Health, Safety and Security

Taaleri Energia recognises the importance of managing health, safety and security risks to workers, project-affected communities and consumers associated with project activities, with particular attention to vulnerable groups and in accordance with the hierarchy of risk control. Providing workers with safe, healthy and secure working conditions can create tangible benefits, such as enhancement of the efficiency and productivity of the operations. We require that international norms and relevant human rights principles are adhered to also when using security services.

Governance

Taaleri Energia seeks to work through appropriate governance structures (e.g., board of directors and technical advisory boards) with portfolio companies and engage Taaleri Energia's technical professionals' expertise with respect to environmental, health, safety, and social issues, with the goal of improving performance and minimising adverse impacts in these areas. We use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest. Furthermore, we implement compensation and other policies that align the interests of owners and management.

Compliance with National Laws and Regulations

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

Reliable Partners

We select carefully the business partners we work with.

Business partners, contractors and other third parties are obliged to follow Taaleri Energia's Principles of Responsible Investing and Code of Conduct and/or Partner Code of Conduct.

7. Sustainability Indicators

We aim to measure the environmental impacts of the Investment Activities, e.g. by the following indicators:

- I. Clean Energy Production
 - a. Renewable energy capacity (MW)
 - b. Renewable energy produced (MWh)
 - c. Households covered with the energy
 - d. Greenhouse Gas reductions or avoidance (tCO₂e)*
- II. Environmental incidents
- III. Breaches with environmental permits

We aim to measure the social impacts of the Investment Activities, e.g. by the following indicators:

- I. Hours worked (during the construction phases)
- II. Labour Rights
 - a. Lack of human rights policies and anti-corruption policies
 - b. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- III. Health and Safety
 - a. Fatalities
 - b. Loss Time Incidents
- IV. Community engagement
 - a. Community fund contributions and other contributions to the local community
 - b. Received grievances through grievance mechanism procedures

The measured indicators are selected by reflecting for example the related development of the EU's Principle Adverse Impacts indicators, and net impacts contributors of activities. Relevant other indicators could relate, among others, to GHG emissions, waste produced, biological impacts, equality among board members and employees, and (tax) payments to local communities

**Taaleri Energia regularly calculates the Carbon Footprint of its investments with EIB's methodology (as updated from time to time). The methodology is based upon the internationally recognised IPCC Guidelines, the WRI GHG Protocol and the IFI's Harmonised Approach to GHG Accounting. At the time of setting the initial calculation process, Gaia Consulting Oy has performed an independent assessment of the methodology and calculations. To calculate the emission offsets (avoided emissions), Taaleri Energia uses its project specific production data and EIB's country specific emission factors. Taaleri Energia estimates the CO₂e 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 data is used to estimate the offset.*

8. UN Sustainable Development goals

Taaleri Energia contributes to the international efforts to combat for example climate change through investing in projects that reduce GHG emissions and help to adapt to climate change. In addition, we want to support sustainable economic growth and create employment. We highlight the impact of our activities through the UN Sustainable Development Goals (SDGs) to show our impact in a global perspective.

Based on Data from Upright (<https://www.uprightproject.com/>), all alternative investment funds managed by Taaleri Energia are strongly aligned (100%) with the following SDGs: 7 – Affordable and Clean Energy, 9 – Industry, Innovation and Infrastructure and 11 – Sustainable Cities and Communities. The funds are also aligned with the SDGs: 13 – Climate Action (50%) and 8 – Decent Work and Economic Growth (25%). The fund are not misaligned or strongly misaligned with any of the 17 SDGs.



The Upright Model estimates the alignment based on the products and services produced by the portfolio companies of the funds, weighted by the individual weight of each portfolio company.

9. Integration of ESG impacts in the investment process

Taaleri Energia recognises the importance of assessing and managing environmental and social impacts and risks throughout the project lifetime. Taaleri Energia integrates in its Investment Activities the consideration and thoughtful management of ESG issues, including sustainability impacts, risks and value creation, throughout the investment cycle. A sustainability impact means impacts on ESG matters and a sustainability risk means an ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

To ensure the integration of ESG considerations in the investment process and Investment Activities as well as to manage ESG and sustainability risks and value creation opportunities in its renewable energy investments during the construction or operational phase, Taaleri Energia has developed the Environmental and Social Management System ("ESMS") to ensure adequate standards are met for each investment. The ESMS guides the practical implementation of the ESG policy throughout the life of the investments and the key aspects of the ESMS are outlined below.

In this process, as a minimum for our Article 9 Taxonomy-aligned investments, we ensure fulfilment of the sustainable investment commitment and the related criteria (as applicable and defined e.g. in EU regulations 2019/2088 and 2020/852).

Pre-Investment:

Initial Screening of Target Investments

Taaleri Energia's private equity funds' investment strategies include only on-shore wind and solar PV renewable energy investments, resulting in significant CO₂e offset.

If any ESG related material issues (red flags) are discovered during the initial screening of the investment or at any later stage of the process, these are dealt with immediately. If the issue(s) can be mitigated to a satisfactory extent the investment process can proceed. The potential investment is rejected if it is not feasible to solve the issue(s). The ESG red flag events include issues that are materially non-compliant with this ESG Policy or Taaleri Energia's Code of Conduct, for example significant negative impact on conservation areas, involuntary resettlement or indications of bribery, money laundering or financing of terrorism.

ESG Due Diligence

Taaleri Energia will commission an independent expert to perform a ESG Due Diligence prior to any transaction. The scope of the works varies based on the project specific details. The due diligence process contains a compliance check to confirm that an asset is meeting relevant laws, regulations and standards, including environmental and health and safety regulations, planning permissions, and operating licences and permits. The impact class of each project is categorised, ESG issues are identified and required actions are documented. The categorisation follows the standards of the EBRD.

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 shall prior to any final investment decision, ensure that the level of public consultation undertaken has been and will be in accordance with national legislation and the principles of the EU EIA Directive Environmental. If the consultation is insufficient, the consultation shall be supplemented by a comprehensive Social Impact Assessment ("ESIA"). This process is applied also for investments outside the EU, in countries with a comparably weaker environmental and social regulatory framework and as supplemented by the Environmental and Social Standards of any International Financial Institutions (IFI) involved in the Investment Activity.

Taaleri Energia will involve internal subject matter experts with ESG-related competence to assess ESG value creation opportunities and risks for all the investments. External resources are used as relevant and necessary.

Investment Decision and Structuring

Proceeding with any investment requires the reasoned conclusion by the decision-making body 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). External advisors may be engaged to carry out additional ESG-

related due diligence as needed. A preliminary corrective action plan for any material ESG issues identified will form a part of the investment decision, as necessary.

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

Including relevant ESG considerations in the contracts with our business partners is a key element in enforcing this Policy and the asset specific ESG considerations. To ensure the up-to-date competence of our staff on ESG considerations, we provide employees training on ESG aspects and management best practices. We also support our partners providing services for our assets in developing and implementing ESG best practice.

Asset Management:

Monitoring and Reporting

During development processes or following an investment decision, ESG risks and impacts, including sustainability risks, are monitored as part of the asset and risk management of the investment. Project specific detailed environmental and social impacts and risks are assessed, and a mitigation and monitoring plan is drafted in an Environmental and Social Management and Monitoring Plan (ESMMP).

The level of detail of the ESMMP and reporting methodology is based on the impact categorisation, of each project. Category A projects and higher risk Category B projects will require independent third-party follow-up, monitoring and reporting. Taaleri Energia will in all cases also engage its internal technical and ESG professionals to monitor, safeguard and work to minimise all material negative environmental and social impacts of the project throughout the lifetime of the investment.

The ESMMP is adjusted throughout the holding period of the asset based on asset specific needs. Where there are material issues identified during the due diligence process or at a later stage, Taaleri Energia will include the management of these issues in a project specific ESMMP. 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, to board level individuals. The ESMMP will be reviewed, in the minimum, annually. Any new issues will be added to the ESMMP and mitigation procedures put into motion accordingly.

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

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, 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 to make informed decisions that may affect these stakeholders.

10. Remuneration

ESG is considered in Taaleri Energiä's remuneration policy by setting out that variable remuneration of employees may be withdrawn partially or in full if an employee's actions are not in alignment with the Taaleri Group or the Taaleri Energiä ESG policies as well as the corporate responsibility principles (Code of Conduct). ESG related targets shall also be used as KPIs for measuring performance.

11. Performance

The performance and successful implementation of this policy will be monitored through separately defined key performance indicators and an annual progress report will be published on the Taaleri Energiä website from year 2023 onwards.

Document basic details

Purpose	To describe and define the approach regarding environmental, social and governance ("ESG") management and responsible investment in Taaleri Energia Oy's and its subsidiaries' ("Taaleri Energia") activities, in line with Taaleri Plc's ("Taaleri", "Taaleri Group") overall approach and requirements. The most recent version of the document is made accessible on Taaleri's website www.taalerienergia.com
Update frequency	As necessary (reviewed at least annually)
Approving body	The Board of Directors of the Taaleri Energia Oy and Taaleri Energia Funds Management Oy
In force (date)	June 2022
Contact person	Jenny-Li Holmström (Head of ESG, Taaleri Energia), Kai Rintala (Managing Director, Taaleri Energia)
Related regulation	This document is not directly based on any specific regulatory requirements. However, the document aims to support in responding to (further developing) requirements of e.g. the EU's Sustainable Finance Disclosure Regulation ("SFDR") and related Taxonomy Regulation ("Taxonomy for sustainable activities").

Version history

Approval date	In force (date)	Updates made
January 2019	January 2019	Document created
September 2019	September 2019	Updated
March 2021	March 2021	Updated
May 2022	June 2022	Updated