

Appendix E – RTS pre-contractual disclosure for Article 9 funds

As a minimum for Taaleri Energia's Article 9 classified investments, the Team ensures fulfilment of the sustainable investment commitment and the related criteria, as applicable and defined in the EU regulations 2019/2088 ("SFDR"), 2022/1288 ("SFDR RTS") and 2020/852 ("EU Taxonomy").

The Manager has provided further detail regarding the consideration of sustainability risks, principal adverse impacts, and the allocation of fund in sustainable investments in this section and in 'RTS pre-contractual disclosure for Article 9 funds', as required by the SFDR and SFDR RTS. The Fund has not yet made any investments. Therefore, the described details in this disclosure are subject to change. The Manager will inform the investors and authorities of such changes by updating this document.

For the sake of clarity, the Manager applies the following definitions according to SFDR:

'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;

'principal adverse impacts' should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors; and

'sustainability factors' mean environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.

The Manager intends to achieve the fund target by making investments only in activities that make it possible to reduce or avoid CO₂ emissions in accordance with Article 9, paragraph 3 of the SFDR. No reference benchmark has been designated. However, the Manager has decided to follow the Paris Agreement and engage all of its investments in the Net Zero Asset Managers Initiative ("NZAM"). NZAM is an international commitment to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius, and to supporting investing aligned with net zero emissions by 2050 or sooner. Taaleri Energia has committed to managing all of its investments in line with NZAM and has a target to be net zero by 2030 with its scope 1 and 2 emissions. Scope 3 emissions are monitored and reported via SFDR RTS annex I table 1. The used methodology in NZAM is Science Based Target initiative ("SBTi") for Financial Institutions, and the target progress will be reported via UNPRI reporting. The SBTi provides investments with a sector-specific, clearly defined path to reduce emissions in line with science and the Paris Agreement goals.

In addition, the Manager monitors and reports operational phase renewable energy investments' relative emissions under the EIB Carbon Footprint Methodologies. The relative emissions concern investments emissions from a typical year of operation and reflect the GHG savings achieved by the investment, also referred to as an environmental impact or CO₂ emissions offset. The Manager will use the calculation method defined by the EIB: energy generated * country-specific emission factor for electricity combined margin. The Manager will report investments performance annually and use the unit CO₂ as the impact of non- CO₂ GHGs is negligible.

Furthermore, the Manager believes that to support the EU's green transition fully and comprehensively, battery storage investments are required. Energy production needs to be secure and affordable while the share of renewable energy will continue to increase. Battery storage assets provide electricity grid flexibility and stability and, thus, allowing for more renewable energy on the grid. The Manager monitors and reports annually its electricity grid balancing hours and times the renewable energy is transferred into high-demand hours. To clarify, the battery storage investments are aligned with the NZAM.

The used measures, identified above, fulfil the minimum standards common for EU climate transition benchmarks and EU Paris-aligned benchmarks and minimum standards for EU Paris-aligned benchmarks as defined in (EU) 2020/1818 regulation. Scope 3 emissions, carbon intensity and carbon footprint are measured and reported according to (EU) 2022/1288 annex I table 1.

By 'Sustainable Investments', the Manager refers to the definition given in regulation SFDR article 2(17), and means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. The sustainable investment must be into an economic activity that contributes to an environmental or social objective, does not significantly harm on any of those objectives and ensures that the investee follow good governance structures, employee relations, remuneration of staff and tax compliance.

The definition of Sustainable Investments is supplemented by the definition of environmentally sustainable investments given in the regulation EU Taxonomy article 3. The sustainable investments are measured by sustainability indicators listed below, providing that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Sustainability indicators

Clean Energy Production – Renewable energy capacity (MW)
Clean Energy Production – Renewable energy produced (MWh)
Clean Energy Production – Households covered with the energy
Clean Energy Production – Greenhouse Gas reductions or avoidance (tCO ₂ e)*
Battery storage – Times renewable energy is transferred into high-demand hours (hours)
Battery storage – Times-supported electricity grid balancing (hours)
Development project – Renewable energy capacity (MW)
Environmental incidents
Breaches with environmental permits
Hours worked (during the construction phases)
Health and Safety – Fatalities
Health and Safety – Loss Time Incidents
Community engagement – Community fund contributions
Community engagement – Received grievances through grievance mechanism procedures

The Fund aims that all of its investments substantially contribute to the climate change mitigation objective classified under the EU Taxonomy article 9 by the end of its investment period. When in operation, investments will generate electricity from onshore wind power or using solar photovoltaic (PV) technology or store electricity and return it at a later time in the form of electricity. Economic activities that are under the construction or operational are EU taxonomy eligible, and to confirm EU taxonomy alignment, the fund performance will be assessed with the EU taxonomy technical screening criteria, determined in EU Taxonomy article 19. The investments in the development phase are not EU Taxonomy eligible. However, those investments fulfil SFDR sustainable investment requirements, ergo have a sustainable investment objective that is measure with sustainable indicators, do not significantly harm any other objectives, and follow good governance practices.

Before the investment decisions are made, the entire lifecycle of the possible investment is assessed, and the "do no significant harm" ("DNSH") criteria are ensured. Projects that are EU Taxonomy eligible, the EU Taxonomy article 19

requirements for technical screening criteria, and SFDR RTS annex I Table 1, 2 and 3 indicators are considered to ensure that the investments do not significantly harm any other environmental objective under the EU Taxonomy and are aligned with the minimum social safeguards determined in the EU Taxonomy article 18 regulation. For investments that are not EU Taxonomy eligible, the Manager will ensure that investments do not significantly harm any environmental or social objectives and follow good governance practices under the SFDR. The do no significant harm criteria is ensured by the consideration of SFDR RTS annex I Table 1, 2 and 3 indicators. In addition, the team aims to support sustainable economic growth, create local employment, and engage positively with landowners and relevant stakeholders such as local communities. Additionally, the investments will improve local infrastructure and the electrical grid.

Sustainability risks and principal adverse impacts

Referring to SFDR article 6(1) on the transparency of the integration of sustainability risks, the Manager will assess and identify the Fund's sustainability risks and integrate them into the investment decisions, also considering the sustainability risks' potential impacts on the returns of the investments. The Manager assesses the Fund's individual investment's sustainability risks via comprehensive internal or external due diligence assessments and climate change impact assessments. The due diligence and climate change impact assessments are aligned with international standards and references. Investments will be aligned with Taaleri Energia's and the Taaleri Group's policies on sustainability and sustainability risks. These policies define the approach to sustainable investing, i.e. to support sustainable development by developing, producing or storing renewable energy.

To increase the transparency and comprehensive monitoring of investments, the Manager has chosen to consider all mandatory and two additional principal adverse impacts on sustainability factors. More information related to adverse impacts consideration can be found on the RTS template below.

The Manager has the opportunity to address key sustainability risks via active ownership in the investment targets, and they play a central role in the risk management processes of the Manager. Risks are managed by continuous follow-up on laws and regulations, stakeholder engagement, keeping protocols, policies, and processes up to date, as well as collecting and analysing valid sustainability data. As part of the investment process, the Manager periodically evaluates the sustainability risks of the investee, measured against risk probability and impact.

Any realised sustainability risks could have a material negative impact on the returns or even lead to the loss of the entire investment in a single investment of the Fund or all investments within the same region and, thus, lead to a material negative impact on the Fund's returns. In order to mitigate this risk, sustainability risk monitoring is continuous. Any material sustainability risks identified in the pre-investment due diligence will affect investment decisions. The risks are also managed by excluding certain controversial sectors. To ensure the integration of sustainability considerations into the investment activities as well as to manage identified sustainability risks, Taaleri Energia has built a proprietary Environmental and Social Management System (ESMS) to identify, manage, monitor and report environmental and social impacts throughout the life of the investments.

As the Fund has a sustainable investment and GHG emissions reductions or avoidances as its objective, the Fund achieves to align the long-term global warming levels with the Paris Agreement. The Paris Agreement is a legally binding international treaty on climate change, that was adopted in 2015 and entered into force in 2016. The long-term goal of the agreement is to reduce global warming to 1.5 °C in comparison to pre-industrial levels. The Paris Agreement is being implemented by the signature nations via a set of national actions.

The Manager ensures that the investments will be aligned with the Paris Agreement by different international initiatives, standards, and guidelines. The Fund excludes all activities that relate to the field of fossil energy sources. The sustainability policies provide guidelines for the Fund's investment activities and processes and help integrate sustainability considerations into investment decision-making as well as active ownership and monitoring to be conducted through the lifecycle of investments.

The Fund's GHG emissions (Scope 1, 2 and 3) are monitored regularly, and the Fund has a clear strategy for reducing emissions by generating electricity from onshore wind power, using solar photovoltaic (PV) technology and investing in battery storage that will indirectly decrease emissions by supporting the production and use of renewable energy. The Manager commits to operating responsibly on behalf of the Fund in relation to environmental impact and social responsibility and commits to using its best efforts to ensure that any partner acting for or on behalf of the Fund will do the same. The Fund will follow good governance practices.

As already defined, sustainability risks are recognized and mitigated by performing risk- and due diligence assessments, monitoring, reporting, and engaging the investments within all decision-making processes at the group, AIFM, and investment target levels. Therefore, double materiality is accounted for when analyzing sustainability risks. The Fund's approach to considering sustainability risks is described in further detail in Taaleri's, (including the Taaleri Group and Taaleri Energia) sustainability risk policies, which can be found online at [Taaleri's website](#).

The Fund estimates its investments' potential sustainability risks to be predominantly caused by climate change. These risks are mainly linked to value chain activities as well as fast regulatory changes, global megatrends and market and reputation changes, such as increasing costs and resource scarcity, global warming, and population growth. Global warming and climate change have become a driver of changes in natural systems, exacerbating other drivers. Climate-related sustainability risks are analyzed against TCFD recommendations and projected IPCC climate scenarios and reported by the investment global location. The table below summarizes the conducted physical and transitional climate change risk assessment, which is based on the EU Taxonomy's DNSH technical screening criteria for climate change adaptation and the TCFD recommendations.

Potential climate-related sustainability risks:

Climate-related sustainability risks		Remendability/ Mitigation plan
Physical Risks		
Acute	Acute physical risks related to temperature, wind, water or solid mass are event-driven risks, such as heat and cold waves, storms, drought, floods and heavy rains, as well as environmental disasters and resource depletion. These may impact the production capacity of renewable energy, increase the possibility of facing fines and other project delay costs, as well as cause difficulties and extra work within the construction and maintenance. In addition, they may cause collapse of power lines and cause difficulties to distribute the electricity produced or stored.	Yes
Chronic	Chronic physical risks related to temperature, wind, water or solid mass are caused by long-term shifts in climate patterns, such as changes in rain or wind patterns, abrupt changes in weather, rising of average temperatures, chronic droughts, and heat waves, increase costs via repair of damages to facilities, increased construction, operational and maintenance costs, decreases in electricity production, extra assessments and monitoring, increase in insurance prices and costs as well as increased land prices and permit costs.	Yes
Transitional risks		
Policy and Legal	The development of regulation and governance can potentially increase costs by growth in regulatory requirements and tightened standards regarding investments, which could lead e.g., to decreased valuations and increased operational costs.	Yes
Technology	Costs related to the replacement of current products and technologies, and unsuccessful investments in failed new technologies.	Yes
Market and Reputation	Changes in preferences and demand increased uncertainty and unpredictability related to market signals and increased production input costs, such as energy costs. Changed consumer sustainability preferences and investments in renewable energy and storage.	Yes

Other potential sustainability risks:

Sustainability theme	Sustainability risk	Remendability/Mitigation plan
Governance	The fast pace of regulatory changes and differentiating interpretation of regulatory requirements, as well as differing best practices, increase the need for resources as well as operational costs to ensure compliance and avoid fines. Furthermore, strict regulation and its fast development may lead to difficulties in finding suitable investment targets.	Yes
Governance	Failure to provide sufficient data for reporting due to a lack of processes to ensure monitoring, and the availability and collection of data, leads to unintended greenwashing and fines.	Yes
Governance	Reputational risks related to sustainability incidents in the value chain, due to insufficient supply chain management processes leading to difficulties in fundraising and decreased valuations.	Yes
Social	Human rights risks in the supply chain leading to reputational damage and decreased valuations.	Yes
Social	The employees and staff of renewable energy assets and businesses are exposed to health and safety risks that could result in death, permanent disability or another serious injury that may disrupt the operations of investments, lead to economic loss, litigation, or penalties for regulatory or contractual non-compliance, and may also adversely impact the reputation of the investment, the Fund and Limited Partners. Moreover, any loss from such events may not be recoverable under relevant insurance policies.	Yes
Environment	Management of principal adverse impacts related to the use of risk raw materials in investments and supply chains leading to reputational damage, decreased valuations, as well as potentially unintended greenwashing and fines.	Yes
Environment	There is a possibility of existing or future environmental contamination, including soil and groundwater contamination, as a result of the spillage of hazardous materials or other pollutants. Under various environmental statutes, rules and regulations of the appropriate jurisdiction, a current or previous owner or operator of real property may be liable for non-compliance with applicable health and safety requirements and for the cost of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury, property damage or similar claims by private parties. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of those materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person. Any liability of portfolio companies resulting from non-compliance or other claims relating to environmental matters could have a materially adverse effect on the value of the Fund's investments in those companies.	Yes
Environment	Raw material availability and biodiversity loss impose a risk related to used materials. The risk reaches from the manager to the value chain.	Yes

To mitigate the recognized sustainability risks, the Manager will:

- a proprietary Environmental and Social Management System (ESMS) has been established to identify, manage, monitor and report environmental and social impacts throughout the life of the investments and to ensure the integration of sustainability considerations in the pre-investment phase and to ensure that adequate standards are met for each investment;
- ensure that an Environmental and Social Impact Assessment is or has been carried out and that public consultation is undertaken in accordance with national legislation and, as necessary, the principles of the EU EIA Directive or similar guidelines;
- include findings of significant sustainability risks in a summary provided to the decision-making body of the Manager for their consideration prior to the committee approval and an investment decision by the Fund's general partner;
- monitor sustainability risks and the achievement of the sustainability targets after the investment decision as part of the asset and risk management of the investment, as a continuous process as deemed necessary;
- document sustainability risks and opportunities monitored or managed. All material issues and progress on mitigating such issues will be included in an environmental and social action plan and in investor reporting;
- assess the reliability of the available data sources used in sustainability-related analysis and decision-making and promote using of science-based, standardised and / or verified information;
- engage proactively and positively with all relevant stakeholders for the investments, such as local communities;
- create local employment opportunities during the construction and operational phases of the investments;
- identify each investment's stakeholders and establish rules for managing the exchange of information between the investment target and its stakeholders;
- launch an anonymous grievance mechanism for each investment that is open to external and internal stakeholders. In addition, maintain a book of grievances and name a person who is responsible for the received grievances or requests; and
- create an investment-specific environmental and social management and monitoring plan (ESMMP), including an action tracker to follow up on performance reporting requirements via quarterly and annual project environmental and social report requirement.

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Taaleri SolarWind III SCSp

Legal entity identifier: B274335

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators measure how the sustainable objectives of this financial product are attained.

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

It will make a minimum of **sustainable investments with an environmental objective**: 98%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: ___%

No

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The Fund has sustainable investment as an objective by developing, constructing and operating renewable energy production and energy storage facilities. The Fund will therefore contribute to a significant CO₂ emission offset or avoidance as well as balancing the electricity grid and electricity distribution during its lifetime and, under the EU Taxonomy, have a substantial contribution to the environmental objective of climate change mitigation. The Fund's strategy is to invest only in activities that make it possible to reduce or avoid CO₂ emissions or to balance the electricity grid or electricity distribution by establishing the energy infrastructure required for enabling the decarbonisation of energy systems in accordance with Article 9, paragraph 3 of the SFDR regulation.

No reference benchmark is designated for attaining the Fund's sustainable investment objective, so no single benchmark is applicable. However, the Manager has decided to align the Fund's activities with the Paris Agreement, engaging all its investments in the Net Zero Asset Managers Initiative ("NZAM"). Accordingly, the Manager targets net zero by 2030 for the Fund's scope 1 and 2 emissions. This may be achieved by, e.g., limiting the energy used by the assets to renewable sources or offsetting

part of the Fund's renewable energy certificates to compensate for the Fund's own emissions. The Fund's Scope 3 emissions are monitored and reported via SFDR RTS Annex I Table 1. The methodology used for calculating all GHG emissions is based on the Science Based Target Initiative ('SBTi') for Financial Institutions, and the target and NZAM progress will be reported via UNPRI reporting. The SBTi is a sector-specific, clearly defined path to reduce emissions in line with science and the Paris Agreement goals.

To measure the Fund's objective of offsetting CO₂ emissions, the Manager monitors and reports the Fund's renewable energy investments' relative emissions under the EIB Carbon Footprint Methodologies. The relative emissions are estimated based on an investment's emissions from a typical year of operation and reflect the GHG savings achieved by the investment that produces renewable energy, also referred to as an environmental impact or CO₂ emissions offset. The Manager will use the calculation method defined by the EIB: energy generated country-specific emission factor for electricity combined margin. The Manager will report investments' performance at least annually and use the unit CO₂e.

To measure the Fund's objective on electricity grid balancing, the Manager will report on its battery storage investments' performance at least annually. A sustainable and viable green transition is achieved by combining renewable energy production and battery storage to balance the grid and/or mitigate the volatility in production. Battery storage investments are considered an enabling activity under the EU Taxonomy. Therefore, the Manager will ensure that the battery storage investments do not lead to a lock-in of assets that undermine long-term environmental goals and have a substantial positive environmental impact for the entire lifetime of the investments.

The methodology described above fulfils the minimum standards common for EU climate transition benchmarks and EU Paris-aligned benchmarks and minimum standards for EU Paris-aligned benchmarks as defined in the EU 2020/1818 regulation. Scope 3 emissions, carbon intensity and carbon footprint, are measured and reported according to (EU) 2022/1288 Annex I Table 1.

● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

Sustainability indicators are implemented to measure the investments' attainment of environmental sustainability objectives.

To attain the Fund's sustainability objective and Article 9 requirements, the Fund plans to measure and report annually the following indicators, in addition to reporting the principal adverse impact indicators listed in Table 1 of Annex I (EU 2022/1288) annually.

Sustainability indicators

- Clean Energy Production - Renewable energy capacity (MW)
- Clean Energy Production - Renewable energy produced (MWh)
- Clean Energy Production - Number of households supplied with the energy
- Clean Energy Production - Greenhouse Gas reductions or avoidance (tCO₂e)*
- Battery storage – Times renewable energy is transferred into high-demand hours (hours)
- Battery storage – Hours of electricity grid balancing supplied (hours)
- Development project – Renewable energy capacity developed (MW)
- Environmental incidents
- Breaches with environmental permits
- Hours worked (during the construction phases)

- *Health and Safety - Fatalities*
- *Health and Safety - Loss Time Incidents*
- *Community engagement - Community fund contributions*
- *Community engagement - Received grievances through grievance mechanism procedures*

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

For those sustainable investments classified as sustainable investments according to (EU) 2019/2088, the prevention of significant harm to other environmental or social objectives is ensured, for example, by a comprehensive internal or external Due Diligence assessment carried out before the investment decision. The 'do no significant harm' principle is further proven and monitored with the principal adverse impact indicators in Annex I, Table 1, 2 and 3 of Regulation (EU) 2022/1288. The Manager monitors quarterly and reports annually all the mandatory indicators set out in Table 1. Additional indicators in Tables 2 and 3 have been selected using a materiality analysis of the investment targets and are monitored quarterly and reported annually. The assessment considers the entire life cycle of the investments. It ensures that the investments do not cause significant harm to any sustainable investment objective related to the environment or society and that the investments are considered sustainable investments in accordance with the minimum safeguards requirements established in Regulation (EU) 2020/852 Article 18 and (EU) 2019/2022 Article 2 subsection 17. The fact that the investments' economic activities that are aligned with EU Taxonomy (EU) 2020/852 do not cause significant harm to the environmental objectives is further ensured by fulfilling the requirements set out in the technical screening criteria Article 19 of Regulation (EU) 2020/852. The investments consider the possible developments and changes in the technical screening criteria by the Commission. In addition, some of the financial products' operations might be subject to the need for a permit, which can include further environmental assessments.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Fund facilitates reductions of its principal adverse impacts by monitoring the indicators regarding adverse impacts defined in Annex I of (EU) 2022/1288. In addition, the Fund monitors and reports measures taken related to the indicators and sets goals for the next reference period based on the adverse impacts caused. Adverse impact indicators are considered in each investment of the Fund. The Fund will collect information on the principal adverse impacts of its investments quarterly, and the outcome at the fund level is reported annually. The Manager will publish a fund-level statement on its website, where the data is aggregated from sustainable investment level to fund level, with the title "Statement on the principle adverse impacts of investment decisions on sustainability factors" to ensure transparent communication. The Manager of the Fund develops its assessment methods regularly, considering the characteristics of the investment objectives.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

All investments meet at least the good governance standards of the EU SFDR (2019/2088) regulation. In addition, active measures are required to eventually fully align with the suggested technical criteria of the minimum social safeguards amending the Taxonomy regulation. Investees are required, to the extent possible, to comply with the OECD Guidelines for Multinational Enterprises, UN Global Compact, and the UN Guiding Principles on Human Rights. Alignment with these principles will be reported.



Does this financial product consider principal adverse impacts on sustainability factors?



Yes

The Fund considers the principal adverse impacts of its investments on sustainability factors. Each sustainable investment considers all the mandatory and two additional indicators. The Fund's investment targets may cause adverse impacts on sustainability factors. The Fund's principal adverse impacts on sustainability factors have been identified through a materiality analysis and a due diligence assessment. Examples of the frameworks used in the materiality assessment include EU Taxonomy, Taskforce on Climate-related Financial Disclosures (TCFD), and the UN Principles for Responsible Investments. Other key international agreements and guidelines used to identify impacts are, for example, the UN Universal Declaration of Human Rights, the UN Convention against Corruption, the UN Rio Declaration on Environment and Development, the UN Sustainable Development Goals, the OECD Guidelines for Multinational Enterprises (taking into account the guidelines for institutional investors under the OECD guidelines), the UN Global Compact, and the UN Guiding Principles.

The Fund's principal adverse impacts on sustainability factors are also reflected in the chosen additional principal adverse impact indicators according to (EU) 2022/1288 Annex I. The Fund has identified via materiality assessment that impacts related to 'Investments in companies without carbon emission reduction initiatives' from Table 2 reflects fund strategy and sustainability objective, whereas the indicator 'Rate of accidents' from Table 3 reflects the possible adverse impact caused during the investments construction phase. The impact is managed via Manager's health and safety standards assessed for every investment before the construction phase. By these indicators, the Manager aims to assess that investments do not significantly harm social or environmental objectives.

The mandatory adverse impact indicators are considered within the Fund strategy, sustainable objective or Manager's policies. Primarily, the Fund's investments do not significantly harm the environment, as the Fund's objective is climate change mitigation, and all the Taxonomy-eligible investments are aligned with the Paris Agreement according to EU Taxonomy climate change mitigation environmental objective. That is further proven and monitored with the adverse impact indicators related to greenhouse gas emissions set out in Table 1, indicators 1 to 7. In addition, the Fund will invest in development projects which is not EU Taxonomy eligible. These projects will be developed per the requirements applicable to investments that are EU Taxonomy aligned so that the criteria are fulfilled when in the ready-to-built phase. As the investments in development projects include only desktop work with no significant on-site activities, no significant harm to environmental objectives is caused. This is further proven and monitored with the adverse impact indicators related to greenhouse gas emissions set out in Table 1, indicators 1 to 7.

The Fund invests only in economic activities that develop, construct or produce renewable energy or store electricity. The Fund strategy and the Manager policies exclude investing in economic activities related to fossil fuels, controversial weapons, non-renewable energy production, or activities that negatively affect biodiversity-sensitive areas. Therefore, no significant harm is caused to those objectives.

According to Fund's restricted investment strategy on renewables and battery storage, the Manager assesses that the investments do not generate emissions to water. However, some hazardous waste may be generated during the operational phase's annual maintenance, construction or the end of the investment's lifetime. Therefore it

is essential to have comprehensive waste management and recycling plans to ensure not to cause significant harm to the environment via hazardous waste. The plans are put in place during the investment's development phase. As the Fund investments will be EU Taxonomy aligned, they will have a waste management plan according to the EU Taxonomy's technical screening criteria.

As the Fund investments are sustainable investments and aim to be EU Taxonomy aligned, the investments follow the minimum social safeguards. Therefore, the Manager assesses that the investments do not significantly harm any social objectives. Furthermore, in the regulation EU/2022/1288 Annex I, Table 1, indicators 10 and 11 are also managed via the EU Taxonomy minimum social safeguards and managers regular KYC processes, human rights impact assessments, anonymous grievance mechanisms and policies.

To help identify and monitor possible adverse impacts on the environment and society arising from the investments throughout the investment life-cycle, the Manager will implement an Environmental and Social Management and Monitoring Plan for each investment. The Fund's strategy is to make control investments. The Manager assesses that when the development, construction and operation activities of the investments are controlled by the Manager, the Manager can ensure that no significant harm is done to any environmental or social objectives

No



What investment strategy does this financial product follow?

The investment strategy is to target control investments in utility-scale development, construction, and operational on-shore wind farms and photovoltaic (PV) solar parks and energy storage facilities. The Fund's primary strategy is to invest in Portfolio Companies primarily located in or with substantial operations in Bulgaria, Croatia, Estonia, Greece, Hungary, Latvia, Lithuania, Montenegro, Poland, Romania, Serbia, Norway, Portugal, Spain, Sweden, Finland and/or the United States. In addition, the Partnership may also invest in Portfolio Companies primarily located in or with substantial operations also in other jurisdictions which, on the initial closing date of the Fund, are member states of the European Union or EFTA.

● What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The Fund is restricted from making investment decisions in technologies other than on-shore wind farms and photovoltaic (PV) solar parks and energy storage facilities. The list of geographies is also restrictive. Further, the Fund may only make investments compliant with Taaleri Energia's ESG Policy.

Taaleri Energia's ESG policy requires that Taaleri Energia's Partner Code of Conduct, Taaleri Plc's Code of Conduct and the Environmental and Social Management System (ESMS) of the Manager is implemented in the investment activities. In addition, the ESMS contains requirements on adherence to engagement plans to better account for sustainability risks and opportunities and reduce their principal adverse impacts.

The exclusive investment strategy subsequently allows only investments with a sustainable investment objective as defined in Article 2(17) of the SFDR (2019/2088) Article 9. This shall particularly mean, without limiting the generality of the aforementioned, that the investment shall meet the criteria of the "do no significant harm" principle referred to in the SFDR.

Regarding sustainable investments that are Taxonomy (2020/852) eligible, these investments shall constitute an environmentally sustainable investment according to

article 2(1) of the Taxonomy Regulation. This shall particularly mean, without limiting the generality of the aforementioned, that the investment shall meet the following criteria:

The investment:

I. contributes substantially to one or more of the environmental objectives set out in Article 9 in accordance with Articles 10 to 16 of the Taxonomy Regulation;

II. does not significantly harm any of the environmental objectives set out in Article 9 in accordance with Article 17 of the Taxonomy Regulation;

III. is carried out in compliance with the minimum safeguards laid down in Article 18 of the Taxonomy Regulation, and

IV. must comply, when applicable, with the technical screening criteria set out in the Taxonomy Regulation (2020/852) and amending regulation.

● **What is the policy to assess good governance practices of the investee companies?**

As the Fund makes only control investments, the Manager can enforce the implementation of good governance practices by implementing its policies on the investee companies.

To ensure the Fund investments follow good governance practices, investments undergo careful financial, tax, legal and ESG due diligence assessment. In addition, the Fund required investments to commit to reporting financial information and to develop and put in place appropriate processes for managing and documenting good governance practices (e.g. Code of Conduct, including policies on anti-corruption and bribery, fair competition, tax, remuneration, as well as Human Rights as well and Laborers' rights). In addition, the investments are assessed by different policies and regulations. Taaleri Energia has a separate grievance mechanism policy and procedure for each investment. Furthermore, the Fund measures and reports equality among board members and employees and (tax) payments to local communities..



What is the asset allocation and the minimum share of sustainable investments?

Assets that the Fund invests are at the minimum share of 98% targeted to be allocated to sustainable investments with an environmental objective. Due to the nature of the investment activities, the minimum share is expected to be achieved within two to three years after the Fund's investment period has ended. However, some amount of cash (estimated at max. 2%) may be held in the Fund accounts at the end of any reporting period. The cash is described as '#2 Not Sustainable'.

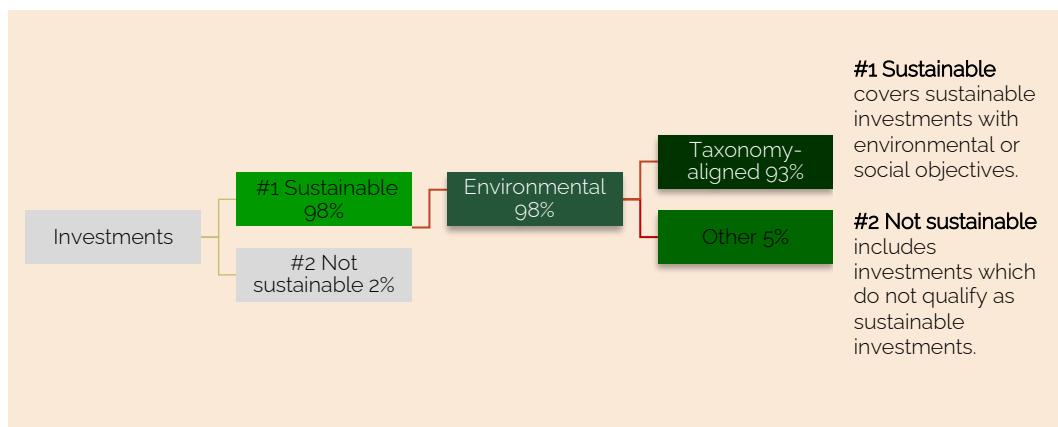
As a minimum share, the Fund targets to invest 93% of its sustainable investments in Taxonomy-aligned economic activities, i.e. to constructional or operational phase projects, in the EU Taxonomy's environmental objective of climate change mitigation. The share will be substantially smaller at the beginning of the Fund's investment period, as investments in project development are not considered Taxonomy eligible. The minimum share of 93% is expected to be reached no later than two to three years after the Fund's investment period has ended. It is, however, to be noted that the Fund's primary strategy is that all sustainable investments (98%) will be considered as EU Taxonomy aligned, i.e., all sustainable investments are in the construction or operational phase, and the Fund does not have projects that are in the development phase, i.e. described as 'Other'. The minimum target of 93% is set as a precautionary measure should the Fund portfolio contain development assets after the end of the investment period.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



- #1 Sustainable** covers sustainable investments with environmental or social objectives.
- #2 Not sustainable** includes investments which do not qualify as sustainable investments.

● How does the use of derivatives attain the sustainable investment objective?

The Manager sees that derivatives will not play an active role in the Fund's strategy and agreements. However, in some cases, the use of derivatives could contribute positively to the profitability of the investments, e.g. if an investment target ensures pricing for its end products or raw materials with derivatives or the Partnership uses derivatives for currency hedging. Thus, derivatives could potentially also contribute to attaining the sustainable investment objective.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

For the start of the Fund's investment period, the Fund has investments in a development phase, i.e. not EU Taxonomy eligible and therefore not aligned. The development investments fulfil the SFDR sustainable investment requirements. All investments (excluding the possible cash held) are made to sustainable investments during Fund's entire lifetime. Two to three years after the end of the Fund's investment period, at least 93% of the investments target to be EU Taxonomy aligned, whereas 5% of sustainable investments may not be EU Taxonomy eligible. This is because some development projects may not reach the ready-to-built phase and therefore are not EU Taxonomy eligible. The asset allocation assessment is based on the regulatory information available during the Fund's first close. The manager plans not to audit EU Taxonomy alignment with third-party if not required. However, third-party opinions and guidance is used to ensure EU Taxonomy alignment.

After the investments in development projects reach the ready-to-built phase, the investments are EU Taxonomy eligible and also will be EU Taxonomy aligned. Therefore, the manager assesses that the share of sustainable investments that are EU Taxonomy aligned will materially increase two to three years after the end of the Fund's investment period and reaches a minimum extent of 93%. The target is that all sustainable investments reach to ready-to-built phase and therefore target to be EU Taxonomy aligned. However, there is a possibility that some investments may not reach the ready-to-built phase two to three years after the end of the Fund's investment period and are not EU Taxonomy eligible.

Taxonomy-aligned sustainable investments shall comply with the technical screening criteria established pursuant to Article 10(3) of the regulation (EU) 2020/852. Taxonomy-aligned investments shall identify the contribution to the given environmental objective while respecting the principle of technological neutrality, considering both the short- and long-term impact of a given economic activity, comply with the specified minimum requirements that need to be met to avoid significant harm to any of the relevant environmental objectives; fulfil and contain quantitative and qualitative thresholds to the extent possible; and where appropriate, take into account any relevant existing Union legislation as stated in the technical screening criteria of the Taxonomy regulation. The share of taxonomy-aligned investments is calculated based on the market value of the investment, according to the rules set out in Article 17 of the regulation

EU/2022/1288. The market value is more representative of the purpose of the fund investments. The information used is directly from the investments..

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?



Yes:



In fossil gas



In nuclear energy



No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

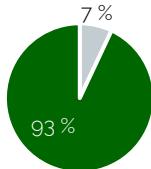
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

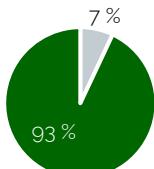
1. Taxonomy-alignment of investments **including sovereign bonds***

- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments **excluding sovereign bonds***

- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● What is the minimum share of investments in transitional and enabling activities?

As investments have not yet been made, the proportions of enabling and transitional activities referred to in Art 16 and 10(2) as a percentage of all investments cannot yet be determined or reported. Enabling activities primarily relate to the 'transition to renewable energy'; therefore, investing in battery storage would be classified as an enabling activity. The majority of the investments made by the Fund are mainly allocated to activities with developing, constructing, or producing renewable energy through utility-scale wind and photovoltaic (PV) solar projects. Investments related to battery storage projects enable other economic activities to contribute substantially to environmental objectives, mainly climate change mitigation. The manager ensures that the investments do not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets and has a substantial positive environmental impact based on life-cycle considerations.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund aims to make predominantly (93%) sustainable investments in economic activities that are classified as environmentally sustainable according to Taxonomy regulation (EU) (2020/852 (3). The Fund also invests in development projects that are not EU Taxonomy eligible, as there is no classification for development projects available at the moment. Those investments are classified as sustainable under the SFDR 2019/2088 Article 2 (17). The manager assesses that two to three years after the end of the Fund's investment period, the share of the sustainable investments not aligned with the EU Taxonomy may be 5%.

For the start of the fund investment period, all of the investments may be in investments that are not EU Taxonomy eligible nor aligned but are sustainable under SFDR. However, the share of investments that are not aligned with the EU Taxonomy will materially decrease two to three years after the end of the Fund's investment period. The manager assesses that there is a possibility that investments in development projects may not reach to ready-to-built phase and therefore be in the development phase by the end of the Fund's lifetime. In addition, the manager identifies that the EU Taxonomy regulation changes and develops and may affect the share of sustainable investments that are not aligned with the EU Taxonomy. The manager will actively follow the regulation development and ensure that if the development projects change to be EU Taxonomy eligible, they would then fulfil the criteria to be EU Taxonomy aligned.



What is the minimum share of sustainable investments with a social objective?

Not applicable.



What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The Fund investments included in the 2% "#2 Not sustainable" include cash. The fund manager confirms that despite the fund objective of making 98% sustainable investments, some amount of cash is acceptable according to SFDR EU/2019/2088. The purpose of the cash is to fund expenses or the cash may be awaiting distribution. The possible cash is for example called from the investors for working capital purposes. The fund manager ensures that the cash variables and is kept only for a short time period and not for any mandatory or fund strategy purposes. Therefore, the cash does not affect the delivery of the sustainable investment objective on a continuous basis. Investments included in "#2 Not sustainable" follow the fund strategy and, therefore, also minimum social safeguards and are from sustainable investments or are kept due to coming sustainable investments.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Not applicable.

- How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable.

- *How does the designated index differ from a relevant broad market index?*

Not applicable.

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.taaleri.fi

<https://www.taalerienergia.com/en>

<https://www.taalerienergia.com/en/funds/solarwind-iii>