

Principle Adverse Sustainability Impacts Statement

June 2022

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Version history

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30.6.2022	30.6.2022	Statement created

Definitions:

"Financial market participant" refers to Taaleri's limited companies, Alternative Investment Fund Managers (Taaleri Energia Funds Management Ltd (ID2833245-3, LEI: 743700EV5EPoHQDUSX6o) and Taaleri Private Equity Funds Ltd (ID 2264327-7), that manage assets and invest in renewable energy and alternative investments that create a positive impact while delivering strong returns.

"Fund managers" refers to persons within the relevant entity to whom the day-to-day responsibilities for managing a financial product, have been allocated to.

"Financial product" and "Product" refers to funds and portfolio accounts.

"Partners" refers to Taaleri's investees and essential service providers.

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Summary

This statement applies to Taaleri's limited companies, Alternative Investment Fund Managers Taaleri Energia Funds Management Ltd (ID2833245-3, LEI: 743700EV5EPoHQDUSX60) and Taaleri Private Equity Funds Ltd (ID 2264327-7), that manage assets and invest in renewable energy and alternative investments creating positive impact.

The statement addresses requirements as set out in the Regulation (EU) 2019/2088 of the European Parliament and the Council on sustainability-related disclosures in the financial services sector (SFDR) specifically relating to the consideration of principal adverse impacts of investment decisions on sustainability factors. This statement describes and details how the below-listed financial market participants and fund managers assess adverse impacts on sustainability factors as part of their investment processes and portfolio management. This statement is updated annually and covers the period from March 2022, until an updated version is provided by the latest of June 2023.

Taaleri's Alternative Investment Fund Managers invest in financial instruments on behalf of its clients within its Products, which are managed in line with their investment objectives and constraints. While Taaleri's goal is to make investments with a positive impact on our stakeholders as well as the society and environment, we acknowledge that some business activities of our assets may have adverse sustainability impacts ("PASI") on the environment or people. Taaleri acknowledges the responsibility of the asset management industry towards climate risks, and other principal adverse impacts through the investment decisions made, and the influence we have on our investees through active ownership.

Taaleri applies the definition of Principal Adverse Impacts as constructed by ESMA: *"Negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity."*

For purposes of the SFDR regulation (2019/2088), Taaleri considers PASI in the financial products as stated below:

Article 6 funds: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. This is because these products are closed funds that no longer actively market or raise funds, and no changes can be made to their investment strategies.

Article 8 funds: The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of this financial product do not consider the EU criteria for environmentally sustainable economic activities.

Article 9 funds: The "do no significant harm" principle applies to all investments underlying the financial product, as they take into account the EU criteria for environmentally sustainable economic activities.

Taaleri uses resources or causes negative impacts mostly in the categories of Scarce human capital, GHG emissions, and Waste. The negative contribution in the GHG emissions impact category seems to be driven mostly by our non-strategic investments, which don't include investments in renewable energy. Taaleri's principle negative adverse sustainability impact is our direct CO₂ emissions, which we will continue to cut down according to our NZAM commitment. We aim to reduce our impact on the environment by directing funds towards circular- and bio-based projects that replace traditional

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industrial manufacturing. Taaleri will pursue net impact modeling for the rest of its portfolios to increase our understanding of our funded emissions and act to reduce our adverse impacts.

We are committed to, not only diminishing our negative impacts but to creating a positive impact on the planet and society. We consider sustainability throughout our value chain and the value chain of our investments. We want to create a meaningful and supportive working environment that attracts the best talent, so we can perform to the highest quality. We engage with our partners and commit them to Taaleri's values and good business practices.

Taaleri has the most positive impact on the following UN's sustainable development goals: "7 Affordable and clean energy", "9 Industry, innovation, and infrastructure", "11 Sustainable cities and communities", "8 Decent work economic growth", and "13 climate action". We have used third-party net impact assessments (Upright platform) to improve our understanding of our principle adverse impacts. In our 2021 portfolio assessment, our renewable energy portfolio net impacts were estimated to be highly positive (54%) and aligned with the aforementioned SDG goals, no misalignment with the rest of the SDGs was detected. The combined avoided carbon emissions of the said portfolio in 2021 was 375 800 tCO₂e, which was calculated according to EIB's methods. Taaleri will pursue net impact modeling for the rest of its portfolios.

1. Principle Adverse Sustainability Impacts Statement

The statement addresses requirements as set out in the Regulation (EU) 2019/2088 of the European Parliament and the Council on sustainability-related disclosures in the financial services sector (SFDR) specifically relating to the consideration of principal adverse impacts of investment decisions on sustainability factors. This statement describes and details how the below-listed financial market participants and fund managers assess adverse impacts on sustainability factors as part of their investment processes and portfolio management. This statement is updated annually and covers the period from March 2022, until an updated version is provided by the latest of June 2023.

2. Description of principal adverse sustainability impacts

Taaleri's Alternative Investment Fund Managers invest in financial instruments on behalf of its clients within its Products, which are managed in line with their investment objectives and constraints. While Taaleri's goal is to make investments with a positive impact on our stakeholders as well as the society and environment, we acknowledge that some business activities of our assets may have adverse sustainability impacts ("PASI") on the environment or people. Taaleri acknowledges the responsibility of the asset management industry towards climate risks, and other principal adverse impacts through the investment decisions made, and the influence we have on our investees through active ownership.

Taaleri applies the definition of Principal Adverse Impacts as constructed by ESMA: *"Negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity."*

This statement of Principle Adverse Sustainability Impacts applies to the following legal entities deemed financial market participants and/or financial advisers:

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

Taaleri Private Equity Funds Ltd (ID 2264327-7)

For purposes of the SFDR regulation (2019/2088), Taaleri considers PASI in the financial products as stated below:

Article 6 funds: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. This is because these products are closed funds that no longer actively market or raise funds, and no changes can be made to their investment strategies.

Article 8 funds: The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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Article 9 funds: The “do no significant harm” principle applies to all investments underlying the financial product, as they take into account the EU criteria for environmentally sustainable economic activities.

These statements are supplemented by the table below (Table 1.), classifying Taaleri AIFMs' financial products according to the SFDR regulation.

Table 1. Classification of financial products

Taaleri Energia Funds Management Oy					Taaleri Private Equity Funds Ltd				
Art.	Fund:	Taxonomy goal:	Eligibility (%)	Alignment (%)	Art:	Fund:	Taksonomia tavoite:	Eligibility (%)	Alignment (%)
9	Aurinkotuuli /SolarWind	1	100%		9	Tuulirahasto IV / Wind Fund IV	1	100%	
9	Aurinkotuuli II	1	100%		9	SolarWind II	1	100%	
9	Tuulitehdas II / Wind Fund II	1	100%		9	Bioindustry Fund I			
9	Tuulitehdas III / Wind Fund III	1	100%		8	Vuokrakoti / Taaleri Rental Home			
					8	Asuntorahasto VIII / Taaleri Housing Fund VII			
					6	Infra I /	N/A	N/A	N/A
					6	Tallikiinteistöt / Taaleri Multifunctional Properties	N/A	N/A	N/A
					6	Tonttirahasto I / Taaleri Property Fund I	N/A	N/A	N/A
					6	Tonttirahasto II / Taaleri Property Fund II	N/A	N/A	N/A
					6	Metsäraahasto III / Taaleri Forest Fund III	N/A	N/A	N/A
					6	Kiinteistökehitys rahasto / Taaleri Real Estate Development Fund	N/A	N/A	N/A
					6	Asuntorahasto IV / Taaleri	N/A	N/A	N/A

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						Housing Fund IV			
					6	Kiertotalous / Circular Economy	N/A	N/A	N/A
					6	Afriikka rahasto I / Africa I Fund	N/A	N/A	N/A
					6	Afriikka rahasto II / Africa II Fund	N/A	N/A	N/A
					6	Kasvurahastot I	N/A	N/A	N/A
					6	Velkarahastot I	N/A	N/A	N/A

Under the SFDR, Taaleri Energia Funds Management Ltd and Taaleri Private Equity Funds Ltd consider mandatory indicators on greenhouse gas emissions, biodiversity, water, waste, and social indicators applicable to companies, sovereigns, supranational-, and real estate assets, as listed in Annex I Table I of EU's Regulatory Technical Standards (RTS) supplementing the SFDR (EU 2019/2088). In addition, the financial market participants will monitor, and disclose two additional indicators. listed in Tables 2 and 3 of EU's Regulatory Technical Standards supplementing the SFDR (EU 2019/2088). These indicators will be determined during 2022 and updated in Table 3. Furthermore, Taaleri encourages reporting and integration of voluntary additional indicators is encouraged.

Table 2. Mandatory PAI indicators (SFDR RTS Appendix 1, Table 1)

Adverse sustainability indicator	Metric	
GHG emissions	Scope 1 emissions Scope 2 emissions Scope 3 emissions Total GHG emissions	Climate and other environment-related indicators
GHG emissions	Carbon footprint	Climate and other environment-related indicators
GHG intensity	GHG intensity of investee companies	Climate and other environment-related indicators
Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Climate and other environment-related indicators
Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources expressed as a percentage of total energy sources	Climate and other environment-related indicators

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Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high-impact climate sector	Climate and other environment-related indicators
Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Climate and other environment-related indicators
Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Climate and other environment-related indicators
Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Climate and other environment-related indicators
Violations of UN Global Compact Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters
Unadjusted gender pay gap	The average unadjusted gender pay gap of investee companies	Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters
Board gender diversity	The average ratio of female to male board members in investee companies expressed as a percentage of all board members	Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters
Exposure to controversial weapons (anti-personnel mines, cluster munition, chemical weapons, and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters

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Adverse sustainability indicator	Metric	
GHG intensity	GHG intensity of investee countries	
Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	
Adverse sustainability indicator	Metric	
Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels	
Exposure to energy-inefficient real-estate assets	Share of investments in energy inefficient real estate assets	

Table 3. Additional PAI indicators monitored per entity

Additional indicators monitored:			
Taaleri Energia Funds Management Ltd:		Taaleri Private Equity Funds Ltd:	
Aurinkotuuli /SolarWind	Indicators: TBD	Tuulirahasto IV / Wind Fund I	Indicators: TBD
Aurinkotuuli II	Indicators: TBD	Asuntorahasto VIII / Housing Fund VIII	Indicators: TBD
Tuulitehdas II / Wind Fund II	Indicators: TBD	SolarWind II	Indicators: TBD
Tuulitehdas III / Wind Fund III	Indicators: TBD	Vuokrakoti / Rental Home	Indicators: TBD
		Bioindustry Fund I	Indicators: TBD

Taaleri integrates ESG analysis and the use of ESG data in its investment processes and has due diligence policies in place to identify and prioritize relevant adverse impacts and indicators on sustainability factors. The requirements under the SFDR RTS are detailed and require additional ESG data, predominantly on asset level, that are currently not fully available for the Financial Market Participants. Taaleri has performed initial data analysis and is in the process of acquiring additional data from portfolio companies, as well as external data providers, in order to meet reporting obligations under the EU SFDR. Once the relevant data are available, the methodologies to measure principal adverse sustainability impacts can be finalized and will be added to this statement. Once the availability and quality of data improve, additional indicators may be added for monitoring.

Taaleri addresses its sustainable investment procedures in its [Sustainability Policy](#), and [Sustainability risk policy](#). We take ESG considerations into account throughout the investment life cycle. We identify risks and

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respond to them as necessary. Relevant tools, particularly in our private equity business, include various pre-investment analyses and surveys of investment targets; monitoring and tracking of targets and corrective action where necessary; reporting on targets during investments; ESG training of investment or project team members; and the development of guidelines and discussions with our investment targets, clients, partners, and other stakeholders. We collect and analyze ESG data as part of our investment processes and risk management. Particularly in our private equity business, we use expert third parties and data sources as necessary and at our discretion, for example for quantitative and qualitative analysis, research, monitoring, and tracking of investments.

Our sustainable investment principles include analyzing, monitoring, avoiding, and mitigating our sustainability impacts through impact and thematic investing, active ownership and engagement, exclusion, and favoring. The choice of approach depends on the specific characteristics of the investment instrument and target. We are committed to raising the level of our ambition through the selection, management, and communication of new investments.

Furthermore, Taaleri is currently developing its sustainability risk analysis and ESG due diligence processes. During this statement's validity period Taaleri will provide a detailed description of the processes related to analyzing, monitoring, avoiding, and mitigating our principal adverse sustainability impacts. We are also working with a third party to model the net impacts of Taaleri Plc and its Financial Market Participants' financial products. In addition, Taaleri has joined the Net Zero Asset Managers (NZAM) initiative, which is relevant to mitigating our potential adverse impacts.

The actions Taaleri has taken to avoid and reduce adverse sustainability impacts are reported in our annual Sustainability Report which can be found on our website. As of January 2023, reporting will be presented via the template related to PAI reporting as referred to in the ESA's final report on the SFDR regulated technical standards.

2.1. Taaleri's Principle Adverse Sustainability Impacts

In this section, Taaleri will describe the adverse impacts that qualify as principal, as well as the actions planned, or goals set for the first reference period to avoid or reduce principal adverse impacts.

Our strategy focuses on supporting sustainable development and renewable energy production. We develop financial products that are profitable financially, socially, and ecologically. Our goal is to accomplish a positive impact by investing in technologies replacing fossil fuels in energy production and the use of virgin raw materials. Taaleri's aim is that its future portfolios will only consist of sustainable investments, as defined by the EU's SFDR regulation's articles 8 and 9.

Taaleri uses resources or causes negative impacts mostly in the categories [Scarce human capital, GHG emissions, and Waste](#). The negative contribution in the GHG emissions impact category seems to be driven mostly by our non-strategic investments, which don't include investments in renewable energy. Our non-strategic investments are investments that Taaleri seeks to exit in the near future. Taaleri's principle negative adverse sustainability impact is our direct CO₂ emissions, which we will continue to reduce according to our NZAM commitment. We aim to reduce our impact on the environment by directing funds towards circular and bio-based projects that replace traditional industrial manufacturing. Taaleri will pursue net impact modeling for the rest of its portfolios to increase our understanding of our funded emissions and act to reduce our adverse impacts.

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We are committed to, not only diminishing our negative impacts but to creating a positive impact on the planet and society. We consider sustainability throughout our value chain and the value chain of our investments. We want to create a meaningful and supportive working environment that attracts the best talent, so we can perform to the highest quality. We engage with our partners to make sure they are committed to the same ethical values and good business practices as Taaleri.

Taaleri has the most impact on the following UN's sustainable development goals: "7 Affordable and clean energy", "9 Industry, innovation, and infrastructure", "11 Sustainable cities and communities", "8 Decent work economic growth", and "13 climate action". We have used third-party net impact assessments ([Upright platform](#)) to improve our understanding of our principle adverse impacts. In our 2021 portfolio assessment, our renewable energy portfolio net impacts were estimated to be highly positive (54%) and aligned with the aforementioned SDG goals, no misalignment with the rest of the SDGs was detected. The combined avoided carbon emissions of the said portfolio in 2021 was 375,800 tCO₂e, which was calculated according to the [European Investment Bank's](#) method, which compares the economic costs to benefits of incremental GHG emissions.

2.2. Planned actions to mitigate principle adverse impacts

Below, we introduce Taaleri's plans to better integrate principal adverse sustainability impacts into our investment activities,

In line with our Net Zero Asset Managers Commitment, we are developing an ambitious climate strategy, including a decarbonization trajectory, as well as developing our data management to monitor, follow, and diminish our climate impact. Interim carbon reduction targets will be communicated by October 2022. The scope of our decarbonization strategy will gradually increase to include 100% of our AUM. We will also keep working on our abilities to measure our direct, own emissions.

Taaleri implements the 'do no significant harm' -principle, as introduced by the EU SFDR Framework, to the sustainability objectives, especially in its future operations and in its new financial products. Taaleri's current approach to doing no significant harm includes the integration of principal adverse impacts in our investment processes and thereby helps mitigate negative impacts.

Taaleri takes principal adverse impacts into account in its due diligence procedures for investment selection and is preparing for ongoing monitoring and reporting. We take sustainability impacts into account through various methods such as thematic investments, exclusions, active ownership, voting, and engagement. These methods are described in more detail in our corporate policies mentioned in the section "Engagement policies". In addition, as an organization, Taaleri has made several voluntary commitments, which are described in the section "References to international standards, commitments, and initiatives".

3. Description of policies to identify and prioritize principal adverse sustainability impacts

This section provides a brief description of the policies in place at Taaleri Group and its businesses related to recognizing, monitoring, and reducing Taaleri's principle adverse impacts.

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Taaleri's ESG policies are listed below in Table 4. Taaleri addresses its sustainable investment procedures in its [Sustainability Policy](#), and [Sustainability risk policy](#). Furthermore, we have business-specific policies and guidelines to ensure that ESG materiality issues are implemented across our portfolio range and all essential partners have been engaged with our policies. We are currently developing our ESG due diligence procedures. Based on these newly determined and enhanced processes, Taaleri will determine sustainability-related KPIs, which it will monitor and report yearly. These KPIs will consider the policies in place, and how successfully they are implemented, as well as corrective actions whether adverse impacts are not decreased over time. Furthermore, we conduct third-party Internal Audits of our processes related to ESG matters, to help us improve our sustainability management.

We take ESG considerations into account throughout the investment life cycle. We identify risks and respond to them as necessary. We conduct various pre-investment analyses and surveys of investment targets; monitoring and tracking of targets and corrective action where necessary; reporting on targets during investments; ESG training of investment or project team members; and the development of guidelines and discussions with our investment targets, clients, partners, and other stakeholders. We collect, analyze, and develop the collection of ESG data as part of our investment processes and risk management. We are further developing our data collection processes from investees, but we also use expert third parties and data sources as necessary and at our discretion, for example for quantitative and qualitative analysis, research, monitoring, and tracking of investments. Reasonable and well-researched estimates can be used temporarily in the short term if data is scarce. We will provide a more detailed description of our ESG due diligence processes as part of our updated ESG policies by the end of this year.

Our sustainable investment principles include analyzing, monitoring, avoiding, and mitigating our sustainability impacts through impact and thematic investing, active ownership and engagement, exclusion and favoring. The choice of approach depends on the specific characteristics of the investment instrument and target. We are committed to raising the level of our ambition through the selection, management, and communication of new investments.

Taaleri's Sustainability Risk Policy describes Taaleri Plc's view on different sustainability risks, how they are considered in different businesses, and which risk management methods are used to manage sustainability risks. Taaleri considers ESG factors of investments regarding the environment, society, and governance. In addition to ESG integration, our sustainability investment strategy includes strategies for owner engagement, exclusion, and thematic investment. In all our investment decisions, we consider sustainability risks related to the environment, but also the financial and impact opportunities, for example, through the six environmental objectives of the EU's Sustainable Finance Regulation. The environmental objectives are mitigating climate change, adapting to climate change, protecting water and marine resources, promoting a circular economy, preventing pollution, and protecting ecosystems and biodiversity.

By sustainability risks related to society, we mean activities that, directly and indirectly, impact stakeholders such as our staff, customers, suppliers, local communities, and NGOs. Societal and individual sustainability risks may relate to such topics as human rights, workers' well-being, working conditions, or child labour. Regarding sustainability risks related to society, we consider the minimum safeguards as defined in the EU's Sustainable Finance Regulation. In addition, we look at sustainability risks associated with society through economic opportunities and impact.

Sustainability risks related to governance, cover a range of factors from internal operations, operating models, and management. For example, ethical conduct, transparency, and compliance with standards and agreements create the conditions for action and are essential for managing environmental and societal

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sustainability risks. We strive to minimize these risks by establishing clear guidelines for action in our corporate governance guidelines and Taaleri's code of conduct. Taaleri has a web-based whistleblowing channel, where our stakeholders and personnel can anonymously inform of any violations of the described policies.

Any violations of these policies will be assessed by management and relevant personnel. Taaleri will primarily strive to use active measures to mitigate or remediate any harm done. If the harm is irreversible, management will decide on corrective action, and a thorough investigation of actions leading to the harm will be conducted to avoid similar situations in the future.

Table 4. Taaleri's sustainability-related policies & Engagement policies

Taaleri Energia Funds Management Ltd:	Taaleri Private Equity Funds Ltd:
Taaleri Energia ESG Policy (Acceptance of the Board: March 2021)	Taaleri Pääomarahastot Oy Vastuullisen sijoittamisen politiikka (Acceptance of the Board: March 2021)
Taaleri Energia Code of Conduct (Acceptance of the Board: 23.8.2019)	Taaleri Pääomarahastot Oy Arvonmäärityspolitiikka (Acceptance of the Board: 23.5.2022)
Taaleri Energia Stakeholder Engagement Policy (internal document)	Taaleri Bioindustry ESG Principles (Acceptance of the Board: 17.1.2022)
Taaleri Energia Material Climate Change Impacts Assessment (draft)	Taaleri Bioindustry Code of Conduct (Acceptance of the Board: 17.1.2022)
	Taaleri Real Estate Code of Conduct (internal) (Acceptance of the Board: March 2021)
	Taaleri Real Estate ESG Principles (internal) (Acceptance of the Board: March 2021)
	Taaleri Pääomarahastot Oy Riskienhallintapolitiikka (internal risk management policy) (Acceptance of the Board December 2021)
Taaleri Plc's Policies (concerns the whole Group as well as Partners)	
Taaleri Code of Conduct (Acceptance of the Board: May 2021)	Taalerin Code of Conduct (Acceptance of the Board: May 2021)
Taaleri Plc Sustainability Policy 2021 (Acceptance of the Board: 17.12.2021)	Taaleri Oyj Vastuullisuuspolitiikka 2021 (Acceptance of the Board: 17.12.2021)
Taaleri Plc Sustainability Risk Policy 2021 (Acceptance of the Board: 25.3.2021)	Taaleri Oyj Kestävyysriskipolitiikka 2021 (Acceptance of the Board: 25.3.2021)
Corporate Governance Statement 2021 (Acceptance of the Board: 11.2.2022)	Hallinto- ja ohjausjärjestelmä (Acceptance of the Board: 11.2.2022)

We are actively developing sustainable investment practices and documentation, both at Group and business levels. In the supplementary policies and guidelines, we further define the employees and groups that have responsibilities related to sustainable investment, what these responsibilities are, and how they will be implemented in line with, among other things, our Sustainability policy and Taaleri's strategy.

We use governance structures that enable appropriate decision-making, oversight, risk, conflict-of-interest management, and remuneration.

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We define roles and responsibilities, for example in relation to the following functions and positions:

- 1) Boards, Managing Directors, other management, and investment committees of companies managing investments in the private equity business
- 2) Internal control (compliance) and risk management representatives
- 3) Other specialists (such as ESG, legal and technical experts)

4. Engagement Policies

Taaleri's Code of Conduct and values clarify the ethical principles guiding our operations and what we think is the right way to act. The Code of Conduct serves as the foundation for all operations in Taaleri Group, and it cannot be compromised. Furthermore, we engage all our partners and collaborators with these guiding principles to reduce operational and sustainability-related risks.

Taaleri's Corporate Governance Statement describes Taaleri's decision-making hierarchy, the Board and management's operations, diversity, remuneration policy, as well as financial and risk reporting procedures. Taaleri is a Finnish public limited company listed on Nasdaq Helsinki. In addition to the laws and regulations applicable to listed companies, the regulations of the Finnish Financial Supervisory Authority and Taaleri's Articles of Association, Taaleri adheres to the Securities Market Association's Finnish Corporate Governance Code (hereinafter "Corporate Governance Code"), which is publicly available on the Association's website at www.cgfinland.fi. Taaleri's Board of Directors' approved the Corporate Governance Statement in February 2022.

Any violations of these policies will be assessed by management and relevant personnel. Taaleri will primarily strive to use active measures to mitigate or remediate any harm done. If the harm is irreversible, management will decide on corrective action, and a thorough investigation of actions leading to the harm will be conducted to avoid similar situations in the future.

5. References to international standards, commitments, and initiatives

This section describes Taaleri and its Financial Market Participants' adherence to international standards, commitments, and initiatives. These commitments reflect our approach to addressing economic, environmental, social, and governance issues. Monitored principal adverse impacts are stated in the section "Taaleri's Principle Adverse Sustainability Impacts".

Compliance is the foundation of Taaleri's operations. Legal compliance and responsible, ethical behavior are the cornerstones of our business and are strongly linked to our cooperation with stakeholders as well as our reputation, and ability to conduct business in the financial markets. Taaleri Group's due diligence and compliance processes are described in detail in documents listed in Table 3. We consider ESG matters in all our operations and apply the 'do no significant harm' in our strategic investments throughout their lifecycle. Taaleri's policies and our business-specific policies are coherent and updated and evaluated annually.

Taaleri and its Partners comply with the laws and regulations of the countries in which they operate, as well as the market regulations of authorities. In addition, we comply with relevant international requirements for financial market participants and promote the implementation of these requirements in our operations throughout our value chain, for example, by requiring our partners to commit to our standards in their

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contracts. Especially for projects outside the Nordic countries, we assess the adequacy of local standards and, where necessary, add or clarify our requirements for compliance with international standards.

We respect all internationally recognized human and labor rights. We are committed to the principles of rights set out in the eight core conventions identified by the ILO Declaration on Fundamental Principles and Rights as set out in the eight core conventions identified by the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. We are committed to implementing the UN's guiding principles on business and human rights in all our activities. We consider as key fundamental and human rights: not tolerating forced or child labor; preventing discrimination and harassment; ensuring freedom of expression, religion, and peaceful assembly; as well as promoting decent working conditions.

Other relevant international conventions and guidelines, which are central to our corporate sustainability work, include the UN Universal Declaration of Human Rights, the UN Convention against Corruption, the UN Rio Declaration on Environment and Development, the UN Sustainable Development Principles, and the OECD Guidelines for Multinational Enterprises (including the OECD Guidelines for Institutional Investors). As such, our activities comply with and contribute to the minimum safeguards of the EU Framework to Facilitate Sustainable Investment (2020/852), the UN Global Compact Principles, and the Precautionary Principle.

In addition, we contribute to the development of regulation and sustainability work of our business sector in various ways. Taaleri is a signatory to the UN Principles for Responsible Investment (UNPRI) and the CDP global disclosure system, as well as the Net Zero Asset Managers initiative. As part of our net-zero commitment, we will systematically measure and monitor our funded and own emissions. These emission reductions will be aligned with the emission trajectory of the Paris Agreement. Forward-looking climate scenarios are not currently applied but will be utilized if necessary. Instead, a long-term roadmap to net-zero will be conducted by October 2022 based on the Science Based Targets initiative's (SBTi) suggested methodology and applied accordingly.

Sustainability-related data is collected directly from the Financial Market Participant's portfolio companies and other partners. Article-9-labeled portfolio companies will estimate their products' lifecycle emissions. In the estimation of Taaleri Plc's direct CO₂ emissions, third-party modeled and estimated data will be utilized until more accurate data is available. Monitored and projected emissions will affect how the funds are managed and what actions are to be taken for Taaleri to ensure it succeeds in achieving its net-zero targets. Taaleri Plc's voluntary commitments reflect on our investment decisions and ultimately affect the type of companies included in our investment portfolios. Our financial products are long-term investments, that require regular monitoring of sustainability- as well as financial impacts. Through active ownership, thematic investing, and exclusion policies, Taaleri enforces positive impact through its investments.

We are also members of FINSIF (Finland's Sustainable Investment Forum Ry) and FIBS (Finnish Business & Society), the largest corporate responsibility network in the Nordic countries. As a member of the Finnish Venture Capital Association, we participate in its joint sustainable development projects. Below, in the Context and frameworks for sustainable development section, we describe other voluntary operating and reporting models that we implement.

We adhere to the Corporate Governance Code for listed companies maintained by the Securities Market Association, the rules of Nasdaq Helsinki Ltd (Helsinki Stock Exchange), securities market legislation, and the official regulations issued by virtue of it. We know our customers and partners as required by law and comply with laws and regulations related to the prevention of money laundering and terrorist financing.

Public

Target Group

We comply with the binding sanctions legislation and monitor the activities of our partners to avoid doing business with those on sanctions lists.

We do not tolerate corruption, bribery, or other activities that may create an impression of inappropriately influencing a business decision, yield an inappropriate advantage to a party or a person, or that can be seen as trying to influence decision-making in other ways. We comply with competition legislation and follow the principles of fair competition as well as applicable tax regulations and good practices in tax matters.