*ANNEX IV*

*'ANNEX V*

Template periodic 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 II SCSp-RAIF **Legal entity identifier:** B234793

## Sustainable investment objective

**Did this financial product have a sustainable investment objective?**

| ☒ Yes | ☐ No |
|---|---|
| ☒ It made **sustainable investments with an environmental objective: 100%** | ☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments |
| ☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective 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 | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It made **sustainable investments with a social objective:** ___% | ☐ It promoted E/S characteristics, but **did not make any sustainable investments** |

**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.

### To what extent was the sustainable investment objective of this financial product met?

The fund has sustainable investment as an objective, and it has achieved this goal by investing in renewable energy production facilities. The financial market participant (Taaleri Energia Funds Management Oy, 'the manager') assesses that the fund therefore contributed to significant $CO_2$ emission offsets or avoidance and, under the EU Taxonomy, its investments had a substantial contribution to the environmental objective of climate change mitigation during the reference period.

The manager confirms that the fund's strategy is to invest only in activities that make it possible to reduce or avoid $CO_2$ emissions, in compliance with Article 9, paragraph 3 of the SFDR regulation. The fund's investment period has ended and there were no new investments made during the reference period. The sustainable investment objective of the fund was met, as all (100%) of the sustainable investments of the financial product have been made in environmentally sustainable economic activities that qualify as environmentally sustainable under the EU Taxonomy - onshore wind farms and photovoltaic (PV) solar parks.

The manager has aligned all of the fund's sustainable investments with the Net Zero Asset Managers ('NZAM') initiative. The NZAM initiative is Paris Agreement aligned and the manager has set interim emissions reduction targets to be reached by 2030, consistent with the target of at least 50% global reduction in $CO_2$ necessary to limit global warming to 1.5 degrees Celcius, as stated in the IPCC report. The actions and targets follow the Science Based Targets initiative, and the commitment is reported annually via the manager's PRI reporting. The used methodologies and measures fulfil the minimum standards common for EU climate transition benchmarks and EU Paris-aligned benchmarks as defined in the EU/2020/1818 regulation. As these focus on scope 1 and 2 emissions, the manager measures, monitors, and reports scope 3 emissions, carbon intensity and carbon footprint amounts and sets a path to decrease those according to EU/2022/1288 annex I table 1 annually. During the reporting period, the manager conducted a third-party audit to assess that the fund's and the manager's practises and policies are aligned with the Article 9 requirements.

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

### *How did the sustainability indicators perform?*

- Estimated emission reduction: 273,766 tCO2e during 2023
- Energy production capacity: 457 MW operational capacity installed
- Renewable energy produced: 978,074 MWh during 2023

The indicators are calculated based on actual electricity production or installation data from operational data sheets. A third-party consultant assures the calculation method.

### *...and compared to previous periods?*

| Sustainability indicator | 2023 | 2022 | % change |
|---|---|---|---|
| Estimated emission reduction $tCO_2e$ | 273,766 | 207,811 | 32% |
| Energy production capacity MW | 457 | 315 | 45% |
| Renewable energy produced MWh | 978,074 | 677,709 | 44% |

The indicators are calculated based on actual electricity production or installation data from operational data sheets. A third-party consultant assures the calculation method.

**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.

### *How did the sustainable investments not cause significant harm to any sustainable investment objective?*

To ensure that the investments do not cause significant harm to any sustainable investment objectives, the manager has decided to consider all the mandatory principal adverse impact indicators set out in the regulation EU/2022/1288 annex I Table 1 for the fund investments. In addition, to fully be aligned with the regulation and to ensure not to cause significant harm to any of the objectives, one voluntary indicator from Table 2 and one voluntary indicator from Table 3 are also taken into account. Therefore, a total of 16 different principal adverse indicators are continuously monitored and annually reported. The investments have undergone careful due diligence- and environmental impact assessments, where adverse impacts are assessed. The voluntary indicators are chosen based on the materiality analysis conducted by the manager. The chosen indicators represent the investments' most relevant adverse impacts and are aligned with the fund strategy to reduce direct and indirect emissions.

*How were the indicators for adverse impacts on sustainability factors taken into account?*

All the mandatory and two additional principal adverse impact indicators are taken into account at a strategy, policy, process and/or contractual level. In addition, the manager has set a regular investment monitoring and fund and manager level reporting. For example, the fund strategy excludes investing in other sectors than renewable energy, and appropriate waste management plans and health and safety guidelines are created in accordance with policy requirements. All the investments have their own Environmental and Social Management System, the aim of which is to guide the practical implementation of the manager's ESG policy, where all the mandatory and two additional indicators are considered. All investment targets regularly report all mandatory and the two additional chosen indicators and collect data regarding those, according to the instructions and methods set out in the EU SFDR regulation (EU/2019/2088) and (EU/2020/1288). In addition to data collection and monitoring, the manager ensures that actions to reduce the impacts are taken. During the reference period, the manager focused on data management and its reliability as well as on decreasing scope 2 emissions.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Yes. Investment targets are committed to following the recommendations of the OECD Guidelines and UN Guiding Principles and align with the minimum safeguards criteria by committing to Taaleri Energia ESG Policy, Taaleri Energia Partner Code of Conduct or via the investment target's or its contractor's commitments, which have been inspected by the financial market participant.

## How did this financial product consider principal adverse impacts on sustainability factors?

The fund reduces its principal adverse impacts on sustainability factors defined in Annex I of (EU) 2022/1288. The fund monitors and reports measures related to the indicators and sets goals for the next reference period based on the adverse impacts caused.

Indicators related to greenhouse gas emissions are mainly taken into account by i) aligning the fund's activities with the manager's ESG principles, ii) aligning investments with NZAM, and iii) when trading guarantees of origins that the investments produce. The manager made efforts to a net zero emission reduction plan that was created for the investment targets to cut their absolute emissions by 2030 to reduce the adverse impacts. During the reference period, the fund's scope 1 and market-based scope 2 emissions reached zero. Scope 3 emission calculations were updated and more accurate data was used. The fund strategy is exclusive and the manager has excluded all investments active in the fossil fuel sector or controversial weapons. Therefore, no adverse impacts related to those were caused.

The indicator related to biodiversity is taken into account before investment decisions. The manager assesses that the potential investments are not located in or near biodiversity areas. This is also due to EU Taxonomy-aligned investment.

Indicators related to water and waste are taken into account with the investment waste management plan and other site agreements. The manager ensures that the waste is handled accordingly and that no emissions to water are caused.

Indicators related to social and employee matters are taken into account with the manager's policies, KYC process, construction and operation agreements. The fund does not have direct employees.

Principal adverse impact indicators are reported in the fund Q1/2024 report, according to Annex I, Table I of delegated act EU 2022/1288.

## What were the top investments of this financial product?

As the investment period is closed, the proportion of the investments was static during the reference period. Therefore, the table below represents the situation year-end.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1.1.2023-31.12.2023.

| Largest investments | Sector | % Assets | Country |
|---|---|---|---|
| Escalade | Wind, renewable energy | 23.0% | The US |
| Zadar | Wind, renewable energy | 16.3% | Croatia |
| Oltava | Wind, renewable energy | 10.9% | Finland |
| Haram | Wind, renewable energy | 10.0% | Norway |
| Jonava | Wind, renewable energy | 7.9% | Lithuania |
| Mlawa & Grajewo | Wind, renewable energy | 7.4% | Poland |
| Murtotuuli | Wind, renewable energy | 6.7% | Finland |
| Isoneva | Wind, renewable energy | 6.6% | Finland |
| Rokiskis | Wind, renewable energy | 4.1% | Lithuania |
| Anyksciai | Wind, renewable energy | 3.8% | Lithuania |
| Niebla | Solar, renewable energy | 3.3% | Spain |

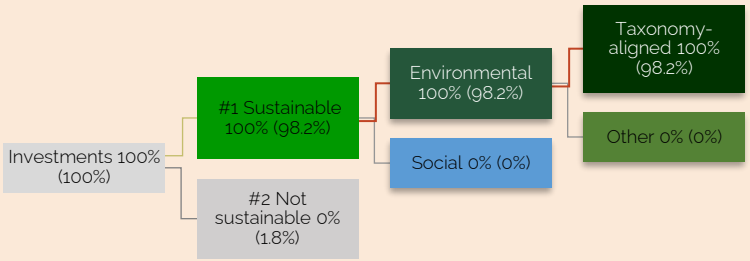
## What was the proportion of sustainability-related investments?

Fund asset allocation when considering all investments 100% of the investments made are in economic activities that qualify as sustainable investments under the EU SFDR Regulation (2019/2088 Art 2).

**Asset allocation** describes the share of investments in specific assets.

*What was the asset allocation?*

The manager considers that all (100%) of the sustainable investments are EU Taxonomy aligned with an environmental objective of Climate Change Mitigation. In the table below, the percentage in brackets presents the asset allocation in FY22.




**#1 Sustainable** covers sustainable investments with environmental or social objectives.

**#2 Not sustainable** includes investments which do not qualify as sustainable investments.

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

*In which economic sectors were the investments made?*

All (100%) of the sustainable investments were made in onshore wind farms and photovoltaic solar parks. The manager has ensured that there was no revenue from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels, as defined in Article 2, point (62), of Regulation EU/2018/1999 of the European Parliament and the Council (8).

**To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The manager has assessed that 100% of the fund investments that are considered sustainable investments are EU Taxonomy aligned. The fund investments' economic activity is electricity generation from wind power and electricity generation using solar photovoltaic technology, and the substantial contribution is to the environmental objective of climate change mitigation under the EU Taxonomy. The manager assesses that the fund contributes substantially to climate change mitigation via constructing and operating onshore wind and solar farms. The manager assesses that the fund investments support the stabilisation of GHG concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement through the avoidance and decrease of GHG emissions by generating renewable energy.

According to the environmental objective's technical screening criteria identified for the economic activities of electricity generation from wind power and electricity generation using solar photovoltaic technology, the investments generate electricity from wind power or solar photovoltaic technology. The manager considers that the investments fulfil the environmental objective technical screening criteria for the Do no significant harm criteria ('DNSH'). Investments physical climate change risks are assessed according to the IPCC AR6 report RCP2.5-RCP8.5 scenarios, and material risks identified have adaptation plans. The manager has assessed waste and recyclability for the investments' entire lifecycle as well as conducted an Environmental Impact Assessment according to Directive 2011/92/EU with required mitigation and compensation measures. The manager reports sites/operations located in or near biodiversity-sensitive areas via EU/2022/1288 annex I Table 1 principle adverse impact indicators. No sites/operations were identified to be located in or near biodiversity-sensitive areas.

Minimum safeguards and good governance are ensured via the manager's policies available on the manager's website (Taaleri Energia Partner Code of Conduct, Taaleri Plc. Code of Conduct and Taaleri Energia ESG Principles) and KYC processes are considered a minimum requirement.

A third party audit was conducted to assess that the fund's and the manager's practises and policies are aligned with the Article 9 requirements during the reference period. No need for improvement was found.

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?**

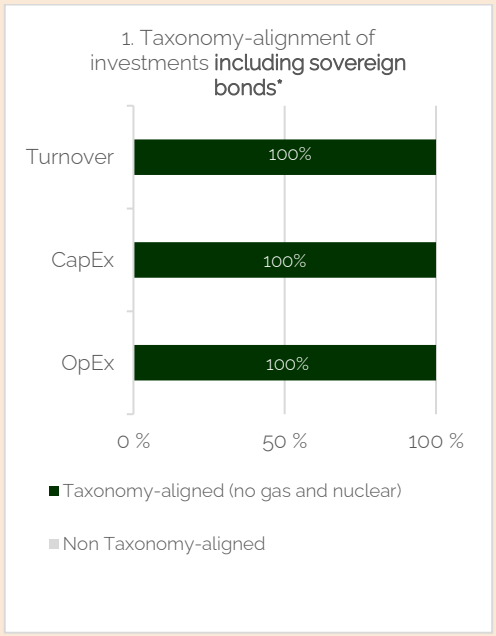
☐ Yes:

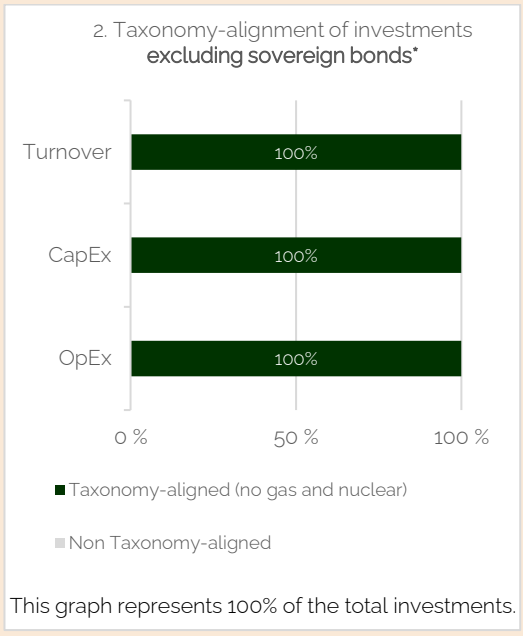
☐ In fossil gas ☐ In nuclear energy

☒ No

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.

*The graphs below show in green the percentage of investments that were 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.*




This graph represents 100% of the total investments.

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

***What was the share of investments made in transitional and enabling activities?***

The share of investments made in transitional activities 0%.
The share of investments made in enabling activities 0%.

[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 no significant harm to any EU Taxonomy objective - 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.

Renewable energy production is low-carbon energy production, which is considered a "greening of" – type economic activity, which makes a substantial contribution to an environmental objective based on its own performance.

- ***How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?***

In the previous reporting period (1.1.2022-31.12.2022) 98.2% of the fund investments made were aligned with the EU Taxonomy and 1.8% (i.e. cash held) were not classified under the EU Taxonomy. Thereby, comparing this reporting period to the previous reference period, the change in EU Taxonomy aligned investments is 1.8 percentage points. That is due to cash.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

**What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

*n/a*

**What was the share of socially sustainable investments?**

*n/a*

**What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?**

*n/a*

## What actions have been taken to attain the sustainable investment objective during the reference period?

The fund's sustainable investment objective was attained by constructing and operating onshore wind and solar farms.

With the investments that were in the operational phase, energy production data was collected to monitor sustainable objective (sustainability indicator – renewable energy produced). Based on the energy produced, the manager calculated the fund's emission offset (sustainability indicator – estimated emission reduction) In addition, continuous sustainability risk and adverse impact monitoring were conducted.

During the reference period, the manager updated and assessed methods used to calculate the emission offset to ensure that the most updated emission factors (EIB) were used.

The manager engaged with the industry via the local renewable energy associations in the market. In addition, it engaged with associations that work with anti-corruption, fair competition and anti-bribery. The associations provide insight into potential policy changes and give the manager a forum to influence.

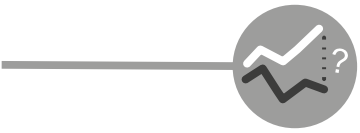
The manager has a diverse group of almost 50 energy professionals in Finland, Spain, Hungary and Luxembourg working across finance, development, construction, operations, legal and more. Embedding ESG and sustainability into daily operations is integral to scaling operations. In the team's monthly knowledge-sharing sessions, the manager briefed the team on updates to policies, handbooks and templates or gave concrete case examples. Focused training sessions on specific topics were held to provide in-depth instruction and discuss opportunities to improve. The team did two mandatory ESG training programmes, including knowledge testing.

The manager developed a Sustainable Procurement Handbook to provide a detailed process for identifying, preventing, and mitigating environmental and human rights risks within its supply

chain. The handbook is based on first analysing the manager's position and then identifying the most effective tools available, along with identifying where there is a place for improvement. The first steps also include conducting thorough due diligence on the suppliers that are approved and keeping veto rights even in cases where procurement is outsourced. In addition to that, the manager must ensure that the contracts contain strict clauses, trickling down throughout the value chain, for all parties to have the appropriate commitments and processes in place to respect the minimum social safeguards, actively work on self-improvement and increase transparency. These steps are done during the development phase of the projects.

The manager created a formal ESG Strategy during the reference period to include more clear short- and long-term goals. In addition, the manager started to develop an ESG data tool, that will help the data management and reporting. The ESG data tool will be finalised during the year 2024.

The manager published its first formal report on climate-related financial risks and opportunities following the Task Force on Climate-related Financial Disclosures. The report summarises the risks and opportunities within four thematic areas, representing the manager's overview of the governance, risk management and metrics and targets.



## How did this financial product perform compared to the reference sustainable benchmark?

No reference benchmarks are used to measure the attainment of the sustainable objective.

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

- *How did the reference benchmark differ from a broad market index?*

  n/a

- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?*

  n/a

- *How did this financial product perform compared with the reference benchmark?*

  n/a

- *How did this financial product perform compared with the broad market index?*

  n/a

*Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022, Table 1 Statement on principal adverse impacts of investment decisions on sustainability factors of Annex 1 Template principal adverse sustainability impacts statement. Definitions and formulas used in this statement can be found in Annex 1 of the Commission Delegated Regulation (EU) 2022/1288 and at the end of this document under the heading "Commission Delegated Regulation (EU) 2022/1288, Annex 1, definitions and formulas used in this statement".*

Commission Delegated Regulation (EU) 2022/1288, Annex 1 Table 1

## Statement on principal adverse impacts of investment decisions on sustainability factors

**Financial market participant** Taaleri Solarwind II SCSp-RAIF (B234793)

**Summary**

**Description of measured principal adverse impacts:**

Taaleri Solarwind II SCSp-RAIF considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is on the principal adverse impacts on sustainability factors of Taaleri Solarwind II SCSp-RAIF, managed by its fund manager Taaleri Energia Funds Management Oy.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

During the reference period, the most significant principal adverse impacts were identified to relate to scope 3 GHG emissions (mainly construction emissions) caused by the fund's investments.

Actions taken, actions planned, and targets set for the next reference period are described in the table below. The fund manager will take active measures to reduce direct and indirect emissions in line with the fund manager's net-zero emissions target and sustainable investment objective.

## Tiivistelmä

## Kuvaus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin

Taaleri Solarwind II SCSp-RAIF ottaa huomioon sijoituspäätöstensä pääasialliset haitalliset vaikutukset kestävyystekijöihin. Tämä ilmoitus on rahastonhoitajan Taaleri Energia Funds Management Oy:n Solarwind II SCSp-RAIF rahaston ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin.

Tämä ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin kattaa viitekauden, joka alkaa 1 päivänä tammikuuta ja päättyy 31 päivänä joulukuuta 2023.

Rahastonhoitaja tunnisti viitekaudella merkittävimmiksi pääasiallisiksi haitallisiksi vaikutuksiksi rahaston sijoituksien Scope 3 -kasvihuonekaasupäästöt, jotka aiheutuvat pääasiassa sijoituskohteiden rakentamisen aikana.

Toteutetut toimet, suunnitellut toimet sekä seuraavalle raportointikaudelle asetetut tavoitteet on kuvattu alla olevassa taulukossa. Rahaston hoitaja on sitoutunut vähentämään rahaston sijoituskohteiden suoria ja epäsuoria päästöjä rahastonhoitajan nettonolla tavoitteen ja rahaston kestävän sijoitustavoitteen mukaisesti.

Description of the principal adverse impacts on sustainability factors

| Indicators applicable to investments in investee companies | | | | | | |
|---|---|---|---|---|---|---|
| Adverse sustainability indicator | | Metric | Impact 2023 | Impact 2022 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | | | | | |
| Greenhouse gas emissions | 1. GHG emissions | Scope 1 GHG emissions | **0.0 tons of $CO_2e$** | 0.0 tons of $CO_2e$ | | Pursuant to the GHG Protocol, only emissions caused directly by the fund are included in scope 1. All machines, e.g. used for construction or maintenance, are controlled by contractors and, therefore, not included in scope 1 but in scope 3 emissions. As direct scope 1 emissions do not occur, the manager focuses on decreasing scope 3 emissions. |
| | | Scope 2 GHG emissions | **0.1 tons of $CO_2e$** | 160.8 tons of $CO_2e$ | Location-based: 166.9 $tCO_2e$ Minor update has been (Q1/2024) made to the reported market-based emissions as one of the assets emissions were reduced by using the GoO. This might have impact also other indicators. | During the reference period, the manager gathered relevant data to calculate the scope 2 emissions. Market-based scope 2 emissions were decreased on-site by reducing sales of certificates of origin, resulting in zero market-based scope 2 GHG emissions for those investments. Only one investment has not been able to avoid or decrease its market-based scope 2 emissions. The manager aims to find a solution for this during the next reference period and to keep the scope 2 market-based emissions at zero for other investments. Gaia Consulting has verified the calculation methods. |
| | | Scope 3 GHG emissions | **20,064.6 tons of $CO_2e$** | 37,962.8 tons of $CO_2e$ | The calculations leverage LCA data, revealing that 9 kg of $CO_2e$ per MWh in wind power and 35 kg of $CO_2e$ per MWh | The manager improved the estimates of scope 3 emissions during the reference period to achieve better accuracy. As a result, scope 3 emissions were reduced per unit of produced electricity. The investments' scope 3 emission estimaties also decreased as a result of all the investments reaching their operational phase and the |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | in solar is emitted. This is then divided based on the project phase and lifetime emissions caused. | completion of construction work in 2023. The manager aims to further improve the accuracy of scope 3 emissions during the next reporting period. The emissions are also expected to decrease due to minimal construction works being carried out during the next reporting period. |
| | | Total GHG emissions | **20,064.8 tons of $CO_2e$** | 38,123.6 tons of $CO_2e$ | | The manager gathered relevant data during the reference period to calculate the total GHG emissions. The manager plans to keep the scope 1 and 2 emissions at the same level or lower and define scope 3 emissions annually. |
| | 2. Carbon footprint | Carbon footprint | **82.3 tons of $CO_2e$/€M** | 123.1 tons of $CO_2e$/€M | | The manager gathered relevant data during the reference period to calculate the total GHG emissions. The manager plans to keep the scope 1 and 2 emissions at the same level or lower and define scope 3 emissions annually. |
| | 3. GHG intensity of investee companies | GHG intensity of investee companies | **1.4 tons of $CO_2e$/€M** | 6,427.2 tons of $CO_2e$/€M | | The manager collected data to calculate the total amount of GHG emissions during the reference period. The regulator provided additional instructions for the calculation methods that resulted in a significant difference between the 2022 and 2023 results. The decrease in absolute scope 2 and 3 emissions, along with the specified calculation methods, led to a substantial drop in the reported number. The manager plans to keep the GHG intensity at the same level in also next reference period. |
| | 4. Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector | **0.0%** | 0.0% | | The indicator is not considered to be relevant, as 0% of the investments are in companies active in the fossil fuel sector. |
| | 5. Share of non-renewable energy consumption and production | Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources | **0.1%** | 0.1% | The share of non-renewable energy consumption was 0.0%, and the share of non-renewable energy | During the reference period, the manager aimed to find solutions that the assets only consume renewable energy. This is done by either purchasing renewable energy or utilising the guarantee of origins that the fund investments produce. The manager verified this method with Gaia Consulting. However, with one of the investments, no solution to consume renewable |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | compared to renewable energy sources expressed as a percentage of total energy sources | | | production was 0.0% during the reference period. | energy has yet been found. The manager aims to find a solution for this during the next reference period. The fund investments do not produce non-renewable energy. |
| | 6. Energy consumption intensity per high impact climate sector | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector | **0.4 GWh/€M** | 1.8 GWh/€M | | During the reference period, the manager gathered relevant data to calculate the energy consumption intensity. As the energy consumption mainly depends on the fund investments' renewable energy production, the manager has limited possibilities to decrease the energy consumption. However, the manager has set targets to regularly monitor the energy consumption of the fund investments. |
| Biodiversity | 7. Activities negatively affecting biodiversity-sensitive areas | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas | **0.0%** | 0.0% | | During the reference period, no new investments were made and therefore, no investments were situated in biodiversity-sensitive areas. The manager also targets to actively follow the regulation development related to biodiversity areas. |
| Water | 8. Emissions to water | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average | **0.0 tons / €M, weighted average** | 0.0 tons / €M, weighted average | | During the reference period, the manager gathered relevant data to calculate possible emissions. As no emissions to water were identified during the reference period, the plan for the next reference period is to continue the monitoring. |
| Waste | 9. Hazardous waste and radioactive waste ratio | Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average | **0.0 tons / €M, weighted average** | 0.0 tons / €M, weighted average | | During the reference period, the manager gathered relevant data to calculate the hazardous waste and radioactive waste amount. As hazardous waste is generally generated both during construction and annual maintenance of the fund investments, a zero hazardous waste ratio is almost impossible to achieve. During the next reference period, the manager intends to continue monitoring the investments' waste ratio and ensure that hazardous waste is treated appropriately. |

| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS | | | | | | |
|---|---|---|---|---|---|---|
| Social and employee matters | 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises | **0.0%** | 0.0% | | The manager has ensured that comprehensive KYC and Due Diligence -processes have been completed for each investment. During the next reference period, the manager will continue to conduct regular checks on current investments where needed. |
| | 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises | **0.0%** | 0.0% | | During the reference period, the manager has exercised full or joint control of all fund investments, whereby the manager applies its policies on its investment activities. In addition, through the Taaleri group whistleblowing channel, suspicion of a crime, violation or other misconduct may be reported anonymously. The manager has developed a comprehensive supply chain due diligence process, the "Sustainable procurement handbook". During the next reference period, the manager aims to improve its processes on sustainable procurement and implement these new practices in all procurement processes. |
| | 12. Unadjusted gender pay gap | Average unadjusted gender pay gap of investee companies | **n/a** | n/a | There arenot enough direct employees to calculate the average of investee companies. | The indicator is not considered to be applicable due to the lack of employees. |
| | 13. Board gender diversity | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members | **19.7%** | 29.4% | | As the positions are administrative, we do not consider the gender diversity impact to be material. |
| | 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, | Share of investments in investee companies involved in the manufacture or selling | **0.0%** | 0.0% | | As 0 % of the investments are in companies involved in the manufacture or selling of controversial weapons, the indicator is not considered to be relevant. |

| | | | | | | |
|---|---|---|---|---|---|---|
| | chemical weapons and biological weapons) | of controversial weapons | | | | |
| Indicators applicable to investments in sovereigns and supranationals | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2023 | Impact 2022 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| Environmental | 15. GHG intensity | GHG intensity of investee countries | n/a | n/a | | |
| Social | 16. Investee countries subject to social violations | Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law | n/a | n/a | | |
| Indicators applicable to investments in real estate assets | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2023 | Impact 2022 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| Fossil fuels | 17. Exposure to fossil fuels through real estate assets | Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels | n/a | n/a | | |
| Energy efficiency | 18. Exposure to energy-inefficient real estate assets | Share of investments in energy-inefficient real estate assets | n/A | n/a | | |
| Other indicators for principal adverse impacts on sustainability factors | | | | | | |
| Reported in Tables 2 and 3 below. | | | | | | |

**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

Taaleri Solarwind II SCSp-RAIF (the "fund"), managed by Taaleri Energia Funds Management Oy (the "manager"), is committed to identifying, assessing, and prioritising the principal adverse impacts of the fund's investment decisions on sustainability factors.

Taaleri Energia's relevant policies:

- Taaleri Plc Sustainability Risk Policy (December 2023)
- Taaleri Plc Sustainability Policy (December 2023)
- Taaleri Code of Conduct (December 2022)

- Taaleri Energia Remuneration Policy (April 2022)
- Taaleri Energia ESG policy (May 2023)
- Taaleri Energia Partner Code of Conduct (April 2023)

The applicable governing bodies of either the manager or Taaleri Plc have approved these policies, as visible in the table above. The policies are updated regularly. We continuously strive to improve our policies and practices to identify and prioritise principal adverse impacts on sustainability factors, in line with our commitment to responsible investing and sustainable finance.
The allocation of responsibilities for implementing the policies is located within various governance structures. We define roles and responsibilities for *inter alia* the following functions and positions:

1) boards, CEOs, other management and investment committees;
2) internal control (compliance) and risk management representatives;
3) other specialists (such as ESG, legal and technical experts)

In addition, the responsibility for putting these policies into practice within our organisational strategies and processes lies with all our employees. We use a comprehensive, data-driven methodology to select the indicators referred to in Article 6(1), points (a), (b), and (c), and to identify and assess the principal adverse impacts on sustainability factors. The following stages are incorporated into our methodology:

- Data Collection: We collect relevant data from investees and utilise industry benchmarks.
- Indicator Selection: The fund has chosen to monitor and report in addition to the mandatory indicators two additional indicators. We have chosen the additional indicators based on their materiality, relevance, and alignment with industry standards and regulatory requirements. Additional principal adverse impact indicators have been determined through materiality analysis. The analysis identifies the key principal adverse impacts of the investee and within the financial sector in which the fund operates. The indicators also aim to support the fund's investment objective and do no significant harm principle.
- Risk Assessment: We evaluate the probability of occurrence and the severity of adverse impacts, considering their potential remedability.
- Prioritisation: We prioritise the identified principal adverse impacts based on their influence, considering our investments' objectives and preferences. The manager is aware that some of the indicators may not be relevant to the fund, such as scope 1 emissions, investments in controversial weapons or companies active in the fossil fuel sector. This is due to the fund investment strategy to invest only in onshore wind and solar and the fund's investment structure.

We use a combination of proprietary and external data sources to identify and assess the principal adverse impacts on sustainability factors. Our primary data sources include:

- Investee disclosures, such as annual reports and quarterly reporting
- Life Cycle Calculations to estimate Scope 3 emission
- Industry benchmarks and best-practice guidelines from relevant standard-setting bodies

In cases where information relating to any of the indicators used is not readily available, we implement the following best efforts to obtain the information:

- Direct engagement with investees, requesting relevant data and disclosures
- Conducting additional research, leveraging publicly available information and industry-specific knowledge
- Collaborating with third-party data providers and external experts to supplement our data sources
- Last option is to make reasonable assumptions based on industry averages, benchmarks, and best practices

Due to the inherent limits of data collection, assumptions, and modelling approaches, our procedures are subject to an associated margin of error. However, we work to reduce this margin by continuously improving our techniques, regularly evaluating and updating our data sources, and consulting with other experts for validation.

Engagement policies

The manager Taaleri Energia Fund Management Oy, is committed to promoting responsible investment practices and effective and responsible engagement in its fund investments. The manager's policy is to make controlled investments, whereby we have the full ability to implement our policies on the activities of the investees and underlying investments. The manager is also committed to taking reasonable steps to reduce principal adverse impacts on sustainability factors from its investments.
The engagement in our investees includes the following activities:

- The manager monitors investees on relevant matters, including strategy, financial and non-financial performance, risk management, social and environmental impact, and corporate governance;
- The manager initiates and maintains a constructive dialogue with investees and partners on the aforementioned topics, as well as other areas of mutual interest;
- The manager collaborates with internal and external stakeholders, when appropriate, to promote the best interests of the investee company and its stakeholders;
- The manager manages conflicts of interest that may arise in our investments in order to protect the best interests of our investors and beneficiaries.

Our relevant policies:

- Taaleri Code of Conduct (May 2022)
    - The Code of Conduct govern and describes the ethical principles that guide all our operations and apply to all staff. In addition, the Code of Conduct covers a description of sustainable business conduct and working with stakeholders.
- Taaleri Energia Partner Code of Conduct (April 2023)
    - Partner Code of Conduct (PCoC) extends our corporate responsibility expectations to our business partners and defines the basic principles to which Taaleri Energia expects our partners to adhere.
- Taaleri Energia ESG policy (May 2023) and Taaleri Plc Sustainability Policy (December 2023)
    - The sustainability policies of Taaleri Plc and the ESG Policy of Taaleri Energia describe the approaches to analysing, monitoring, avoiding and mitigating principal adverse impacts. Examples include thematic investing, positive screening and negative screening, and influencing investees through active ownership and engagement.

In addition, the fund management applies additional policies and practices targeted at mitigating major negative impacts on sustainability factors and policies that guide the manager's actions.
The manager considers a range of indicators to identify and assess the adverse impacts of our investees, which include, but are not limited to:

- Greenhouse gas emissions and climate-related risks;
- Water usage and waste management;
- Biodiversity and ecosystem impacts;
- Labor practices and human rights;
- Health and safety;
- Gender equality and diversity;
- Supply chain management;
- Ethical conduct and anti-corruption measures;
- Board composition and corporate governance practices.

In case principal adverse impacts and other major unfavourable consequences are not reduced over more than one reporting period and/or are not due to changes in absolute PAI values but rather changes in financial value-related calculation methodology, the manager will take the following actions:

- Re-evaluate our engagement strategy and consider alternative strategies to promote change, such as increased dialogue, and collaboration with other stakeholders
- Re-evaluate our investment strategy and consider whether it is in the best interests of our investors and beneficiaries to maintain or adjust our exposure to the investee company.
- Engage with regulators, industry associations, or other relevant stakeholders to address systemic issues that may be hindering progress on reducing adverse impacts.

References to international standards

The manager commits to responsible business conduct and adheres to internationally recognised standards for due diligence and reporting. Our approach is designed to align with the objectives of the Paris Agreement, ensuring that our investments and business practices contribute to global climate goals and long-term sustainable growth. In addition, the manager participates in various ways to develop best practices in industry regulation and sustainability work.

We adhere to the following responsible business conduct codes and internationally recognised standards:

- UN Global Compact (UNGC)
- UN Guiding Principles on Business and Human Rights
- UN Convention against Corruption
- UN Rio Declaration on Environment and Development
- UN Sustainable Development Principles
- OECD Guidelines for Multinational Enterprises
- ILO Declaration on Fundamental Principles and Rights at Work
- International Bill of Human Rights
- Principles for Responsible Investment (PRI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Net Zero Asset Managers Initiative (NZAM)

We utilise the following indicators to assess the principal adverse impacts on sustainability factors and measure our adherence and alignment with the aforementioned codes and standards:

- Greenhouse gas emissions

- Carbon footprint
- Energy efficiency and renewable energy usage
- Waste management
- Social and governance indicators, including diversity, labour rights, and anti-corruption measures

The manager assesses all investees within the fund, regardless of sector or size. We utilise credible third-party providers, public disclosures, and research to gather necessary data. In addition, we employ forward-looking scenario analysis testing to forecast the principal adverse impacts of investee companies on sustainability factors.

The standards referenced reflect the manager's approach to dealing with their investment decisions' economic, environmental, social, and governance-related sustainability factors. Compliance, reliability, and transparency are the basis of the manager's operations. In addition, compliance with legislation and responsible, ethical practices are the cornerstones of our business. Furthermore, responsible, ethical practices are strongly linked to stakeholder cooperation, reputation and the ability to conduct business in the financial markets. Sustainability issues are considered in all operations, and the 'do no significant harm' principle is applied throughout the life cycle of our investments.

The manager supports and follows the TCFD's proposal for data to be reported on the economic impacts of climate change. The TCFD-compliant climate risk assessment utilises the IPCC's forward-looking climate scenarios (RCP2.6–RCP8.5). In addition, the conducted climate risk assessments are aligned with the EU Taxonomy regulation EU/2020/852, the 'do no significant harm' technical screening criteria for the climate change mitigation objective. Furthermore, climate change risk assessments and the Net Zero Asset Managers initiative support the reporting on the indicator 'Share of investments in companies active in the fossil fuel sector' in Table 1 of Annex 1 to Regulation 2022/1288 and the indicator 'Investments in companies without carbon emission reduction initiatives' in Table 2 of Annex 1 to the same regulation and help to monitor developing of these principal adverse sustainability impacts.

Taaleri Plc has signed the Net Zero Asset Managers (NZAM) initiative, which aligns the emission reduction targets of the manager and its investments with the Paris Agreement. The initiative requires cutting emissions from the manager's activities, committing investees to reduce greenhouse gas emissions and setting a net zero emission plan and target. In addition, the manager continues to develop the measurement of the impacts to increase understanding of financed emissions and the impacts of the value chain and to reduce related principal adverse impacts.

Regular human rights risk analysis is carried out to assess compliance with the referenced commitments to evaluate the likelihood and severity of potential principal adverse impacts on society, good governance practices and human rights. This assessment proposes possible measures to prevent, mitigate or eliminate the principal adverse impacts.

The manager uses the sustainability frameworks described here to identify sustainability impacts related to investments and to use appropriate approaches to manage and address the principal adverse impacts. In addition, the manager monitors the evolution of the frameworks and general market developments concerning accountability and best practices and assesses the best way to take these standards into account in their activities.

Historical comparison

The manager has described the adverse impacts on sustainability factors for a period preceding this reporting period for which the information is disclosed in accordance with Article 6 provided in the section 'Description of principal adverse impacts on sustainability factors' in Table 1 of Annex I. Upon comparing the previously reported numbers, it is evident that the most significant changes have occurred in the scope 3 emissions. The total absolute scope 3 emissions resulting from fund investments have decreased since the last report as a result of applying more accurate data for assessing the emission. However, due to changes in the investments' financial values, the weighted number reported shows an increase in the scope 3 emissions.

*Table 2*

Additional climate and other environment-related indicators

| Adverse sustainability impact | Adverse impact on sustainability factors (qualitative or quantitative) | Metric |
|---|---|---|
| Indicators applicable to investments in investee companies | | |
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | |
| Emissions | 1. Emissions of inorganic pollutants | Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average |
| | 2. Emissions of air pollutants | Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average |
| | 3. Emissions of ozone-depleting substances | Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average |
| | 4. Investments in companies without carbon emission reduction initiatives<br>2022: 0%<br>2023: 0% | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement |
| Energy performance | 5. Breakdown of energy consumption by type of non-renewable sources of energy | Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source |
| Water, waste and material emissions | 6. Water usage and recycling | 1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies<br>2. Weighted average percentage of water recycled and reused by investee companies |
| | 7. Investments in companies without water management policies | Share of investments in investee companies without water management policies |
| | 8. Exposure to areas of high water stress | Share of investments in investee companies with sites located in areas of high water stress without a water management policy |
| | 9. Investments in companies producing chemicals | Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006 |
| | 10. Land degradation, desertification, soil sealing | Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing |
| | 11. Investments in companies without sustainable land/agriculture practices | Share of investments in investee companies without sustainable land/agriculture practices or policies |
| | 12. Investments in companies without sustainable oceans/seas practices | Share of investments in investee companies without sustainable oceans/seas practices or policies |
| | 13. Non-recycled waste ratio | Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average |

| | | |
|---|---|---|
| | 14. Natural species and protected areas | 1.Share of investments in investee companies whose operations affect threatened species<br>2.Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas |
| | 15. Deforestation | Share of investments in companies without a policy to address deforestation |
| Green securities | 16. Share of securities not issued under Union legislation on environmentally sustainable bonds | Share of securities in investments not issued under Union legislation on environmentally sustainable bonds |
| Indicators applicable to investments in sovereigns and supranationals | | |
| Green securities | 17. Share of bonds not issued under Union legislation on environmentally sustainable bonds | Share of bonds not issued under Union legislation on environmentally sustainable bonds |
| Indicators applicable to investments in real estate assets | | |
| Greenhouse gas emissions | 18. GHG emissions | Scope 1 GHG emissions generated by real estate assets |
| | | Scope 2 GHG emissions generated by real estate assets |
| | | Scope 3 GHG emissions generated by real estate assets |
| | | Total GHG emissions generated by real estate assets |
| Energy consumption | 19. Energy consumption intensity | Energy consumption in GWh of owned real estate assets per square meter |
| Waste | 20. Waste production in operations | Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract |
| Resource consumption | 21. Raw materials consumption for new construction and major renovations | Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations |
| Biodiversity | 22. Land artificialisation | Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets |

*Table 3*

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

| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS | | |
|---|---|---|
| Adverse sustainability impact | Adverse impact on sustainability factors (qualitative or quantitative) | Metric |

| Indicators applicable to investments in investee companies | | |
|---|---|---|
| Social and employee matters | 1. Investments in companies without workplace accident prevention policies | Share of investments in investee companies without a workplace accident prevention policy |
| | 2. Rate of accidents<br>2022: 0.0<br>2023: 0.0 | Rate of accidents in investee companies expressed as a weighted average |
| | 3. Number of days lost to injuries, accidents, fatalities or illness | Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average |
| | 4. Lack of a supplier code of conduct | Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour) |
| | 5. Lack of grievance/complaints handling mechanism related to employee matters | Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matter |
| | 6. Insufficient whistleblower protection | Share of investments in entities without policies on the protection of whistleblowers |
| | 7. Incidents of discrimination | 1. Number of incidents of discrimination reported in investee companies expressed as a weighted average<br>2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average |
| | 8. Excessive CEO pay ratio | Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual) |
| Human Rights | 9. Lack of a human rights policy | Share of investments in entities without a human rights policy |
| | 10. Lack of due diligence | Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts |
| | 11. Lack of processes and measures for preventing trafficking in human beings | Share of investments in investee companies without policies against trafficking in human beings |
| | 12. Operations and suppliers at significant risk of incidents of child labour | Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation |
| | 13. Operations and suppliers at significant risk of incidents of forced or compulsory labour | Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation |
| | 14. Number of identified cases of severe human rights issues and incidents | Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis |
| Anti-corruption and anti-bribery | 15. Lack of anti-corruption and anti-bribery policies | Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption |
| | 16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery | Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery |
| | 17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws | Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies |
| Indicators applicable to investments in sovereigns and supranationals | | |
| Social | 18. Average income inequality score | The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column |
| | 19. Average freedom of expression score | Measuring the extent to which political and civil society organisations can operate freely including a quantitative indicator explained in the explanation column |

| | | |
|---|---|---|
| Human rights | 20. Average human rights performance | Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column |
| Governance | 21. Average corruption score | Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column |
| | 22. Non-cooperative tax jurisdictions | Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes |
| | 23. Average political stability score | Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column |
| | 24. Average rule of law score | Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column |

## Commission Delegated Regulation (EU) 2022/1288, Annex 1, definitions and forumulas used in this statement:

For the purposes of this Annex, the following definitions shall apply:

(1) 'scope 1, 2 and 3 GHG emissions' means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council[2];

(2) 'greenhouse gas (GHG) emissions' means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council[3];

(3) 'weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;

(4) 'enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(5) 'companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council[4];

(6) 'renewable energy sources' means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;

(7) 'non-renewable energy sources' means energy sources other than those referred to in point (6);

(8) 'energy consumption intensity' means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

(9) 'high impact climate sectors' means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council[5];

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[2] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[3] Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

[4] Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

[5] Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

(10) 'protected area' means designated areas in the European Environment Agency's Common Database on Designated Areas (CDDA);

(11) 'area of high biodiversity value outside protected areas' means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council[6];

(12) 'emissions to water' means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council[7] and direct emissions of nitrates, phosphates and pesticides ;

(13) 'areas of high water stress' means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute's (WRI) Water Risk Atlas tool "Aqueduct";

(14) 'hazardous waste and radioactive waste' means hazardous waste and radioactive waste;

(15) 'hazardous waste' means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council[8] ;

(16) 'radioactive waste' means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom[9];

(17) 'non-recycled waste' means any waste not recycled within the meaning of 'recycling' in Article 3(17) of Directive 2008/98/EC;

(18) 'activities negatively affecting biodiversity-sensitive areas' means activities that are characterised by all of the following:

(a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;

(b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:

(i) Directive 2009/147/EC of the European Parliament and of the Council[10];

(ii) Council Directive 92/43/EEC[11];

(iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council[12];

(iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);

(19) 'biodiversity-sensitive areas' means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139[13];

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6 Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

7 Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

8 Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

9 Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

10 Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

11 Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

12 Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

13 Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

(20) 'threatened species' means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;

(21) 'deforestation' means the temporary or permanent human-induced conversion of forested land to non-forested land;

(22) 'UN Global Compact principles' means the ten Principles of the United Nations Global Compact;

(23) 'unadjusted gender pay gap' means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;

(24) 'board' means the administrative, management or supervisory body of a company;

(25) 'human rights policy' means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;

(26) 'whistleblower' means 'reporting person' as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council[14];

(27) 'inorganic pollutants' means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council[15], for the Large Volume Inorganic Chemicals- Solids and Others industry;

(28) 'air pollutants' means direct emissions of sulphur dioxides ($SO_2$), nitrogen oxides ($NO_x$), non-methane volatile organic compounds (NMVOC), and fine particulate matter ($PM_{2.5}$) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council[16], ammonia ($NH_3$) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;

(29) 'ozone depletion substances' mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

For the purposes of this Annex, the following formulas shall apply:

(1) 'GHG emissions' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i}\times investee\ company's\ Scope(x)\ GHG\ emissions_i\right)$$

(2) 'carbon footprint' shall be calculated in accordance with the following formula:

$$\frac{\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i}\times investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i\right)}{current\ value\ of\ all\ investments\ (€M)}$$

(3) 'GHG intensity of investee companies' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)}\times\frac{investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{investee\ company's\ €M\ revenue_i}\right)$$

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14 Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

15 Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

16 Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance ), *OJ L 344, 17.12.2016, p. 1–31*

(4) 'GHG intensity of sovereigns' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)} \times \frac{The\ country's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{Gross\ Domestic\ Product_i(€M)}\right)$$

(5) 'inefficient real estate assets' shall be calculated in accordance with the following formula:

$$\frac{((Value\ of\ real\ estate\ assets\ built\ before\ 31/12/2020\ with\ EPC\ of\ C\ or\ below) + (Value\ of\ real\ estate\ assets\ built\ after\ 31/12/2020\ with\ PED\ below\ NZEB\ in\ Directive\ 2010/31/EU))}{Value\ of\ real\ estate\ assets\ required\ to\ abide\ by\ EPC\ and\ NZEB\ rules}$$

For the purposes of the formulas, the following definitions shall apply:

(1) 'current value of investment' means the value in EUR of the investment by the financial market participant in the investee company;

(2) 'enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(3) 'current value of all investments' means the value in EUR of all investments by the financial market participant;

(4) 'nearly zero-energy building (NZEB)', 'primary energy demand (PED)' and 'energy performance certificate (EPC)' shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council[17].

[17] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)