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 Energia Funds Management Ltd (LEI-code: 743700EV5EP0HQDUSX60)

Summary

Taaleri Energia Funds Management Ltd, LEI-code: 743700EV5EP0HQDUSX60, considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Taaleri Energia Funds Management Ltd (referred to here as the "**Fund Manager**").

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

The Fund Manager's investments use resources and cause adverse impacts mainly through indirect greenhouse gas emissions. Therefore, during the reference period, the most significant principal adverse impacts were identified to relate to scope 3 GHG emissions caused by the Fund Manager's funds' investments. During the reporting period, the Fund Manager launched one new fund, consisting of three different entities. The fund had its first closing in June 2023. The fund entities Taaleri SolarWind III SCSp and Taaleri SolarWind III Ky have invested in two different investment targets: a development project portfolio and a battery energy storage system, which is currently under construction. The fund Taaleri SolarWind III CEE invested only in the development project portfolio. The adverse impacts of the development project portfolio are negligible. The development activities of the fund consist of responsible development of renewable energy production and battery energy storage facilities. The Fund Manager started to develop an ESG data monitoring tool during the reference period. The development was completed in Q1 2024. This statement is a voluntary statement on the principal adverse impacts on sustainability factors of Taaleri Energia Funds Management Ltd, and it includes the following funds of the Fund Manager:

SFDR fund classification	Fund	PAI considered and reported
Article 9	Taaleri Tuulitehdas II Ky	Yes
Article 9	Taaleri Tuulitehdas III Ky	Yes
Article 9	Taaleri Aurinkotuuli Ky	Yes
Article 9	Taaleri SolarWind II SCSp-RAIF	Yes
Article 9	Taaleri SolarWind II CEE SCSp	Yes
Article 9	Taaleri SolarWind III SCSp	Yes
Article 9	Taaleri SolarWind III CEE	Yes
Article 9	Taaleri SolarWind III Ky	Yes

The Fund Manager applies the SFDR (EU 2019/2088) definition of the principal adverse impacts and the sustainability factors:

- Principal adverse impacts ('PAI') are understood as those impacts of investment decisions and advice that result in negative impacts on sustainability factors.
- Sustainability factors mean environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.

Tiivistelmä

Taaleri Energia Funds Management Oy, LEI koodi: 743700EV5EP0HQDUSX60, ottaa huomioon sijoituspäätöstensä pääasialliset haitalliset vaikutukset kestävyystekijöihin. Tämä ilmoitus on Taaleri Energia Funds Management Oy:n (jäljempänä 'Fund Manager') yhdistetty ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin.

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

Rahastonhoitajan sijoitukset käyttävät resursseja ja aiheuttavat merkittävimmin haitallisia vaikutuksia epäsuorien Scope 3 – kasvihuonekaasupäästöjen kautta. Raportointijakson aikana rahastonhoitaja perusti uuden rahaston, joka koostuu kolmesta eri yksiköstä. Rahaston ensimmäinen sulkeutuminen oli kesäkuussa 2023. Rahastoyksiköt Taaleri SolarWind III SCSp ja Taaleri SolarWind III Ky ovat sijoittaneet kahteen eri sijoituskohteeseen: kehityshankeportfolioon ja parhaillaan rakenteilla olevaan energian varastointilaitokseen. Rahastoyksikkö Taaleri SolarWind III CEE sijoitti ainoastaan kehityshankeportfolioon viitekauden aikana. Kehityshankeportfolion haitalliset vaikutukset ovat olemattomat sillä portfolio keskittyy huolelliseen uusiutuvan energian ja energian varastointilaitoksien hankekehitykseen. Rahastonhoitaja aloitti ESG dataan keskittyvän työkalun kehittämisen viitekaudella. Työkalu valmistui alkuvuodesta 2024. Tämä ilmoitus on Taaleri Energia Funds Management Oy:n vapaaehtoinen ilmoitus rahastonhoitajan pääasiallisista haitallisista vaikutuksista kestävyystekijöihin ja se ottaa huomioon seuraavat rahastonhoitajan rahastot:

SFDR rahastoluokka	Rahasto	PAI:t huomioidaan ja raportoidaan
Artikla 9	Taaleri Tuulitehdas II Ky	Kyllä
Artikla 9	Taaleri Tuulitehdas III Ky	Kyllä
Artikla 9	Taaleri Aurinkotuuli Ky	Kyllä
Artikla 9	Taaleri SolarWind II SCSp-RAIF	Kyllä
Artikla 9	Taaleri SolarWind II CEE SCSp	Kyllä
Artikla 9	Taaleri SolarWind III SCSp	Kyllä
Artikla 9	Taaleri SolarWind III CEE	Kyllä
Artikla 9	Taaleri SolarWind III Ky	Kyllä

Rahastonhoitaja soveltaa SFDR-asetuksen (EU 2019/2088) määritelmää pääasiallisista haitallisista kestävyysvaikutuksista ja -tekijöistä:

- Pääasiallisten haitallisten vaikutusten (Principal Adverse Impacts, 'PAI') katsotaan tarkoittavan sijoituspäätösten vaikutuksia, joista aiheutuu kielteisiä vaikutuksia kestävyystekijöihin.
- Kestävyystekijöillä tarkoitetaan ympäristöön, yhteiskuntaan ja työntekijöihin liittyviä asioita, ihmisoikeuksien kunnioittamista sekä korruption ja lahjonnan torjuntaan liittyviä asioita.

Description of the principal adverse impacts on sustainability factors

Per the SFDR, the Fund Manager considers all mandatory principal adverse impact indicators from Table 1 and two additional indicators from Tables 2 and 3 of Annex I to the SFDR (EU 2022/1288).

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	Under the GHG Protocol, only emissions caused directly by the Fund Manager are included in scope 1. All machines, e.g. used for funds' investments' construction, 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 Fund Manager focuses on decreasing scope 3 emissions.
		Scope 2 GHG emissions	1.6 tons of CO_2e	413.7 tons of CO_2e	The outcome of the calculations has been distorted by a. the new fund has gathered only two quarters of data and b. there is a lack of revenues. This results in an increase in emissions which is disproportionately large. The new fund has made only one investment which affects the outcome of the calculations. Excluding the new fund from the calculations, the impact would be 0.2 tons of CO_2e.	During the reference period, the Fund Manager gathered relevant data to calculate the scope 2 emissions. The Fund Manager aims to increase renewable energy share with the purchased electricity for the next reference period where possible. The Fund Manager is aware that renewable energy is not available within some assets. Guarantees of Origin that the assets produce may be used to decrease scope 2 market-based emissions.
		Scope 3 GHG emissions	95,997.0 tons of CO_2e	46,286.8 tons of CO_2e	The outcome of the calculations has been distorted by a. the new fund has gathered only two quarters of data and b. there is a lack of revenues. This results in an increase in emissions which is disproportionately large. The new fund has made only one investment which affects the outcome of the calculations. Excluding the new fund from the calculations, the	During the reference period, the Fund Manager collected data from the assets to calculate scope 3 emissions. Some estimations were required to be made. For the next reference period, the manager aims to improve data collection methods with its new ESG data management tool.

					impact would be 26,939.9 tons of CO_2e	
		Total GHG emissions	95,998.7 tons of CO_2e	46,700.5 tons of CO_2e	The outcome of the calculations has been distorted by a. the new fund has gathered only two quarters of data and b. there is a lack of revenues. This results in an increase in emissions which is disproportionately large. The new fund has made only one investment which affects the outcome of the calculations. Excluding the new fund from the calculations, the impact would be 26,940.1 tons of CO_2e	The Fund Manager gathered relevant data during the reference period to calculate the total GHG emissions. For the next reference period, the Fund Manager aims to improve data collection methods with its new ESG data management tool as well as increase renewable energy share when purchasing electricity.
	2. Carbon footprint	Carbon footprint	2,489.2 tons of CO_2e/€M	424.9 tons of CO_2e/€M	The 2022 year's results have been recalculated to match the 2023 calculation methods. 2022 reported value was 415.1 tons of CO_2e/€M. The outcome of the calculations has been distorted by a. the new fund has gathered only two quarters of data and b. there is a lack of revenues. This results in an increase in emissions which is disproportionately large. The new fund has made only one investment which affects the outcome of the calculations. Excluding the new fund from the calculations, the impact would be 366.7 tons of CO_2e/€M	The Fund Manager gathered relevant data during the reference period to calculate the carbon footprint. For the next reference period, the Fund Manager aims to improve data collection methods with its new ESG data management tool as well as increase renewable energy share when purchasing electricity.
	3. GHG intensity of investee companies	GHG intensity of investee companies	1.4 tons of CO_2e/€M	3,007.7 tons of CO_2e/€M	The 2022 year's results have been recalculated to match the 2023 calculation methods. 2022 reported value was 10,247.1 tons of CO_2e/€M.	During the reference period, the Fund Manager reduced its scope 2 emissions, fewer projects were in the construction phase resulting decrease in scope 3 emissions and the Fund Manager gathered relevant data to calculate the GHG intensity. For the next reference period, the Fund Manager aims to improve data collection methods with its new ESG data management tool as well as increase renewable energy share when purchasing electricity.
	4. Exposure to companies active	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 Fund Manager's

		in the fossil fuel sector					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 compared to renewable energy sources expressed as a percentage of total energy sources	25.0%	0.1%	The share of non-renewable energy consumption was 25%, and the share of non-renewable energy production was 0.0% during the reference period. The outcome of the calculations has been distorted by a. the new fund has gathered only two quarters of data and b. there is a lack of revenues. This results in an increase in emissions which is disproportionately large. The new fund has made only one investment which affects the outcome of the calculations. Excluding the new fund from the calculations, the impact would be 0.0%.	During the reference period, the Fund Manager ensured that all the relevant data needed were and will be available in the future. No non-renewable energy was produced as the Fund Manager invests only in renewable energy. The Fund Manager aims to increase renewable energy consumption for the next reference period within its investments.
	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	2.5 GWh/€M	3.0 GWh/€M	The 2022 year's results have been recalculated to match the 2023 calculation methods. 2022 reported value was 2.6 GWh/€M.	During the reference period, the Fund Manager gathered relevant data to calculate the energy consumption intensity. The Fund Manager will improve its ESG data management tools for the next reference period as well as increase renewable energy share when purchasing electricity.
Biodiversity	7. 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	0.0%	0.0%		Funds and new investments were not situated in biodiversity-sensitive areas during the reference period. The Fund Manager has set a target to ensure the same in the next reference period. The Fund Manager also targets actively following 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 Fund Manager gathered relevant data to calculate its funds investments' possible emissions to water. As no emissions to water were identified during the reference period, the plan for the next reference period is to continue the monitoring. In addition, the Fund Manager has set a target to focus on investments under construction, where there is a higher risk of generating emissions into water.

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	0.1 tons / €M, weighted average	0.0 tons / €M, weighted average		During the reference period, the Fund Manager gathered relevant data to calculate the hazardous waste and radioactive waste amount. 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 Fund Manager has ensured that comprehensive KYC and Due Diligence -processes have been completed within each of its fund investments. During the next reference period, the Fund Manager will continue to conduct comprehensive KYC and Due Diligence -processes before any of its funds' investments and conduct regular checks on current investments.
	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 Fund Manager has exercised full or joint control of all fund investments, whereby the Fund 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 confidentially, and the fund manager has initiated implementations for investments' anonymous grievance methods. During the next reference period, the fund manager has set targets to develop a more comprehensive supply chain due diligence process.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	n/a	n/a	The funds that the Fund Manager manages do not have enough direct employees to calculate the average of investee companies.	The indicator is not considered to be applicable.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	35.7%	35.0%		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, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	0.0%		As 0 % of the Fund Manager funds' investments are in companies involved in the manufacture or selling of controversial weapons, the indicator is not considered to be relevant.
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	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	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	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	n/a	n/a
Other indicators for principal adverse impacts on sustainability factors						
Information on the principal adverse impacts on sustainability factors referred to in the RTS's Article 6(1) in the format of the RTS's Annex I Table 2 (Additional climate and other environment-related indicators) and Table 3 (Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters) are presented below.						
Table 2: CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	0.0%	0.0%		During the reference period, the Fund Manager reference period, the fund manager implemented its net zero engagement plan and continued investments management in line with emission reduction targets. New funds are aligned with the emission reduction targets.

Table 3: INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0.0%	0.0%		During the reference period, the Fund Manager continued to supervise the environmental, health and safety issues within its investments.

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

Taaleri Energia Funds Management Ltd is committed to identifying, assessing, and prioritising the principal adverse impacts of its fund's investment decisions on sustainability factors as based on SFDR RTS 2022/1288 Article 7.

1.

a) Relevant policies and the date on which the governing body of the Fund Manager or Taaleri Plc has approved are listed below. The policies are reviewed annually and updated as necessary. Taaleri Energia's relevant policies:

- Taaleri Plc Sustainability Risk Policy (December 2023)
- Taaleri Plc Sustainability Policy (December 2023)
- Taaleri Code of Conduct (March 2024)
- Taaleri Energia Remuneration Policy (April 2022)
- Taaleri Energia ESG Policy (May 2023)
- Taaleri Energia Partner Code of Conduct (April 2023)

b) The applicable governing bodies of either the Fund Manager or Taaleri Plc have approved these policies. 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 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)
4) In addition, the responsibility for putting these policies into practice within our organisational strategies and processes lies with all our employees.

c) 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, get help from third-party consultants when needed, and utilise industry benchmarks and emission factors.
- Indicator Selection: The Fund Manager has chosen to monitor and report two additional indicators in addition to the mandatory indicators. We have chosen the additional indicators based on their materiality as described in EU/2022/1288, relevance to the Fund Manager's funds' sustainable investment objective, and alignment with industry standards and regulatory requirements. The analysis identifies the key principal adverse impacts. The indicators aim to support the Fund Manager's funds' investment objectives, do no significant harm principles and are based on the assessment done. The Fund Manager assesses the additional indicators' materiality during the next reference period again, to ensure adverse impact monitoring and management fully. It should be noted that the Fund Manager's strategies are exclusive. The Fund Manager invests only in renewable energy and battery energy storage system projects, and therefore, the Fund Manager has excluded all investments active in the fossil fuel sector or controversial weapons.
- 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 the Fund Manager's funds' investment objectives and preferences. The Fund Manager is aware that some of the indicators may not be relevant, such as scope 1 emissions, investments in controversial weapons or companies active in the fossil fuel sector. This is due to the Fund Manager's funds' investment strategy to invest only in onshore wind and photovoltaic solar farms and battery energy storage assets and the fund's investment structure.

d) 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.

e) 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
- Industry benchmarks and best-practice guidelines from relevant standard-setting bodies

2.

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
- The last option is to make reasonable assumptions based on industry averages, benchmarks, and best practices

Engagement policies

a) The funds managed by the Fund Manager do not invest in listed companies and thus the activity is not within the scope of Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies.

b) The Fund Manager is committed to promoting responsible investment practices and effective and responsible engagement in its funds' investments. The Fund Manager's policy is to make controlled investments, whereby it has full ability to implement the policies on the funds and the underlying investments. The Fund 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 Fund Manager monitors its funds' investees on relevant matters, including strategy, financial and non-financial performance, risk management, social and environmental impact, and corporate governance;
- The Fund Manager initiates and maintains a constructive dialogue with investees and partners on the topics mentioned above, as well as other areas of mutual interest;
- The Fund Manager collaborates with internal and external stakeholders, when appropriate, to promote the best interests of the investee company and its stakeholders;
- The Fund Manager manages conflicts of interest that may arise in our funds' investments to protect the best interests of our investors and beneficiaries.

The Fund Manager's relevant policies:

- Taaleri Code of Conduct (March 2024)
    - 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 Policy 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 and negative screening, and influencing investees through active ownership and engagement.

In addition, the Fund Manager applies additional policies targeted at mitigating major negative impacts on sustainability factors and policies that guide the Fund Manager's actions.

The Fund 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, the Fund 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

a) The Fund Manager commits to responsible business conduct and adheres to internationally recognised standards for due diligence and reporting. The 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 Fund Manager participates in various ways to develop best practices in industry regulation and sustainability work.

b) Methodology and data used to measure the adherence and alignment are common to the Fund Manager and Taaleri Group's relevant policies and the scope of this statement mentioned above (see 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors and 'Engagement policies' sections). The Fund Manager is committed to increasing the scope of coverage and to developing practices related to data sources and estimations used when identifying and analysing the principal adverse impacts on climate, the environment, governance and social matters.

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 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)
- Global Reporting Initiative (GRI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Net Zero Asset Managers Initiative (NZAM)
- GHG Protocol

The Fund Manager assesses all funds investees, regardless of sector or size. The Fund Manager may utilise credible third-party providers, public disclosures, and research to gather necessary data. In addition, forward-looking scenario analysis testing to forecast the principal adverse impacts of investee companies on sustainability factors is employed. The standards referenced reflect the Fund 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 Fund 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 funds' investments.

The Fund Manager supports and follows the TCFD's proposal for data to be reported on the financial impacts of climate change. The TCFD-compliant climate risk assessment utilises the IPCC's forward-looking climate scenarios. The Fund Manager published its first TCFD report in December 2023. 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. Taaleri Plc has signed the Net Zero Asset Managers (NZAM) initiative, which aligns the emission reduction targets of the Fund Manager and its investments with the Paris Agreement. The initiative requires cutting emissions from the Fund Manager's activities, committing investees to reduce greenhouse gas emissions and setting a net zero emission plan and target. In addition, the Fund 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. 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.

An annual 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 Fund 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 Fund 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.

c) The Fund Manager has used IPCC's forward-looking climate scenarios (RCP4.5–RCP8.5).

d) This does not apply to the Fund Manager as forward-looking scenarios were used.

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 indicators measuring GHG emissions. However, the outcome of the calculations has been distorted by a. the new fund has gathered only two quarters of data and b. there is a lack of revenues. This results in an increase in emissions which is disproportionately large. The new fund has made only one investment which affects the outcome of the calculations.

Commission Delegated Regulation (EU) 2022/1288, Annex 1, definitions and formulas 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[1];

(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[2];

(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[3];

(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[4];

(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[5];

(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[6] 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[7] ;

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1 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).

2 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).

3 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).

4 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).

5 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).

6 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).

7 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).

(16) 'radioactive waste' means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom[8];

(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[9];

(ii) Council Directive 92/43/EEC[10];

(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[11];

(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[12];

(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[13];

(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[14], for the Large Volume Inorganic Chemicals- Solids and Others industry;

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[8] 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).

[9] 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).

[10] 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).

[11] 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).

[12] 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).

[13] 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).

[14] 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).

(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[15], 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:

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

(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;

[15] 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) '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[16].

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[16] 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)