

Remuneration Policy

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Taaleri Energia Remuneration Policy

Introduction

Remuneration at Taaleri Energia is designed to support the company's business strategy. The company follows the following key principles in remuneration of personnel, which support the implementation of the business strategy:

- The level of remuneration is competitive
- The remuneration attracts and engages professionals
- The principles applied are fair, equitable and easy to understand
- The remuneration encourages and guides towards achieving strategic business and sustainability goals
- The remuneration supports the common interests of all the company's stakeholders, i.e. shareholders, investors, and employees

This document sets out the basic principles of remuneration at Taaleri Energia. These principles are further detailed on a practical level in the Remuneration System. These principles are applicable on the Taaleri Energia Group companies, consisting of Taaleri Energia Ltd, Taaleri Energia Funds Management Ltd (hereafter also "TEFM"), Taaleri Energia Operations Ltd, Taaleri Energia Iberia S.L.U., Taaleri Energia Holdings S.a.r.l., and all employees of any of the companies (collectively referred to as "Taaleri Energia" or "Taaleri Energia Group"). The Boards of Directors of each of the Taaleri Energia Group companies (hereafter collectively the "Boards of Directors") have approved these principles. Taaleri Energia Ltd is a subsidiary of Taaleri Plc (Taaleri Plc with subsidiaries hereafter "Taaleri Group" or "Taaleri").

This policy and the underlying Remuneration System is fully applicable on the remuneration of external advisors providing services within the scope of management services for the AIFs managed by TEFM.

Regulatory Framework

Taaleri Energia Funds Management Ltd is a regulated alternative investment fund manager (AIFM), holding a license granted by the Financial Supervisory Authority of Finland to manage alternative investment funds. The funds management is the core business of Taaleri Energia Group and other activities of the group are designed to support this activity. Consequently, these remuneration principles of Taaleri Energia are based on sound remuneration guidelines for regulated AIFMs.

This remuneration policy is designed to ensure consistent compliance with the requirements of the AIFM Directive regarding remuneration policies and practices, as well as with the requirements and procedures regarding conflicts of interest. The Act on Alternative Fund Managers, the Ministry of Finance Decree 229/2014 on Alternative Fund Managers' Remuneration Schemes, the ESMA Guidelines on Good Remuneration Policy under the AIFM Directive and the guidelines and regulations of the Financial Supervisory Authority of Finland have been considered while drafting this remuneration policy.

Decision-Making Bodies

The Taaleri Energia Group has established a Remuneration Committee to assist, coordinate and prepare for decision making of the individual Boards of the Taaleri Energia Group companies in all matters related to remuneration. The Remuneration Committee further supports the executive management of the companies by reviewing and making recommendations in respect of the remuneration policies and framework for all employees.

The Remuneration Committee is a joint committee of the three Boards from which it derives its authority and to which it reports. The Taaleri Energia Remuneration Committee's role is to make recommendations on the remuneration of the employees. The Remuneration Committee members are selected among the board members of TEFM. No member of the Remuneration Committee may be employed by any Taaleri Energia Group company.

The Boards of Directors are ultimately responsible for all decisions related to remuneration. The Boards of Directors shall, among other things,

- i) periodically review and update this policy;
- ii) monitor the application of this policy and ensure that the application is appropriate;
- iii) decide annually on any bonuses payable to the staff, taking into consideration the financial results of the Taaleri Energia Group;
- iv) define at least annually those persons whose professional activities have a material effect on the company's risk position (so called "identified staff" or key persons. This activity is related to Taaleri Energia Funds Management only). The identified staff shall include senior management (such as the Managing Director and key segment leaders), key risk takers (such as super key persons, investment committee members), key control function individuals (such as head of compliance and risk management) and others (such as high earners); and
- v) ensure that the ultimate goal of having sound and prudent remuneration policies and structures is not improperly circumvented.

Remuneration System

The Remuneration Committee prepares, and the Boards of Directors approve a Remuneration System detailing the processes and tasks related to remuneration. Appended to the Remuneration System shall be the KPI and Bonus System, which is annually updated by the Remuneration Committee and approved by the Boards of Directors.

Taaleri Energia's Remuneration System and all remuneration practices based on it shall be

- i) in line with the business strategy, long-term goals and values of Taaleri Energia Group, as well as the Taaleri Group, including the Taaleri Group's remuneration scheme and principles;

- ii) consistent with the AIFs' business strategy, and their investors' objectives and interests, and structured in such a way that conflicts of interest can be avoided;
- iii) gender-neutral and promote the principle of non-discrimination and gender equality; and
- iv) designed to promote sustainability, including having annual sustainability related KPI targets approved by the Taaleri Energia Group companies.

Before submitting the Remuneration System for approval, the Remuneration Committee consults, to the extent useful or necessary, with the compliance function, the risk management function, and the head of human resources. The Remuneration System shall contain the necessary elements to ensure that remuneration and the processes surrounding the remuneration of personnel in different positions are compliant with this policy.

Fixed and Variable Remuneration

The total remuneration at Taaleri Energia consists of a basic salary (fixed remuneration) and a bonus (variable remuneration). The regulation and guidelines applicable to Taaleri Energia Funds Management contain several restrictions on variable remuneration, and such restrictions shall always be followed.

An employee's basic salary is based upon individual expertise, internal and external parity, the relevant business sector and region, and the level of responsibility the position of the employee has in supporting the success of Taaleri Energia Group. The fixed part of the remuneration shall always be sufficiently high to remunerate the professional services rendered. As part of fixed remuneration, Taaleri Energia employees may also take part of fringe benefits granted to all Taaleri Group employees.

Employees may be paid a bonus based on the employee's performance and/or, the performance of a business unit and/or the performance of Taaleri Energia Group. Taaleri Energia does not use shares in the Funds that it manages as a form of remuneration. Variable remuneration will primarily be paid using cash. Individual quantitative and qualitative metrics are agreed with each employee considering their role's seniority, their ability to genuinely influence the outcome of the metrics, and the agreed use of time for the coming performance year. Quantitative metrics may also be linked to the performance of the employee's team.

The balance between fixed and variable remuneration shall always be dependent on the employee's position, appropriately aligning interest with the risk factors at hand. To ensure this balance, the variable remuneration shall not exceed the fixed remuneration. Exceptions to this rule may only be approved separately and under exceptional circumstances. Special care shall be taken that the remuneration for persons in a position of risk management or supervisory function is not directly linked to the result of the activities they oversee.

All Taaleri Energia employees have the opportunity to be awarded variable remuneration. Awarding variable remuneration is based on an overall assessment that reflects the personal performance of the reward recipient. Payment of variable remuneration is further dependent on the profitability of the business of the Taaleri Energia Group. Each Taaleri Energia Group company must ensure that its financial situation will not be adversely affected by the overall pool of variable remuneration that will be paid in that year. Subsequently, bonuses will not be paid or the amount of bonuses will be reduced if it is required to secure the financial solidity of the Taaleri Energia Group.

The entire or partial amount of variable remuneration can be withdrawn if an employee's behaviour is unethical or not in compliance with Taaleri's values, corporate responsibility and other principles, ESG and other policies, and guidelines such as Taaleri Group's Code of Conduct¹. Illustrative examples of violations that would trigger such an event include but are not limited to substance abuse, sexual harassment, and failure to follow compliance of anti-money laundering procedures.

The employees may be offered a long term incentive scheme linked to the shares of Taaleri Plc.

Taaleri Energia employees are not offered any other remuneration than the forms of remuneration mentioned in this policy.

Risks and Risk Prevention

This remuneration policy is part of Taaleri Energia's risk management system. The remuneration practices shall support sound and effective risk management, aligning incentives with the long-term interests of investors Taaleri Energia, and regulatory requirements. The policy is designed to discourage excessive risk-taking that could negatively impact the financial stability of Taaleri Energia or lead to a potential conflict with investors' interests.

In setting remuneration, Taaleri Energia incorporates risk management principles that include:

- i) **Alignment with Risk Profile:** Remuneration is structured to align employees' incentives with the overall risk profile and investment strategies of the funds managed by Taaleri Energia.
- ii) **Performance-Based Variable Remuneration:** Variable remuneration considers both financial and non-financial performance metrics.
- iii) **Malus Provisions:** Variable remuneration is subject to malus provisions. Deferred remuneration practices are not necessary due to the structure of the funds managed by Taaleri Energia.
- iv) **Control Function Independence:** Employees in control functions (e.g., risk management, compliance) are compensated in a manner independent of the performance of the business areas they oversee, ensuring that their remuneration is driven by the effective execution of their control responsibilities.

The risk management team, in coordination with the Remuneration Committee, assesses the potential risk impact of remuneration plans. Key aspects reviewed include:

- i) **Risk Sensitivity:** Remuneration structures are reviewed to ensure that they do not incentivize

- employees to engage in undue risk-taking. All incentive-based components consider the potential risk to capital and investor interests.
- ii) **Long-Term Performance and Sustainability:** KPIs are designed to also consider the long-term nature of the fund investments, discouraging short-term strategies that may undermine the risk profile or lead to adverse outcomes.
 - iii) **Regulatory Compliance:** The remuneration policy complies with the requirements set out in the AIFMD and any other relevant regulatory guidelines issued by ESMA and the FIN-FSA to ensure consistency with prudent risk management practices.

Managing Conflicts of Interest

Taaleri Energia is committed to structuring its remuneration practices in a way that prevents conflicts of interest, protects investor interests, and upholds the long-term objectives of both the Taaleri Energia Group and its publicly listed parent. The following measures are implemented to manage potential conflicts of interest at all levels, including with the parent company:

- i) **Alignment with Investor and Parent Company Interests:** Taaleri Energia carefully considers potential conflicts of interest when setting up new Alternative Investment Funds (AIFs) to ensure that variable remuneration does not create misalignment with investor or parent company interests. The variable remuneration is based solely on secured profits, such as management fees earned, ensuring that variable payments are aligned with realised performance.
- ii) **Balanced Remuneration Structure:** Fixed and variable remuneration components are balanced so that fixed remuneration is sufficient to prevent over-reliance on variable pay. This approach helps to ensure that employee compensation does not incentivize behaviours that could lead to conflicts of interest with either investors' or the parent company's objectives.
- iii) **Separation of Control Functions:** Remuneration for employees in control functions, such as compliance and risk management, is structured independently of the performance of the business areas they oversee. This independence ensures that their compensation reflects the quality of their oversight responsibilities and is not affected by fund or company performance, reducing the potential for internal conflicts of interest.
- iv) **Performance Metrics Linked to Long-Term Objectives:** Performance-based remuneration metrics are selected to align with both financial and non-financial goals that support Taaleri Energia's long-term strategy. By including sustainable and responsible performance indicators, this framework ensures that incentives are consistent with the goals of the company, the parent, and investors.
- v) **Oversight by the Remuneration Committee:** A Remuneration Committee, composed of independent board members, is responsible for overseeing all remuneration decisions. This committee's independent perspective helps ensure that remuneration structures comply with internal policies, regulatory requirements, and the interests of both the parent company

and investors. The committee regularly reviews remuneration practices to prevent conflicts of interest and ensure alignment with corporate governance best practices.

By implementing these measures, Taaleri Energia's remuneration policy seeks to minimise conflicts of interest, align employee incentives with the long-term interests of the company, the parent, and investors, and uphold the integrity of its investment strategy.

¹ <https://www.taaleri.com/en/corporate-responsibility/governance/code-of-conduct>