

Sustainability Policy

December 2023

TAALERI

Public

Basic information of the document

Purpose	To publicly describe public Taaleri Plc's ("Taaleri") view on sustainability and sustainable investing and how these are implemented within the Group.
Update frequency	According to need (reviewed at least annually)
Approved by and date (original date)	Taaleri Plc's Board of Directors 14 December 2023 (17 December 2021)
Effective from	17 December 2021
Responsible organisation	Taaleri Plc Taaleri's ESG Committee, Executive Management Team and Audit Committee discuss the Sustainability Policy and its updates before the Board's approval.
Contact person	Karoliina Laine
Regulation upon which the procedure is based	Not directly based on regulation but will support the response to regulatory frameworks such as the EU Sustainable Finance and Sustainability Reporting

Version history

Approved (date)	Applied as of (date)	Changes made
17 December 2021	17 December 2021	Policy created
7 December 2022	7 December 2022	Update: specification of process descriptions, description of net zero targets, material sustainability themes and sustainability impacts, update of negative screening list
14 December 2023	14 December 2023	Update: Updated and refined on the basis of the updated strategy, terminology and modus operandi.

Contents

1. Introduction and purpose	4
2. Sustainability	5
2.1. Strategic approach	5
2.2. Compliance, commitments and memberships	5
2.2.1. Climate change policy and the Net Zero Asset Managers commitment	6
2.2.2. Human rights policy	7
2.3. Stakeholder cooperation and sustainable procurement	8
2.4. Relevant topics and focus of sustainability work.....	9
2.5. Sustainability management.....	10
3. Sustainable investing	13
3.1. General principles and procedures.....	13
3.2 Principles and procedures for sustainable investment strategies	16
3.2.1. Impact and thematic investing	16
3.2.2. Sustainability integration, positive and negative screening and our thematic positions.....	16
3.2.2.1. Negative screening and minimum requirements.....	17
3.2.2.2. Fossil fuels and fossil energy production.....	17
3.2.2.3. Biodiversity.....	18
3.2.2.4. Human rights.....	18
3.2.2.5. Principal adverse impacts on sustainability factors	18
3.2.2.6. Due diligence process description.....	20
3.2.3. Active ownership and stewardship.....	21
3.2.3.1. Targets with significant control.....	23
3.2.3.2. Targets without significant control.....	23
3.3. Transparency and reporting	24
3.4. Application and responsibilities	24

1. Introduction and purpose

Taaleri's strategy focuses on private asset management business and significant industrial investments especially in bioindustry. Taaleri's vision is to become one of the leading international investors in bioindustry and renewable energy. Garantia Insurance Company ("Garantia") is one of Taaleri's strategic investments. We develop impact and sustainability in all our investments throughout their life-cycle. Taaleri Plc is listed on Nasdaq Helsinki.

For Taaleri, impact means affecting the environment and society in a positive way. Investment markets play an important role in building a sustainable future. We want to be strongly involved in this work and promote sustainable development.

In this policy, we describe Taaleri's commitment to sustainable development and our sustainability practices and models in relation to all our operations. We describe the Group's sustainability activities more generally in *Chapter 2. Sustainability* and the sustainable investment policy in *Chapter 3. Sustainable investing*. The policy supports our strategic objective of making a positive impact. This document is the second update of the Sustainability Policy implemented throughout the Taaleri Group in 2021. Its version history is described at the beginning of the document.

The policy applies to all Taaleri employees and members of the management and the Board of Directors. The Executive Management Team is responsible for the effective implementation and monitoring of the policy and for resourcing operations. It is the responsibility of each team leader and supervisor to actively promote the implementation and development of sustainable practices.

The Sustainability Policy addresses the sustainability impact of the Taaleri Group and its business units and the principles of sustainable investing. The policy is based on a broad context of sustainable development and takes into account environmental and social sustainability, good governance practices and the value chain of Taaleri and its products and services. The material topics we have defined guide our sustainability work as well as our investment operations and the content of policy documents focusing on them.

The Sustainability Policy defines a common way for Taaleri to operate, taking into account the characteristics and starting points of the different businesses. Some of our business units have very long and strong roots in sustainability work, while others are just at the beginning of their journey. Depending on the business areas and products, the focus of key sustainability issues varies. We want all our units to develop through internal cooperation in sustainability work. This policy is based on, among other things, Taaleri's Code of Conduct.

Taaleri's Sustainability Policy and Code of Conduct, as well as our other public Group and business-level sustainability disclosures, are available at www.taaleri.com/en/corporate-responsibility/document-archive. The sustainability disclosures of the funds are available on fund-specific sites, which can be accessed at <https://www.taaleri.com/en/private-equity-funds>. Taaleri's whistleblowing channel is located on an external service provider's website at <https://app.falcony.io/taaleri-wb/links/whistleblowing>, which is also linked on Taaleri's website at <https://www.taaleri.com/en/corporate-responsibility/governance/governance>. The Whistleblowing channel can be used to report, for example, suspicions of actions against our policy documents.

2. Sustainability

The obligations set out in this *Chapter 2. Sustainability* apply to all our activities, unless otherwise indicated and specified. This chapter describes the key aspects of our sustainability and the Group's sustainability-related objectives.

Chapter 2. Sustainability introduces the requirements and approaches to investment activities and investees set out in more detail in *Chapter 3. Sustainable investing*. Their management is described below in *Section 2.5. Sustainability management* and in *Section 3.4 Application and responsibilities*.

2.1. Strategic approach

Taaleri's strategy focuses on private asset management business and significant industrial investments especially in bioindustry. Taaleri's vision is to become a leading investment manager operating internationally in bioindustry and renewable energy.

Taaleri's growth in the bioindustry and renewable energy ecosystems is supported by sustainability-driven megatrends and a strong demand for novel industrial and energy solutions. Through investments in bioindustry, Taaleri utilises renewable and recyclable raw materials to create sustainable products through industrial innovations and technologies. In renewable energy, Taaleri develops utility-scale clean energy solutions.

One of the priorities of our strategy is the development of impact and sustainability in all our investments throughout their life-cycle. Accordingly, we act as follows.

- We strive to find and promote solutions to climate and other sustainability challenges with our investments. We emphasize positive impact in our operations.
- We use credible sustainability criteria and targets. We make our investment decisions based on economic factors, impact potential, sustainability, as well as sustainability risk assessments.

Taaleri's strategic investment Garantia is an insurance company specialising in guarantee insurance whose clients are Finnish companies and consumers. Garantia's aim is to increase equality by providing housing solutions for both owner-occupied and rental housing. In addition, Garantia takes sustainability considerations into account as part of its assessment of its corporate clients.

2.2. Compliance, commitments and memberships

Compliance is the foundation of Taaleri's operations. Legal compliance and responsible, ethical behaviour are cornerstones of our business and are strongly linked to our cooperation with stakeholders. We comply with international requirements that are key for our business and promote their implementation in our value chain. Key compliance aspects are described in Taaleri's Code of Conduct and the following list.

- We actively monitor the EU regulatory frameworks for sustainable finance and sustainability reporting in particular, as well as the obligations and guidelines evolving through them. For example, we apply the EU Taxonomy Regulation (2020/852) and the EU Sustainable Finance Disclosure Regulation (2019/2088) (SFDR) in assessing and reporting the sustainability impacts of our products and investments. The aim of Taaleri is to provide, in future, only fund products that

Public

promote environmental and social characteristics or make sustainable investments in accordance with Article 8 or Article 9 of the SFDR. In addition, we are preparing to meet the obligations of the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) in terms of reporting and external assurance in the Taaleri 2025 Annual Report, which is covered by these new obligations.

- We follow the precautionary principle, meaning that, if an activity or investment decision might cause serious harm to health or the environment, taking measures to protect the environment or health should not be prevented by the fact that there is no complete scientific certainty about the harm.
- We comply with applicable tax regulations and good practices in tax matters.

We contribute in various ways to the development of regulation and sustainability work in our sectors. For example, Taaleri is a signatory to the UN Principles for Responsible Investment (UNPRI) and the Net Zero Asset Managers (NZAM) initiative. We are also a member of Finland's Sustainable Investment Forum (FINSIF) and are part of the Finnish Business & Society (FIBS) network of Finnish companies that promote socially and economically sustainable development. As a member of the Finnish Venture Capital Association (FVCA), we participate in joint sustainability projects and in promoting best practices in the industry. In addition, we belong to other registered entities that are key to our operations, such as Finance Finland, the Finnish Wind Power Association and Finnish Property Owners Rakli, and influence through them the development of market practices and regulation related to the businesses. We support the reporting guidelines recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).

We ensure compliance and develop our practices, for example by integrating sustainability factors and the management of adverse impacts and sustainability risks into all our operations in an appropriate manner. Taaleri has guidelines clarifying the consideration of sustainability factors and risks and the implementation of compliance, which are approved by the Board of Directors of either the Group or the businesses.

We strive to clearly communicate our requirements to our partners and to monitor compliance, especially for our direct and major partners. For more information about Taaleri's commitments and approaches to compliance, stakeholder cooperation and responsible procurement, see the sections below and Taaleri's Code of Conduct.

2.2.1. Climate change policy and the Net Zero Asset Managers commitment

As part of our strategy on sustainability and sustainable development, we want to curb global warming and consider the risks posed by climate change, both in our own operations and in those of our funds. As part of our climate work, we are committed to net zero emissions by 2050. In addition, we support TCFD-compliant transparency in reporting related to climate risks and opportunities and to their financial impacts and management.

Taaleri signed the Net Zero Asset Managers (NZAM) commitment in autumn 2021. The Net Zero Asset Managers Initiative is an international initiative targeting asset and wealth managers, where signatories commit to seeking net zero emissions by 2050 in line with the goal of the Paris Agreement to limit global warming to 1.5 °C. Taaleri submitted its interim targets and emission reduction plans to the initiative in autumn 2022. The emission reduction targets we set will affect our investment decisions and the financial products we offer, and will reduce the principal adverse impacts (PAIs) on sustainability factors caused. Information about the initiative can be found on the NZAM website at

Public

<https://www.netzeroassetmanagers.org/>, where Taaleri's commitment page can be found at <https://www.netzeroassetmanagers.org/signatories/taaleri-plc/>.

Taaleri's goal is to reduce the organisation's direct and indirect (Scope 1 and 2) emissions by 50% by 2030 compared with 2022 levels. In order to reduce financed emissions (Scope 3), we use the methods recommended by the Science Based Targets initiative (SBTi). From 2022, we are committing 55% of our assets under management to the NZAM initiative. We aim to have 75% of the assets under management committed by 2030, and 100% by 2050. In addition, Taaleri aims to consider the greenhouse gas emissions of the Group's direct investments in its net zero target by 2050. Efforts to reduce emissions are primarily made through active ownership measures, and emission compensation is only used as a last resort.

We report in accordance with NZAM requirements as part of UNPRI reporting by publishing key information on the UNPRI website (<https://www.unpri.org/signatory-directory/taaleri/1839.article>) and on our own website. In addition, we report at least on the Group's greenhouse gas emissions in the Annual Report, climate risks in the Sustainability Risk Policy and Annual Report, as well as climate risk management in this Sustainability Policy, the Sustainability Risk Policy and Annual Report, while integrating climate aspects and other sustainability topics in general risk management. Climate aspects are also appropriately addressed in the materials and governance of the funds. These communications correspond, at least in part, to the general obligations of the TCFD. In addition, Taaleri's businesses publish their own TCFD disclosures.

More information on the exclusion and influencing criteria for investments in relation to fossil fuels and fossil energy production can be found in *Section 3.2.2.1. Exclusion and minimum requirements* and *Section 3.2.2.2. Fossil fuels and fossil energy production* below.

2.2.2. Human rights policy

Taaleri is committed to respecting all internationally recognised human and labour rights, such as the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work (ILO's eight Core Conventions). We are also committed to following the UN Guiding Principles on Business and Human Rights (UN Guiding Principles) in all our activities. Taaleri also expects its employees, partners and other relevant parties in cooperation to respect these human and labour rights.

In order to implement the above principles and rights, Taaleri has created a Code of Conduct and guidelines for its employees, compliance with which is monitored by supervisors. Supervisors are overseen by the operative management. We incorporate respect for human and labour rights in all our operations, units, staff training, communications and management systems. Inappropriate treatment or policy violations must and can be reported through the Taaleri's anonymous whistleblower channel or by contacting Taaleri's occupational safety officers or HR manager.

Taaleri reviews the human rights impact of its operations and funds by conducting due diligence investigations and regular audits where possible, as well as by carrying out human rights risk assessments in accordance with Taaleri's commitments and key frameworks. Human rights impacts and risks in the value chain are assessed on the basis of their likelihood, severity and reparability. In order to prevent probable and serious risks, adjustment plans are made, including planned corrective actions, responsible persons and schedules. Taaleri's key identified human rights risks are described in our Sustainability Risk Policy. Our human rights impacts and risks are regularly assessed and monitored. We report on indicators related to

Public

human and labour rights as part of the disclosures of the Group, its alternative fund managers and funds. We use these indicators to monitor and manage our impact on human and labour rights.

More information on the exclusion and stewardship criteria for investments in relation to human rights can be found in *Section 3.2.2.1. Exclusion and minimum requirements* and *Section 3.2.2.4. Human rights* below and, on a general level, in Taaleri's Code of Conduct.

2.3. Stakeholder cooperation and sustainable procurement

We identify our stakeholders and our impact on them on a regular basis, as required. We engage actively and fairly with our stakeholders, ensuring that we consider their key needs and aspirations for our projects, for example through appropriate channels and methods of interaction. We seek and exploit opportunities for cooperation and development with our stakeholders. Taaleri's stakeholders include employees, clients, shareholders, partners, suppliers, subcontractors, local communities, authorities, NGOs and the media.

In this context, 'partner' refers primarily to stakeholders with whom we have a contractual relationship related to our core business. Our aim is to ensure that Taaleri's operations meet standards and expectations, and to support our partners' own sustainability work. We ensure our partners' commitment to obligations and commitments that are important to us by attaching sustainability principles to cooperation agreements using the Group's Partner Code of Conduct or the corresponding documents of the businesses. Alternatively, we at least check that partners' own policy documents do not conflict with Taaleri's counterparts. We do this at least in the case of ongoing or business-relevant cooperation agreements of the Group and its subsidiaries and SFDR Article 9 funds. When concluding contracts, we consider the terms on breaching these commitments.

We also pay attention to sustainability factors and requirements more broadly in our other cooperative arrangements. We assess the type of partner or other stakeholder involved, and the legal obligations to take stakeholders into account in the case in question, for example through environmental and/or social impact assessments or licensing processes. We define the appropriate cooperation methods and prioritise the issues to be addressed in each case, depending on need. If a Taaleri partner fails to comply with relevant and agreed sustainability or disclosure requirements or good practices, we intervene and seek solutions with the partner where appropriate and possible. We set boundary conditions for the kind of investments we are involved in and what we expect from our partners in projects. At Garantia, in our pre-outsourcing and pre-sourcing assessment, audit and risk assessment, we evaluate the nature and extent of the risks associated with the activity, task or service, as well as the importance of the activity, task or service as a whole to Garantia.

In our private asset management business, it is particularly essential to identify the key stakeholders in projects (including potentially vulnerable groups). We work with them as necessary throughout the life-cycle of the investment. Our aim is to ensure that the impact of our projects and decisions on stakeholders are justified, clear and generally accepted. We communicate with local communities not only in English/Finnish, but also in other local languages as needed. In addition, our stakeholders have access to an anonymous online whistleblowing channel for reporting and dealing with potential violations.

Our principles of ownership and stewardship are described in *Section 3.2.3. Active ownership and stewardship* below.



2.4. Relevant topics and focus of sustainability work

The focus of our sustainability work is defined through materiality analysis, the results of which are summarised below (Table 1). We are developing the materiality analysis process to meet advanced regulatory obligations, including the European Sustainability Reporting Standards (ESRS), applicable to Taaleri Group's reporting for the year 2025. We review the need to update the materiality analysis at least annually as part of the review of this Sustainability Policy and the Group's annual reporting.

The current materiality analysis is based on internal and external analyses carried out in previous years utilising two-way materiality and sustainability risk assessments, which are based on known reference frameworks that are central to our operations and, among other things, on a third-party net impact model (Upright). The process description of the sustainability risk assessments and the identified sustainability risks are described in Taaleri's Sustainability Risk Policy. The sustainability impacts and their management are described in more detail, in particular in the Statements on principal adverse impacts of investment decisions on sustainability factors of our alternative investment fund managers (AIFM) and SFDR Article 9 and 8 funds.

We strive to promote the UN's sustainable development goals. We analyse the direct and indirect sustainability impacts of Taaleri's activities in our value chain, identifying targets and areas where our impact and related commercial opportunities are most significant.

Table 1. Taaleri's material topics and focus of sustainability work.

Material sustainability themes and perspectives	Sustainability impacts	UN Sustainable Development Goals
Environment		
<p>"A positive impact on the environment and society – long-term value creation"</p> <ul style="list-style-type: none"> • Climate change mitigation and positive ecological impact • Renewable energy and the green transition • Sustainability risks as part of decision-making and investment • More sustainable infrastructure and industry 	<ul style="list-style-type: none"> • Climate emissions • Emission reduction through investments • Use and consumption of natural resources • Investment in the circular economy and reduction of the use of virgin raw materials • Environmental change and the built environment, more sustainable infrastructure and housing 	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION 15 LIFE ON LAND</p>
Society		
<p>"Attracting and retaining talent" "Sustainable partnerships"</p> <ul style="list-style-type: none"> • Human rights in the value chain • Equality, diversity and inclusion in the workplace • Promoting gender equality in the industry • Information security and customer safety • Classification and sale of fund products • Social accessibility of housing 	<ul style="list-style-type: none"> • Use and employment of human capital • Taxes and benefits paid • Impact on human rights in the value chain, especially in high-risk countries • Putting diversity, equality and equal pay into practice • Affordability and accessibility of housing and renewable energy <ul style="list-style-type: none"> • Promoting socially accessible housing through the provision of mortgage securities and rental deposits • Addressing potential adverse societal sustainability impacts through reporting and communication 	 <p>5 GENDER EQUALITY 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES</p>
Governance		
<p>"Sustainability through operations and units – a frontrunner in impact and sustainability"</p> <ul style="list-style-type: none"> • Transparency in processes and impacts • Compliance and reliability • Risk and value chain management • Conflicts of interest • Fair business practices • Product design and management 	<ul style="list-style-type: none"> • Handling and origin of assets, prevention of money laundering (Know Your Customer) • Financing sustainable development and responsible fund products • Voluntary commitments • Developing and implementing best practices in the industry • A more sustainable value chain by engaging partners 	 <p>17 PARTNERSHIPS FOR THE GOALS</p>

2.5. Sustainability management

Sustainability guides the actions of Taaleri, its personnel and governance. Taaleri's strategy and objectives guide sustainability in a holistic and systematic way. We monitor and report regularly, in a balanced and transparent way, both internally and externally.

Sustainability roles, responsibilities and practices are aligned with Taaleri's Code of Conduct and corporate governance model, and are defined in the Group as follows:

Public

- The Board of Directors and its committees contribute to guiding and ensuring Taaleri's sustainability work. For example, top-level policies are discussed by the Audit Committee and approved by the Group's Board of Directors.
- The management is committed to leading, developing, resourcing and monitoring the progress of Taaleri's sustainability work.
 - The Group's Executive Management Team has appointed a person in charge of sustainability who, among other things, ensures regular and appropriate communication on sustainability to the Executive Management Team and the Board of Directors and heads the ESG Committee and ESG Team together with the ESG/Sustainability Manager.
 - The managers of businesses and AIFMs ensure that internal and external obligations are met in their business unit and manage the sustainability work of the unit in question. They ensure regular and appropriate communication on sustainability to the highest body of the unit in question, i.e. the Executive Management Team and/or the Board of Directors, which, among other things, approves business/AIFM-specific policy-level documents.
- The ESG Committee comprises sustainability experts from the Group and the businesses, as well as people who are otherwise responsible for or monitor the implementation of sustainability work. In addition to the ordinary members of the ESG Committee, other Taaleri employees are involved in the work as needed. The ESG Committee is responsible for planning, implementing/assigning responsibility for Taaleri's sustainability and for facilitating the flow of information between the businesses and to the Executive Management Team.
- Through their own activities and work, each employee is responsible for compliance with the common policies, principles and guidelines related to sustainability and the role of the employee. Supervisors play a key role in ensuring the flow of information and its application. In different units and roles, we take responsibility issues into account on a materiality basis.

In remuneration, we consider how Taaleri and our employees have met or complied with established policies, principles and guidelines, as well as the strategic sustainability goals we have set. Our remuneration scheme sets one or more sustainability targets for each individual in the Group, aligned with the sustainability targets set for the Group and/or business and the emphases affecting their remuneration. We also have a policy of non-payment or restriction of performance bonuses/variable remuneration tied to sustainability principles if an individual has not met or complied with Group-specific and/or business-specific sustainability principles. The principles include the consideration of sustainability risks.

Taaleri has a stakeholder whistleblowing channel. Through this channel, external and internal stakeholders can report anonymously, for example, their observations of any violations of the Sustainability Policy. Such reports are handled in a timely, independent and confidential manner. We also set up business-specific or product-specific reporting channels and processing mechanisms as needed.

We manage our employees in a caring and responsible manner. We take good care of our employees' working conditions, wellbeing and equality. We offer our employees meaningful work and a platform for personal development. Taaleri has an HR policy that describes our HR practices and investments in our employees. In addition, Taaleri has, for example, an equality and non-discrimination plan and guidelines to prevent inappropriate treatment.

We use appropriate sustainability frameworks to identify the sustainability impacts associated with our activities and to utilise appropriate approaches to their management and correction and for disclosures. We monitor the evolution and general market developments of the frameworks in relation to sustainability

Public

and best practices. In our communications, we highlight the frameworks followed or the key frameworks used. We recognise that there is a growing need for external assurance of our sustainability work and data. Our internal audit considers sustainability risks and sustainability factors on a materiality basis.

Sustainability work is never finished. We feel that it is important to work continuously to promote and clarify knowledge, know-how and understanding related to responsibility and sustainability, and to identify possible shortcomings and solutions. That is why we are committed to reviewing and updating this policy regularly. We also supplement and clarify its obligations in other Group-specific and business-specific policies, principles and guidelines as needed. We strive to keep the interdependencies between sustainability materials as clear as possible when publishing new or updated policies, principles and guidelines.

3. Sustainable investing

In this chapter, we describe the key aspects of our sustainable investing and sustainability goals related to investment activities and investees.

Taaleri Group invests in many different forms: we manage private equity funds investing clients' assets, manage the portfolios of third-party private equity funds under a mandate, make direct investments from the Group's balance sheet and carry out investment activities at Garantia Insurance Company.

- Taaleri's authorised AIFMs are subject to the SFDR. The aim of Taaleri is to provide in future only fund products that promote environmental and/or social characteristics or make sustainable investments in accordance with Article 8 or Article 9 of the SFDR. We publish SFDR-compliant information on our website in accordance with our obligations. In our private asset management business, funds often have full or significant ownership of the investee companies or full or significant control over the implementation and/or supervision of their sustainability work. The investments of our private equity funds are primarily managed internally. Only a few of our funds invest in investee funds managed by an external party.
- Direct investments include majority and minority investments, including co-investments. In line with our strategy, we are making new direct investments, especially in bioindustry projects that meet defined sustainability criteria and have impact potential. Direct investments do not include Group cash management investments.

Garantia's investment activities are primarily guided by Garantia's investment plan and its guidelines for sustainable investing. The mandates we manage are primarily guided by the principles of responsible investment of the third party issuing the mandate. In investee funds managed by an external party, sustainable investing is primarily carried out through stewardship. In other respects, the obligations set out in this *Chapter 3. Sustainable investing* apply to all our investments and assets under management, unless otherwise indicated and specified.

3.1. General principles and procedures

In all our investments, we follow the UN Principles for Responsible Investment (UNPRI). Taaleri has been a signatory to the UNPRI since 2010. Garantia requires companies in whose actively managed funds it invests to comply with the UNPRI.

We make extensive use of a variety of sustainable investment approaches and strategies, which are described in more detail below. The choice of approach depends on the specific characteristics of the investment instrument and investee. We are committed to raising our level of ambition, in particular through the selection, management and communication of new investments.

Taaleri promotes impact investing by implementing projects that are economically viable and have a positive impact on the environment and/or society. Our goal is to be a pioneer in impact investing. In particular, we are realising our goal through our private asset management business and our new direct investments. We take sustainability considerations into account throughout the investment life-cycle. In our investment activities, we act in the best interests of our clients and treat them equally.

Public

We make our investment decisions based on economic factors, impact potential and sustainability assessment. Our aim is to identify and provide investments that make a significant contribution to sustainable development. We investigate the adverse sustainability impacts of our operations and strive to ensure that fund products do not cause significant harm to environmental or social objectives.

The sustainability risks of fund products and Taaleri are managed in accordance with the Group's policies and guidelines. We identify risks and respond to them when necessary. Key tools, particularly in our private asset management business and new direct investments, include various pre-investment analyses and reports on investees, monitoring and tracking of investees, various sustainability roadmaps and corrective action where necessary, reporting on investees during investments, training of investment or project team members, development of guidelines and discussions with our investees, clients, partners and other stakeholders. We collect and analyse sustainability data as part of our investment processes and risk management. We use expert third parties and data sources as necessary and at our discretion, for example for quantitative and qualitative analysis, research, monitoring and tracking of investments.

The table below describes the processes and measures related to Taaleri's sustainable investing at the upper level, which is supplemented by the steps defined in Figure 1. The application of these in our different investment units is described in the sections below and in the internal guidelines.

Planning	Management	Governance	Reporting
<ul style="list-style-type: none"> • Identification and documentation of material sustainability themes and PAIs • Planning sustainability work using key frameworks • Measuring and target-linking sustainability • Due diligence work • Sustainability as part of the strategy, long-term roadmap, resourcing and budgeting • Updating of policies, guidelines and management methods • Sustainability as part of fund product design 	<ul style="list-style-type: none"> • Sustainability as part of every Taaleri employee's work • Sustainability training • Sustainability impact measurement and performance against set targets • Monitoring the implementation of units and processes, available resources and costs • Monitoring stakeholder expectations and the market environment • Monitoring reporting requirements and regulation 	<ul style="list-style-type: none"> • Integrating sustainability into policies, procedures, processes, strategic decision-making and risk assessments • Collecting and monitoring data and information • Monitoring, management and adaptation plans for sustainability impacts and risks • Processing and documenting any complaints or development proposals • Reassessment, monitoring and development of relevant sustainability themes and impacts 	<ul style="list-style-type: none"> • Sustainability reporting and investor communication • Responding to and reporting on complaints and development proposals • Sharing best practices and influencing them in key working groups • Reporting and progress according to commitments and communication • Compliance with reporting requirements

Figure 1. Sustainability as part of the investment process and decision



3.2 Principles and procedures for sustainable investment strategies

3.2.1. Impact and thematic investing

We promote impact investing by providing our clients with innovative and impactful investment options related to important issues, such as climate change and sustainable development. Thematic investing means investing in sectors or businesses that are in line with our strategy, such as renewable energy, real estate or bioindustry. In particular, before establishing new private equity funds and making new direct investments, we assess whether the fund or investment supports Taaleri's sustainability objectives and sustainable development.

The private equity funds we manage have multi-year mandates, so we assess the sustainability factors, risks and opportunities associated with the fund's investment strategy comprehensively, including over the long term. We set sustainability or impact targets for new private equity funds and direct investments, in particular.

In Garantia's investment activities, we strive to increase the share of investments that have a positive impact on the environment or society by using sustainability-related products, such as green bonds. Garantia has also partnered with Taaleri in projects that promote a sustainable future, for example by providing guarantees for renewable energy funds.

3.2.2. Sustainability integration, positive and negative screening and our thematic positions

We integrate sustainability factors into all our investment processes, taking into account the specific characteristics of the investee and type of investment, sustainability risks, life-cycle effects and impact, value creation, financial opportunities and applicable obligations, agreements and guidelines. We plan and monitor the implementation of sustainable investment processes appropriately. We also consider sustainability factors when assessing the expected risks and returns of our investees and/or asset classes. In addition, we assess the potential climate-related transition risks and physical risks affecting our investments and their economic impacts. Correspondingly, we develop our processes to more comprehensively take into account risks and impacts related to biodiversity.

The sustainability integration of our investment processes is based on, among other things, applicable legislation, internationally recognised general norms, commitments, standards, frameworks and practices, investor obligations and Taaleri's policies, codes and guidelines. We consider, for example, minimum safeguards under the EU's sustainable finance framework and environmental and social objectives, and we actively monitor developments related to these.

Based on the above, we develop more specific rules and guidelines for taking sustainability factors into account in different investments and business units. We consider the identification and management of sustainability impacts and risks and, where appropriate, the approaches of positive screening, negative screening, active ownership and stewardship. Key issues related to these are highlighted below in sections *3.2.2.1. Exclusion and minimum requirements*, *3.2.2.5. Principal adverse impacts on sustainability factors* and *3.2.3. Active ownership and stewardship*. For example, in private equity funds, we reinforce the application of the obligations set out in policies and principles by defining business or project-specific practical guidelines on issues such as the identification, impact assessment, due diligence and monitoring of investees. We also provide guidance on sustainability criteria and operating principles for direct investments.

Public

3.2.2.1. Negative screening and minimum requirements

We identify the negative external impacts of potential investments and avoid investments whose negative impacts are, in our view, unacceptable.

We expect and monitor that investee companies respect human rights, treat their employees appropriately and equally, manage their environmental impact and comply with good governance practices, following international standards and minimum requirements for good business practice, such as those published by the UN, ILO, OECD and the EU. For more information on this, see *Section 2.2. Compliance, commitments and memberships* above.

We monitor our investees for possible breaches of the rules (taking into account national/international law, prohibitions, treaties and embargoes). If an investee company breaches standards or otherwise operates in a way that we consider unsustainable, our priority is to influence the company to change its harmful practices. However, if no change occurs, the alternative is to fully divest our investments in the company in question. Such a decision is taken in accordance with the investment guidelines, for example by the Board of the asset management company in consultation with sustainability and legal experts. For more information on this, see *Section 3.2.3. Active ownership and stewardship* below.

We do not invest in

- i. fossil fuels and fossil energy production as described in *Section 3.2.2.2. Fossil fuels and fossil energy production* below,
- ii. the adult entertainment or gambling industry,
- iii. the tobacco industry,
- iv. manufacturers of disputed arms or ammunition,
- v. enterprises carrying out animal testing, unless testing on animals is required by law, or
- vi. companies whose activities are, on the basis of a norm-based review, in conflict with Taaleri's Code of Conduct and the above, for example through violations of human rights or competition law.

The ESG Committee may be consulted in any situations requiring interpretation in regard to the exclusion list above. We also avoid investing in a number of other sectors, products and services, as well as in geographic or political areas where we believe there is an elevated risk to sustainability and compliance. At minimum, we assess the direct links of our ongoing partners and partner significant for the business to the excluded industries and companies. At our discretion, we influence partners as described in *Section 2.3. Stakeholder cooperation and responsible procurement* above and in *Section 3.2.3. Active ownership and stewardship* below. In our choice of target areas, we consider the recommendations and analyses of international organisations on conflict zones, for example.

3.2.2.2. Fossil fuels and fossil energy production

Taaleri is committed to aligning its emissions with the Paris Agreement. This means that our strategy drives our investments to comply with the emission path aiming to limit global warming to 1.5 °C. If this international goal is to be achieved, the budget used to finance fossil sources must decrease globally year by year.

Taaleri is committed to excluding investments in fossil fuels and fossil energy production from its strategy, so we do not, and will not, invest in these in the internally managed investments of our private equity business or in the Group's direct investments without a separate weighty reason, which is handled in accordance with our governance model. We consider crude oil, natural gas, coal and energy peat as fossil fuels.

Public

In addition, we are committed to reducing the fossil fuel dependence of all our investments and to directing investment towards sectors that contribute to ending our dependence on fossil fuels. We are developing ways to evaluate and influence things more extensively. More information on Taaleri's approach, see *Section 2.2.1. Climate change policy and the Net Zero Asset Managers commitment*.

3.2.2.3. Biodiversity

Biodiversity refers to the variety of ecosystems, species and genes in the world or in a particular habitat type. Nature produces biodiversity-dependent ecosystem services, which in turn sustain economies and societies. Biodiversity is constantly deteriorating, which causes serious impacts on nature and human wellbeing.

Taaleri explores the impact of its investment activities on biodiversity and dependencies on it as part of our responsible investment processes, such as the EU taxonomy through a review of the "do no significant harm" criteria. We deepen and systematise the relevant assessments and disclosures using, for example, the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network's nature framework.

3.2.2.4. Human rights

Taaleri reviews the human rights impact of its regular investment operations and funds by conducting due diligence investigations and regular audits where possible, particularly in our private asset management business and new direct investments, as well as by conducting human rights risk assessments. Human rights impacts and risks are assessed on the basis of their likelihood, severity and reparability. In order to prevent probable and serious risks, adjustment plans are made, including planned corrective actions, responsible persons and a schedule.

Especially for projects located abroad, we assess the adequacy of local operating methods and, where necessary, add or clarify our requirements for compliance with international standards. Those of our projects that have an impact on local communities have complaint mechanisms in place that guarantee privacy. Any complaints are dealt with by project managers and our sustainability experts by seeking the best possible solution with the stakeholder(s) to mitigate or compensate for the damage and avoid it in the future. Complaints and other key human rights issues are reported on as part of the fund report and annual reports.

These assessments and measures take into account, at minimum, Taaleri's commitments related to human and labour rights and social responsibility, which are described in *Section 2.2. Compliance, commitments and memberships* above and in Taaleri's Code of Conduct. Taaleri's key identified human rights risks are described in our Sustainability Risk Policy.

3.2.2.5. Principal adverse impacts on sustainability factors

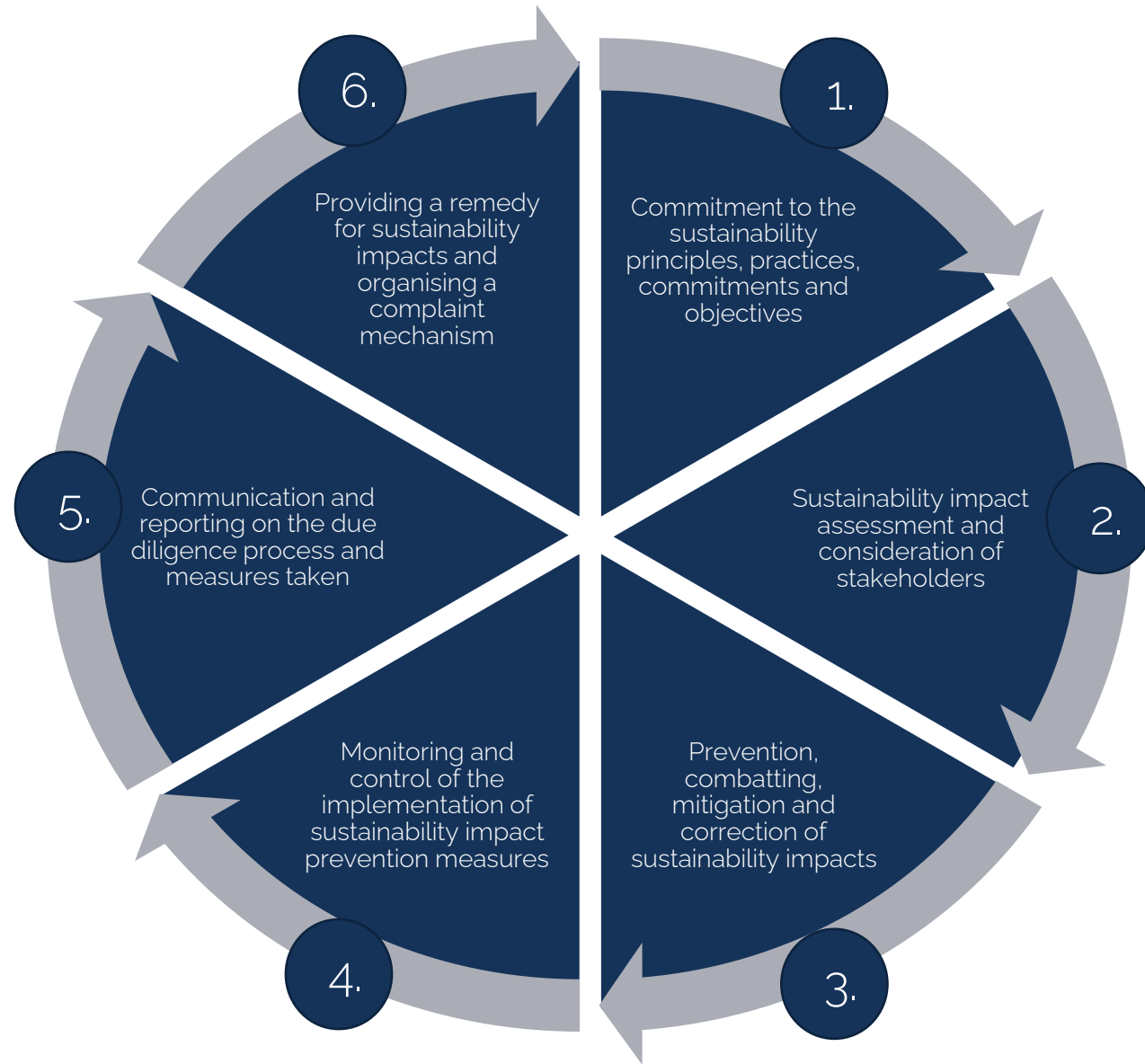
In our investment decisions for private equity funds, in particular, we consider principal adverse impacts on sustainability factors. We document our policies on the identification and prioritisation of these impacts and related indicators, as well as on the actions taken and, where appropriate, actions planned. We carry out documentation at company and product level in accordance with the SFDR, focusing on companies and funds covered, otherwise using and following relevant Taaleri guidelines, for example on risk management, where applicable. Sustainability impacts and their management are described in more detail in the Statements on principal adverse impacts of investment decisions on sustainability factors of our AIFMs and SFDR Article 9 and 8 funds and in our Sustainability Risk Policy.

Public

In our private asset management business and new direct investments, we actively analyse and manage adverse sustainability impacts through the identification and approval of investments, good governance practices of investees and investment activities, and continuous monitoring of our operations. As a rule, we avoid and prevent negative impacts of our investments. If we cannot avoid a significant negative impact in a technically and economically feasible way, we seek to minimise it. As a last resort, we use remediation or compensation for negative impacts.

3.2.2.6. Due diligence process description

1. Taaleri adheres to the principles and commitments described in this policy in all its activities where applicable and monitors the implementation of these principles in practice.
2. Sustainability risks and impacts are assessed before making an investment. Investee companies and projects are asked to carry out a Life Cycle Assessment (LCA) of environmental impacts or opportunities to do so are explored. Taaleri's key client stakeholders are institutional investors. Sustainability expectations and requirements are discussed with them at the negotiation stage and are also considered at agreement level. As regards other stakeholders, Taaleri cooperates, for example, by participating in key industry working groups. There may also be cooperation with the local community on a project-by-project basis.
3. Policies and processes are adapted based on the risks identified in the sustainability risk analysis. Principal adverse impacts on sustainability factors are measured and monitored. Monitoring is used to plan the measures to be taken to prevent, combat, mitigate and remedy adverse impacts. Monitoring is used to set concrete quantitative targets, for example to reduce emissions.
4. Efforts are made to prevent adverse sustainability impacts through active ownership. The measures taken and implemented are investment-specific.
5. In its investment decisions, Taaleri takes into account the observations made in sustainability and risk assessments, as well as in human rights and other due diligence analyses, and does not invest in investees that are contrary to the strategy, principles or guidelines of the fund or Taaleri. The sustainability of investments is actively monitored, and potential findings, probable and realised risks, and measured impacts are communicated as part of reporting.
6. Taaleri responds quickly to investors' requests for additional information. The Taaleri Group and/or funds provide free and anonymous whistleblowing/complaint channels.



3.2.3. Active ownership and stewardship

The principles of ownership steering and stewardship summarised below guide our activities as a shareholder, developer and manager of private equity or alternative investments, and as a corporate citizen. The principles of ownership steering and stewardship include binding principles that guide our actions as well as measures that we take at our discretion. Taaleri's principles and objectives of active ownership are described in the table below, and related measures below in Figure 2.

Table 2. Principles and objectives of active ownership

Principles of active ownership:	Objectives:
<ol style="list-style-type: none"> 1. Integration of ESG issues into investment analysis and decision-making process 2. When we are active owners of our fund products, in particular, we help to implement ESG issues into the practical operations, principles and policies of our investees. 3. We identify significant sustainability impacts, implement indicators to describe them and report on the sustainability work of the fund and the Group in accordance with disclosure obligations. 4. We promote the implementation of active ownership and sustainability principles in the industry by being an active member in industry organisations and registered associations. 5. We conduct continuous development to improve active ownership measures and stewardship methods. 6. We monitor the actions taken and report on their progress as part of fund reporting. 	<ul style="list-style-type: none"> • Improve long-term ROI, risk/reward ratio of investments, value-added and impact • Improve the consideration of sustainability risks as part of investment and financial operations • Improve societal impact • Reduce the adverse sustainability impacts of economic activities • Improve the way sustainability aspects of operations are considered in decision-making • Promote the development of the industry and investees' best practices for sustainability and industry regulation.

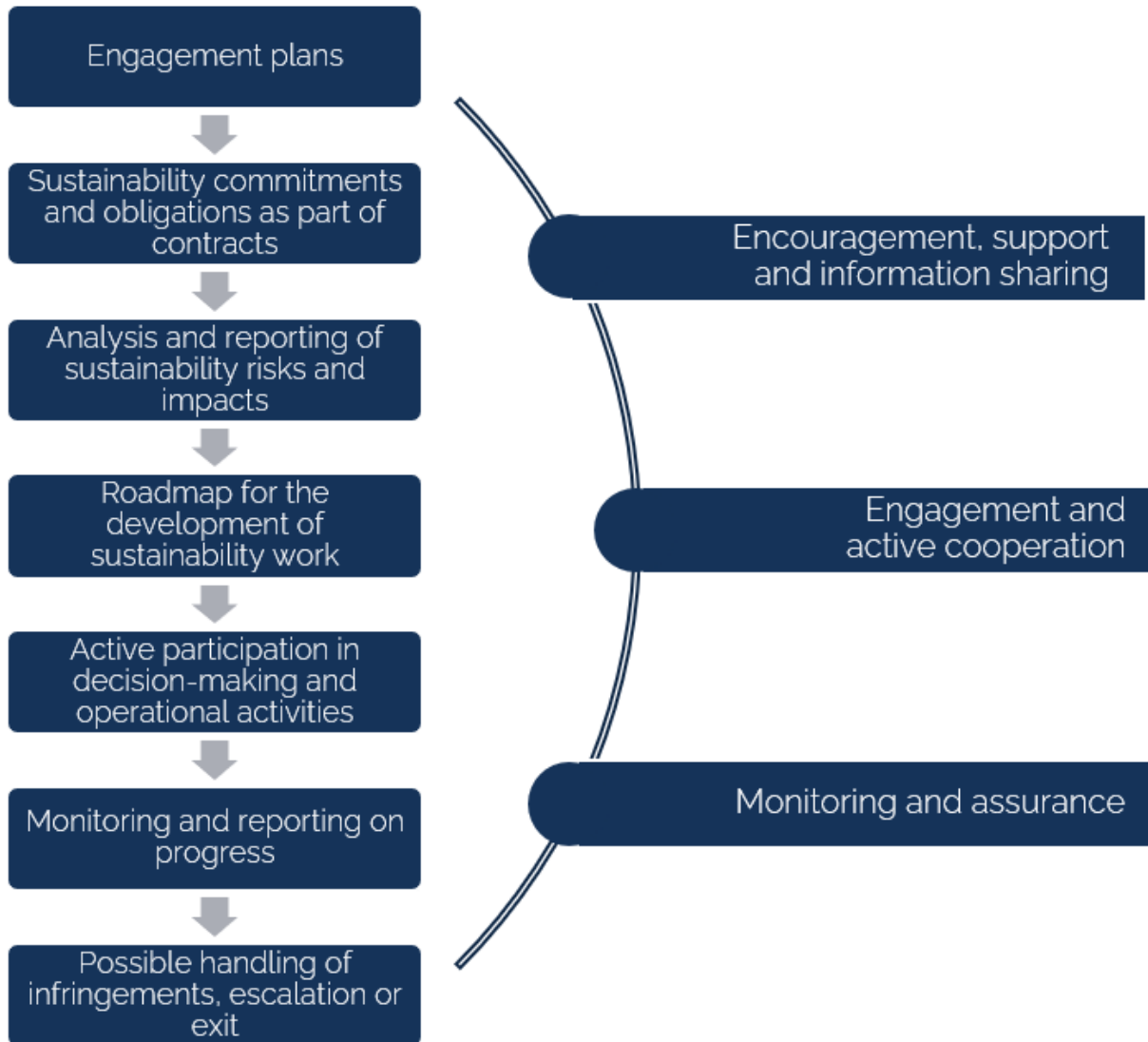


Figure 2. Measures of active ownership

In practice, active ownership is implemented by Taaleri's business units, which are supported by the Group's ESG team in matters of sustainability. The engagement and action plans are drafted by the experts responsible for investment activities and fund management, analysts and sustainability experts in cooperation.

We describe the principles of consideration below in more detail in sections 3.2.3.1. *Targets with significant control* and 3.2.3.2. *Targets without significant control*. The purpose of this breakdown is to clarify our approach in different situations. Our cooperation with stakeholders is described in more detail in Section 2.3 *Stakeholder cooperation and sustainable procurement* above.

3.2.3.1. Targets with significant control

Especially in our private asset management business, funds often have full or significant ownership of the investee companies, or full or significant control over the implementation and/or supervision of their sustainability work. Our private equity funds are often responsible for the development, construction and/or management of the investee, and Taaleri has representation on the investee's board of directors. We use Taaleri's expertise to improve the performance of investees and to reduce their negative impact on the environment and society.

When we exercise significant control, we apply our sustainability policies, principles and procedures to the investees. For the investees we manage, we plan and implement or ensure, for example, the management of environmental and social issues, and stakeholder cooperation. We actively raise sustainability issues in governance and decision-making. We monitor activities, for example with regular site visits and audits by the project manager and/or risk management representatives.

As an active owner, we help any other investors to develop investees' operations in a more sustainable direction by developing engagement and action plans and setting sustainability targets for operations. The action plans serve as a roadmap for sustainability work. The development work takes into account the life-cycle of the fund, including the exit phase and the period thereafter, as well as various short-term and long-term risk scenarios.

3.2.3.2. Targets without significant control

Our investments also include investee companies in which we have a minority stake or do not have significant control. In these cases, Taaleri has more limited possibilities than described above to influence the implementation and/or monitoring of the investee's sustainability work. In these cases in particular, other circumstances may also affect Taaleri's ability to assess or monitor the investee's sustainability obligations and objectives.

In line with this policy, and in accordance with the principle of proportionality, we identify the sustainability measures that we consider appropriate for the investee to implement and take reasonable steps to ensure that the investee implements them. In addition, before making new investment decisions, we pay particular attention to assessing the sustainability, impact and sustainability risks of the investee.

We work with investees to raise their awareness and commitment to sustainability and value chain impact management, and to support the development of sustainability, impact and compliance of the investees, Taaleri or its other partners. We encourage investees to promote sustainability in their value chain, for example by applying the principles described in this policy.

We always engage investees if we identify minimum standard violations or principal adverse impacts on sustainability factors as described in *Section 3.2.2. Sustainability integration, positive and negative screening and our thematic positions* above. We also selectively engage investees to help manage other identified positive and negative sustainability factors. We prioritise the investees and issues where we believe our engagement has the greatest potential to contribute to sustainable development, and consider, for example, the management of the risks and opportunities of climate change.

We favour active cooperation wherever possible. We engage investees case-specifically through our own direct meetings, together with other shareholders or stakeholders or, for example, by voting at annual

Public

general meetings. We keep a record of the means, channels, tools, scope, responsibilities and impacts of active ownership. We take potential conflicts of interest into account when planning measures.

3.3. Transparency and reporting

Promoting transparency and reliable information is important to ensuring the implementation and impact of sustainable investing. We report on the promotion and results of the sustainability aspects of our investments, externally at least annually either publicly and/or to stakeholders, and internally more frequently as required, for example through progress reports and presentations.

The accuracy, level, format, cycle and channel of reporting depend on the significance of our investments, their characteristics and the obligations that apply to them. For example, the information of our SFDR Article 8 and Article 9 funds complies with SFDR obligations requirements in relation to, among other things, the sustainable investment objectives of the product or sustainability factors it promotes, sustainability risks and principal adverse impacts on sustainability factors, and the transparency of remuneration aspects. We promote access to information and transparency through our website.

We define more detailed reporting data collection practices in Group guidelines, business-specific policies and product-specific disclosures. We recognise that the key to sustainable investing reporting and analysis is to ensure the suitability and robustness of the source data. Where appropriate and possible, we make use of information specific to the investee or its operating environment, common models and databases and independent and verified data, among other things.

We constantly develop our reporting the expectations of our stakeholders. For example, in accordance with the NZAM commitment, we communicate our climate work, emissions and our progress towards our net zero emissions target to our stakeholders.

3.4. Application and responsibilities

We supplement the obligations set out in this *Chapter 3. Sustainable investing* with business-specific, asset-class specific and/or thematic principles and guidelines, as necessary. We actively develop sustainable investment practices and documentation, both at Group level and business level.

In the supplementary policies and guidelines, we further define the persons and groups that have responsibilities related to sustainable investing, what these responsibilities are and how they are implemented in line with, among other things, *Chapter 2 Sustainability* of this policy and Taaleri's strategy.

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

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

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