Taaleri Aurinkotuuli II

Vuosiraportti
2023

TAALERI

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1. Rahastonhoitajan katsaus
2. Sijoitusten yhteenveto
3. Vastuullisuus
4. Liitteet
5. Taaleri Solarwind II SCSp-RAIF -raportti

Vastuullisuuskatsaus

268 MW uusiutuvan energian kapasiteetti[1]

573 347 MWh tuotettu uusiutuva energia

160 482 tCO_2e kasvihuonekaasupäästövähenemä[2]

Pääasiallisilla haitallisilla vaikutuksilla tarkoitetaan sijoituspäätösten vaikutuksia, joista aiheutuu kielteisiä vaikutuksia kestävyystekijöihin

Kestävyystekijöillä tarkoitetaan ympäristöön, yhteiskuntaan ja työntekijöihin, ihmisoikeuksien kunnioittamiseen sekä korruption ja lahjonnan torjuntaan liittyviä asioita

Kestävyysriskillä tarkoitetaan ympäristöön, yhteiskuntaan tai hallintotapaan liittyvää tapahtumaa tai olosuhdetta, jonka toteutumisella saattaisi olla sijoituksen arvoon tosiasiallinen tai mahdollinen kielteinen olennainen vaikutus

- Rahaston kohderahasto rahoittaa hankkeita, jotka tuottavat uusiutuvaa energiaa maatuulivoimapuistojen ja aurinkoenergiapuistojen avulla pääasiassa Euroopassa ja Yhdysvalloissa ja näin ollen edistävät vihreää siirtymää ja hiilidioksidipäästövähenemää.
- Rahasto on EU:n tiedonantovelvoitteen ("SFDR")[3] Artikla 9 mukainen tuote, jonka tavoitteena on kestävien sijoituksien tekeminen. SFDR:n kestävän sijoituksen määritelmän täyttymisen lisäksi Rahaston kohderahaston sijoitukset ovat EU:n kestävyysluokitusjärjestelmän ("taksonomia")[4] mukaisia, edistäen merkittävästi ilmastonmuutoksen hillinnän ympäristötavoitetta. Luokittelu on linjassa Rahaston tavoitteiden kanssa ja tukee sen riskienhallintaa.
- Yllä olevassa taulukossa on Rahastolle määritetyt kestävyysindikaattorit ja niiden tulokset viitekaudelta 2023. Luvut laskettu omistusosuutena Kohderahaston vastaavista luvuista. SFDR:n vaatimusten mukaisesti tämän raportin liitteenä on lomake[5], jossa annetaan määrämuotoisesti ja tarkemmin tietoa Rahaston kestävyydestä, sisältäen vertailun edelliseen vuoteen.
- Rahasto myös tarkastelee ja raportoi säännöllisesti sen pääasiallisista haitallisista vaikutuksista ("PAI") kestävyystekijöihin sekä sen toimenpiteistä vähentää haitallisia vaikutuksia. Rahasto huomioi myös kestävyysriskit osana riskienhallintaa. Rahasto ja sen vaihtoehtorahaston hoitaja tulevat julkaisemaan päivitetyt versiot PAI-ilmoituksista[6] Taalerin verkkosivuilla[7]. Vuotta 2023 koskevat ilmoitukset raportoidaan sijoittajille ja julkaistaan Rahaston verkkosivuilla kesäkuun loppuun mennessä.

[1] Viittaa operaatiovaiheen energiantuotannon kapasiteettiin
[2] Laskettu Euroopan Investointipankin ("EIB") metodologiaa käyttämällä. Gaia Consulting Oy on varmentanut Rahaston ja finanssimarkkinatoimijan käyttämät laskelmat ja metodologiat.
[3] (EU) 2019/2088
[4] (EU) 2020/852
[5] Lomake asetuksen (EU) 2019/2088 8 artiklan 1, 2 ja 2 a kohdassa ja asetuksen (EU) 2020/ 852 6 artiklan ensimmäisessä kohdassa tarkoitetuista rahoitustuotteista määräajoin annettaville tiedoille
[6] Lomake pääasiallisista haitallisista kestävyysvaikutuksista annettavaa ilmoitusta varten
[7] https://www.taaleri.com/yritysvastuu/dokumenttiarkisto ja https://www.taaleri.com/paaomarahastot/tuulirahasto-iv

1. Rahastonhoitajan katsaus
2. Sijoitusten yhteenveto

3. Liitteet

4. Taaleri Solarwind II SCSp-RAIF -raportti

ANNEX IV

'ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name: Taaleri Aurinkotuuli II Ky **Legal entity identifier:** 2959476-2

Sustainable investment objective

Did this financial product have a sustainable investment objective?

☒ Yes	☐ No
☒ It made **sustainable investments with an environmental objective:** 98%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not..

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

The Fund has sustainable investment as an objective, and it has attained this goal by investing only in an EU Sustainable Finance Disclosure Regulation ((EU) 2019/2088) ("**SFDR**") Article 9 fund which invests in EU taxonomy-aligned renewable energy onshore wind farms and photovoltaic (PV) solar parks ("**Activities**") substantially contributing to the climate change mitigation objective.

The fund's only investment target is the Taaleri SolarWind II SCSp RAIF ("**Taaleri SolarWind II**") alternative fund registered in Luxembourg. Thus, this report refers to Taaleri SolarWind II and reports and operations of its alternative investment fund manager ("**AIFM**") Taaleri Energia Funds Management Ltd and other relevant companies in the Taaleri Group in which also the AIFM of the Fund, Taaleri Private Equity Funds Ltd ("**Manager**") is part of.

Information describing the investment objective and how its fulfilled can be found for example in

- this report,

- reports and policy documents in the Taaleri's document archive (link), including
    - Taaleri Private Equity Funds' Sustainable Investing Principles, and Statement on principal adverse impacts of investment decisions on sustainability factors
    - Taaleri Energia's ESG Policy, Code of Conduct – Business Ethics, Partner Code of Conduct, and Statement on principal adverse impacts of investment decisions on sustainability factors
    - Taaleri Plc's Annual Report(s), Sustainability Policy, Sustainability Risk Policy, Code of Conduct, and Partner Code of Conduct
- other disclosures, including
    - Taaleri Energia Sustainability report 2023 (link)
    - Taaleri Energia's 2023 report on the Task Force on Climate-related Financial Disclosures ("**TCFD**") (link)
    - Taaleri Solawind II website (link)
    - Taaleri Plc's Net Zero Asset Managers ('**NZAM**') signatory website (link)
    - Taaleri Plc's UN Principles for Responsible Investment ("**PRI**") signatory website (link)

The Fund contribute to significant CO_2 emission avoidance and is managed in alignment with the NZAM initiative. As part of NZAM, Taaleri Plc has set interim emissions reduction targets by 2030, primarily regarding its renewable energy funds, consistent with a fair share of the 50% global reduction in CO_2 according to the IPCC report on global warming of 1.5 Celsius, in alignment with the Paris Agreement. The actions and targets follow the Science Based Targets initiative, and the commitment is reported annually via PRI reporting. The used methodologies and measures fulfil the minimum standards common for EU climate transition benchmarks and EU Paris-aligned benchmarks and minimum standards for EU Paris-aligned benchmarks as defined in the EU/2020/1818 regulation. As these focus on scope 1 and 2 emissions, Taaleri Plc or its relevant subsidiary or fund company ("**Taaleri**") measures, monitors, and reports scope 3 emissions, carbon intensity and carbon footprint amount and path to decrease those according to the SFDR's Regulatory Technical Standards ((EU) 2022/1288) ("**RTS**") Annex I table 1 annually.

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

How did the sustainability indicators perform?

Performance was positive and fulfills expectations.

The figures for the reference periods 2023 and 2022, and the change between the years (2023 compared to 2022) is reported in the table below.

...and compared to previous periods?

Sustainability indicator	2023	2022	% change
Estimated emission reduction tCO_2e	160 482	121 819	32 %
Energy production capacity MW	268	161	66 %
Renewable energy produced MWh	573 347	397 273	44 %

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

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

To ensure that the investment and the underlying Activities ("**Targets**") do not cause significant harm to any sustainable investment objectives, the Manager, together with other relevant Taaleri functions, has decided to consider all the mandatory principal adverse impact indicators set out in the RTS Annex I Table 1 with the Targets. In addition, to fully be aligned with the regulation and ensure not to cause significant harm to any of the objectives, one voluntary indicator from Table 2 and one voluntary from Table 3 are also taken into account. Therefore, a total of 16 different principal adverse indicators are continuously monitored and reported annually. The Targets have undergone careful due diligence- and environmental impact assessments, where adverse impacts are assessed. The voluntary indicators are chosen based on the materiality analysis. The chosen indicators represent the Targets' most relevant adverse impacts and are aligned with the Fund strategy to reduce direct and indirect emissions.

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

All the mandatory and two additional principal adverse impact indicators are taken into account prior to any investment decision with due diligence and other relevant assessments, at a policy level and setting regular investment monitoring and the Fund and AIFM-level reporting, according to the instructions and methods set out in the SFDR and the RTS. The Fund strategy excludes investing in other sectors than renewable energy.

The Activities have their own Environmental and Social Management System which aim is to guide the practical implementation of Taaleri Energia's ESG policy, where all the mandatory and two additional indicators are considered. The Activities are covered by appropriate waste management plans and health and safety guidelines. In addition to data collection and monitoring, Taaleri ensures that actions to reduce the impacts are taken. During the reference period, Taaleri focused on data management and its reliability as well as on decreasing scope 2 emissions.

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

Yes, the Targets are committed to following the recommendations of the OECD Guidelines and UN Guiding Principles and align with the minimum safeguards criteria by committing to Taaleri Energia ESG Policy, Taaleri Energia Partner Code of Conduct or via the Activities' or their contractors' commitments, which have been inspected by Taaleri.

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

Taaleri ensures that the Activities' principal adverse impacts on sustainability factors defined in Annex I of the RTS are reduced. Taaleri monitors and reports measures related to the indicators and sets goals for the next reference period based on the adverse impacts caused.

Indicators related to greenhouse gas emissions are mainly taken into account with Taaleri's ESG policies, principles and initiatives as well as guarantees of origins that the Activities produce. Taaleri made efforts to a net zero emission reduction plan that was created for the Activities to cut their absolute emissions by 2030 to reduce the reported adverse impacts. The net-zero emission reduction plan is in line with the Paris Agreement and provided by the Science Based Targets (SBTis) initiative. The Fund strategy is exclusive, and the Manager has excluded all investments active in the fossil fuel sector or controversial weapons. Therefore, no adverse impacts related to those were caused.

Indicator related to biodiversity is taken into account before investment decisions. Taaleri assesses that the Activities are not located in or near biodiversity areas. This is also due to EU Taxonomy-aligned investment.

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

Indicators related to social and employee matters are taken into account with Taaleri's policies, KYC process, and construction and operation agreements. Neither Fund nor Taaleri Solarwind II have direct employees.

During the reference period, Taaleri focused on collecting correct and accurate data, decreasing Activities' scope 2 emissions, defining scope 3 emission data and used estimates as well as structuring the used internal practises more efficiently. Principal adverse impact indicators for 2023 will be reported for the Fund's investors and published in the Fund's websites before the end of June 2024, according to Annex I, Table I of the RTS.

What were the top investments of this financial product?

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

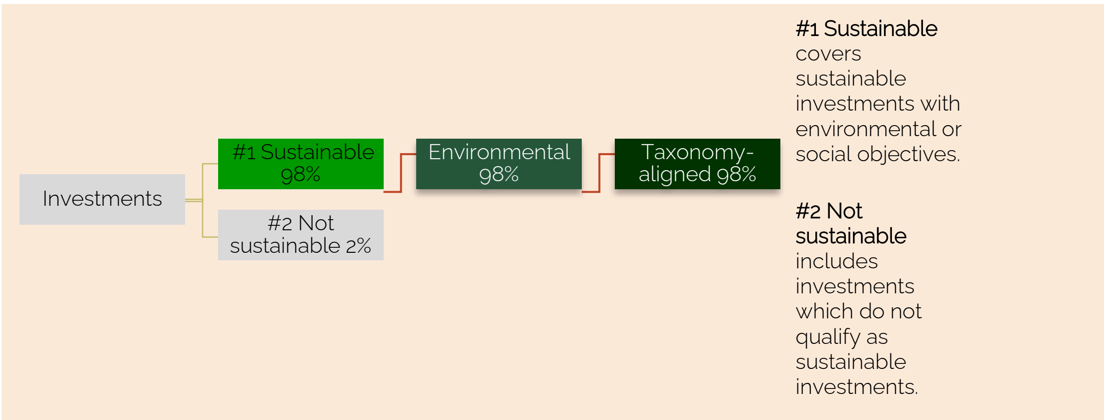
Largest investments	Sector	% Assets	Country
Taaleri SolarWind II SCSp-RAIF	Renewable energy	98 %	Luxembourg
Cash	Cash in the fund account	2 %	Finland

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

98% of the investments made are in economic activities that qualify as sustainable investments under the SFDR (Article 2), when considering all investments (including cash, which is considered as "not sustainable" investment). The Manager considers that all (100%) of the sustainable investments are EU Taxonomy-aligned with an environmental objective of climate change mitigation.



In which economic sectors were the investments made?

All (100%) of the sustainable investments were made in onshore wind farms and photovoltaic solar parks via Taaleri SolarWind II.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

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

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

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

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

Minimum safeguards and good governance are ensured via the Taaleri policies referred in the first pages of this Annex, and KYC processes and are considered a minimum requirement.

A review by a third party was done during the reference period to assess the Activities' EU Taxonomy and sustainable investment alignment as well as SFDR Article 9 categorization of Taaleri SolarWind II. No place for improvement was found.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

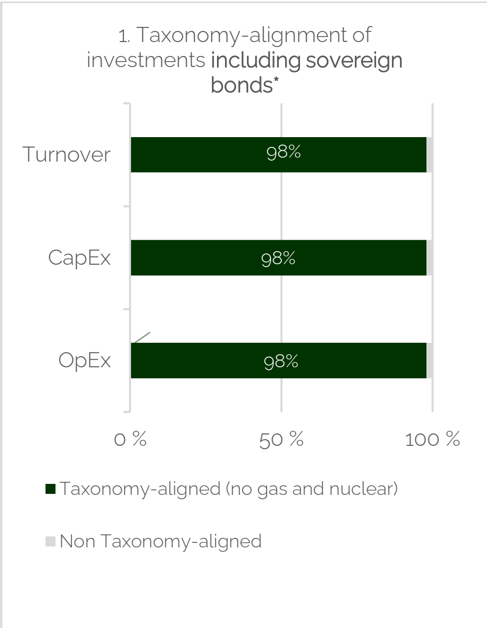
☐ Yes:

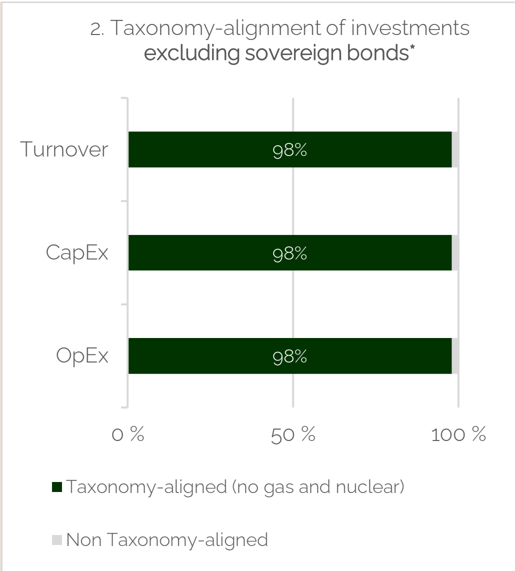
☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.





This graph represents 100% of the total investments.

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

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

The share of investments made in transitional activities 0%.

The share of investments made in enabling activities 0%.

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

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

In the previous report (Q4/2022) cash was not considered in asset allocation like in this report, due to intepreration of the disclosure requirements at that time. The 2022 figures have not been recalculated now. However, the situation in terms of the investments and cash in the fund account has remained similar.

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

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

n/a

What was the share of socially sustainable investments?

n/a

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

The Manager assesses that investments included in “not sustainable” include cash. The Manager confirms that despite the fund objective of making only sustainable investments, some amount of cash is acceptable according to the SFDR. The purpose of the cash is to fund expenses. The cash has been called from the investors for working capital purposes. The cash variables are kept only for a short period and not for any mandatory or fund strategy purposes. Investments included in “not sustainable” follow the fund strategy and, therefore, also minimum social safeguards.

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

The Fund's sustainable investment objective was attained by investing in operating onshore wind farms via Taaleri SolarWind II.

Energy production data was collected to monitor the Fund's sustainable objective (sustainability indicator – renewable energy produced). Based on the energy produced, Taaleri calculated the Fund's emission avoidance (sustainability indicator – estimated emission reduction) In addition, continuous sustainability risk and adverse impact monitoring were conducted.

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

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

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

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

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

  n/a

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

  n/a

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

  n/a

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

  n/a

*This document is based on Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 (hereinafter referred to as "**RTS**") and its Annex 1 Template principal adverse sustainability impacts statement. The fund specific information in this document is highlighted with blue text.*

Definitions and formulas used as a basis for this document are in line with the RTS and can be found in the beginning of RTS Annex I, 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 Aurinkotuuli II Ky (2959476-2)

Summary

Taaleri Aurinkotuuli II Ky (2959476-2) ("**Fund**") considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is on the principal adverse impacts on sustainability factors of the Fund, which alternative investment fund manager is Taaleri Private Equity Funds Ltd ("**POR**", "**Manager**").

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

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

The Fund's only investment target is the Taaleri SolarWind II SCSp RAIF (**"SWII"**) alternative investment fund registered in Luxembourg. Thus, this statement refers to the SWII, as well as reports and operations of its alternative investment fund manager ("**AIFM**") Taaleri Energia Funds Management Ltd ("**Taaleri Energia**", "**SWII Manager**") and other relevant companies in the Taaleri Group ("**Taaleri**", "**we**") - in which also the Manager and the SWII Manager are part of. In practice our employees under or directly linked to Taaleri Energia perform most of the actions described below, as part of management of the SWII and its investment targets, and the Manager focuses on ensuring oversight and disclosures from the Fund's perspective as applicable.

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

Tiivistelmä

Taaleri Aurinkotuuli II Ky (2959476-2) ("**Rahasto**") ottaa huomioon sijoituspäätöstensä pääasialliset haitalliset vaikutukset kestävyystekijöihin. Tämä ilmoitus on Rahaston, jonka vaihtoehtorahastonhoitaja on Taaleri Pääomarahastot Oy ("**POR**", "**Rahastonhoitaja**"), ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin.

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

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

Rahaston ainoa sijoituskohde on Luxemburgiin rekisteröity vaihtoehtorahasto Taaleri SolarWind II SCSp RAIF (”**SWII**”). Näin ollen tässä ilmoituksessa viitataan SWII:een ja sen vaihtoehtorahastonhoitajaan (”**AIFM**”) Taaleri Energia Funds Management Oy:hyn (”**Taaleri Energia**”, ”**SWII Rahastonhoitaja**”) ja muihin relevantteihin Taaleri-konsernin (”**Taaleri**”, ”**me**”) yhtiöihin - joihin myös Rahastonhoitaja ja SWII Rahastonhoitaja kuuluvat. Taaleri Energian alla tai siihen suoraan linkittyvät työntekijämme suorittavat suurimman osan alla kuvatuista toimista osana SWII:n ja sen sijoituskohteiden hallinnoimista, ja Rahastonhoitaja keskittyy valvomaan ja antamaan tietoa niistä Rahaston näkökulmasta soveltuvin osin.

Toteutetut toimet, suunnitellut toimet sekä seuraavalle raportointikaudelle asetetut tavoitteet on kuvattu alla olevassa taulukossa. Olemme sitoutuneet vähentämään Rahaston sijoituskohteiden suoria ja epäsuoria päästöjä Taalerin nettonolla- ja Rahaston kestävä sijoitus -tavoitteiden mukaisesti.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	0.0 tCO_2e	0.0 tCO_2e		Pursuant to the GHG Protocol, only emissions caused directly by SWII are included in scope 1. All machines, e.g. used for construction or maintenance, are controlled by contractors and, therefore, not included in scope 1 but in scope 3 emissions. As direct scope 1 emissions do not occur, we focuse on decreasing scope 3 emissions.
		Scope 2 GHG emissions	0.1 tCO_2e	94.4 tCO_2e	Location-based: 98 tCO_2e	During the reference period, we gathered relevant data to calculate the scope 2 emissions. Market-based scope 2 emissions were decreased on-site by reducing sales of certificates of origin, resulting in zero market-based scope 2 GHG emissions for those investments. Only one investment has not been able to avoid or decrease its market-based scope 2 emissions. Taaleri Energia aims to find a solution for this during the next reference period and to keep the scope 2 market-based emissions at

						zero for other investments. Gaia Consulting has verified the calculation methods.
		Scope 3 GHG emissions	11,775.8 tCO_2e	22,280.2 tCO_2e	The calculations leverage LCA data, revealing that 9 kg of CO2e per MWh in wind power and 35 kg of CO2e per MWh in solar is emitted. This is then divided based on the project phase and lifetime emissions caused.	We improved the estimates of scope 3 emissions during the reference period to achieve better accuracy. As a result, scope 3 emissions were reduced per unit of produced electricity. The investments' scope 3 emission estimates also decreased as a result of all the investments reaching their operational phase and the completion of construction work in 2023. We aim to further improve the accuracy of scope 3 emissions during the next reporting period. The emissions are also expected to decrease due to minimal construction works being carried out during the next reporting period.
		Total GHG emissions	11,775.9 tCO_2e	22,374.6 tCO_2e		We gathered relevant data during the reference period to calculate the total GHG emissions. Taaleri Energia plans to keep the scope 1 and 2 emissions at the same level or lower and define scope 3 emissions annually.
	2. Carbon footprint	Carbon footprint	48.3 tCO_2e/€M	72.3 tCO_2e/€M		We gathered relevant data during the reference period to calculate the total GHG emissions. Taaleri plans to keep the scope 1 and 2 emissions at the same level or lower and define scope 3 emissions annually.
	3. GHG intensity of investee companies	GHG intensity of investee companies	0.8 tCO_2e/€M	3,772.1 tCO_2e/€M		We collected data to calculate the total amount of GHG emissions during the reference period. The regulator provided additional instructions for the calculation methods that resulted in a significant difference between the 2022 and 2023 results. The decrease in absolute scope 2 and 3 emissions, along with the specified calculation methods, led to a substantial drop in the reported number. Taaleri Energia plans to keep the GHG intensity at the same level in also next reference period.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.0 %	0.0 %		The indicator is not considered to be relevant, as 0% of the investments are in companies active in the fossil fuel sector.

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	0.1 %	0.1 %	The share of non-renewable energy consumption was 38.3%, and the share of nonrenewable energy production was 0.0% during the reference period	During the reference period, Taaleri Energia aimed to find solutions that the assets only consume renewable energy. This is done by either purchasing renewable energy or utilising the guarantee of origins that the fund investments produce. We verified this method with Gaia Consulting. However, with one of the investments, no solution to consume renewable energy has yet been found. Taaleri Energia aims to find a solution for this during the next reference period. The SWII investments do not produce non-renewable energy.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.3 GWh/€M	1.1 GWh/€M		During the reference period, we gathered relevant data to calculate the energy consumption intensity. As the energy consumption mainly depends on the SWII investments' renewable energy production, we have limited possibilities to decrease the energy consumption. However, Taaleri Energia has set targets to regularly monitor the energy consumption of the fund investments.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.0 %	0.0 %		During the reference period, no new investments were made and therefore, no investments were situated in biodiversity-sensitive areas. We also target to actively follow the regulation development related to biodiversity areas.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR	0.0 t/€M, weighted average	0.0 t/€M, weighted average		During the reference period, we gathered relevant data to calculate possible emissions. As no emissions to water were identified during the reference period, the plan for the next reference period is to continue the monitoring.

		invested, expressed as a weighted average				
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.0 t/€M, weighted average	0.0 t/€M, weighted average		During the reference period, we gathered relevant data to calculate the hazardous waste and radioactive waste amount. As hazardous waste is generally generated both during construction and annual maintenance of the SWII investments, a zero hazardous waste ratio is almost impossible to achieve. During the next reference period, Taaleri Energia 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 %		Taaleri Energia has ensured that comprehensive KYC and Due Diligence -processes have been completed for each investment. During the next reference period, Taaleri Energia will continue to conduct regular checks on current investments where needed.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints	0.0 %	0.0 %		During the reference period, Taaleri Energia has exercised full or joint control of all SWII investments, whereby Taaleri Energia applies its policies on its investment activities. In addition, through Taaleri's whistleblowing channel, suspicion of a crime, violation or other misconduct may be reported anonymously. Taaleri Energia has developed a comprehensive supply chain due diligence process, the "Sustainable procurement handbook". During the next reference period, Taaleri Energia aims to improve its processes on

		handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				sustainable procurement and implement these new practices in all procurement processes.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	n/a	n/a	There are not enough direct employees to calculate the average of investee companies	The indicator is not considered to be applicable due to the lack of employees.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	19.7 %	17.2 %		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 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		

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

Reported in Tables 2 and 3 below.

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

The Fund, in line with SWII, is committed to identifying, assessing, and prioritising the principal adverse impacts of its investment decisions on sustainability factors.

Taaleri's relevant policies:

- Taaleri Plc Sustainability Risk Policy (December 2023)
- Taaleri Plc Sustainability Policy (December 2023)
- Taaleri Plc Code of Conduct (December 2022)
- Taaleri Private Equity Funds Sustainable Investing Principles (December 2023)
- Taaleri Private Equity Funds Remuneration Policy (August 2023)
- Taaleri Energia Remuneration Policy (April 2022)
- Taaleri Energia ESG policy (May 2023)
- Taaleri Energia Partner Code of Conduct (April 2023)

The applicable governing bodies of either the Manager, the SWII 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 located within various governance structures. We define roles and responsibilities for inter alia the following functions and positions:

1) boards, CEOs, other management and investment committees;

2) internal control (compliance) and risk management representatives;

3) other specialists (such as ESG, legal and technical experts)

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

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

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

- Investee disclosures, such as annual reports and quarterly reporting

- Life Cycle Calculations to estimate Scope 3 emission
- Industry benchmarks and best-practice guidelines from relevant standard-setting bodies

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

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

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

Engagement policies

The SWII Manager is committed to promoting responsible investment practices and effective and responsible engagement in its fund investments. Its policy is to make controlled investments, whereby it has the full ability to implement its policies on the activities of the investees and underlying investments. It, as well as the Manager, are also committed to taking reasonable steps to reduce principal adverse impacts on sustainability factors from its investments.

The engagement with SWII investees includes the following activities:

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

Our relevant policies:

- Taaleri Code of Conduct (May 2022)
    - The Code of Conduct govern and describes the ethical principles that guide all our operations and apply to all staff. In addition, the Code of Conduct covers a description of sustainable business conduct and working with stakeholders.
- Taaleri Energia Partner Code of Conduct (April 2023)
    - Partner Code of Conduct (PCoC) extends our corporate responsibility expectations to our business partners and defines the basic principles to which Taaleri Energia expects our partners to adhere.
- Taaleri Plc Sustainability Policy (December 2023), Taaleri Private Equity Funds Sustainable Investing Principles (December 2023) and Taaleri Energia ESG policy (May 2023)
    - The sustainability policies describe the approaches to analysing, monitoring, avoiding and mitigating principal adverse impacts.

Examples include thematic investing, positive screening and negative screening, and influencing investees through active ownership and engagement.

In addition, we apply additional policies and practices targeted at mitigating major negative impacts on sustainability factors and policies that guide our actions.

The SWII Manager considers a range of indicators to identify and assess the adverse impacts of investees, which include, but are not limited to:

- Greenhouse gas emissions and climate-related risks;
- Water usage and waste management;
- Biodiversity and ecosystem impacts;

- Labor practices and human rights;
- Health and safety;
- Gender equality and diversity;
- Supply chain management;
- Ethical conduct and anti-corruption measures;
- Board composition and corporate governance practices.

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

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

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

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

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

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

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

The standards referenced reflect the SWII 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 our operations. In addition, compliance with legislation and responsible, ethical practices are the cornerstones of our business. Furthermore, responsible, ethical practices are strongly linked to stakeholder cooperation, reputation and the ability to conduct business in the financial markets. Sustainability issues are considered in all operations, and the 'do no significant harm' principle is applied throughout the life cycle of our investments. The SWII Manager supports and follows the TCFD's proposal for data to be reported on the economic impacts of climate change. The TCFD-compliant climate risk assessment utilises the IPCC's forwardlooking climate scenarios (RCP2.6–RCP8.5). In addition, the conducted climate risk assessments are aligned with the EU Taxonomy regulation EU/2020/852, the 'do no significant harm' technical screening criteria for the climate change mitigation objective. Furthermore, climate change risk assessments and the Net Zero Asset Managers initiative support the reporting on the indicator 'Share of investments in companies active in the fossil fuel sector' in Table 1 of Annex 1 to Regulation 2022/1288 and the indicator 'Investments in companies without carbon emission reduction initiatives' in Table 2 of Annex 1 to the same regulation and help to monitor developing of these principal adverse sustainability impacts. Taaleri Plc has signed the Net Zero Asset Managers (NZAM) initiative, which aligns the emission reduction targets of the SWII Manager and its investments with the Paris Agreement. The initiative requires cutting emissions from SWII Manager's activities, committing investees to reduce greenhouse gas emissions and setting a net zero emission plan and target. In addition, we continue to develop the measurement of the impacts to increase understanding of financed emissions and the impacts of the value chain and to reduce related principal adverse impacts. Regular human rights risk analysis is carried out to assess compliance with the referenced commitments to evaluate the likelihood and severity of potential principal adverse impacts on society, good governance practices and human rights. This assessment proposes possible measures to prevent, mitigate or eliminate the principal adverse impacts. We use 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, we monitor the evolution of the frameworks and general market developments concerning accountability and best practices and assesses the best way to take these standards into account in their activities.
Historical comparison The Fund Manager has described the adverse impacts on sustainability factors for a period preceding (2022) this reporting period (2023) above in section 'Description of principal adverse impacts on sustainability factors'.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	**Adverse impact on sustainability factors** **(qualitative or quantitative)**	**Metric**
Indicators applicable to investments in investee companies		

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average
	4. Investments in companies without carbon emission reduction initiatives 2023: 0% 2022: 0%.	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies

	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy
	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing
	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies
	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average
	14. Natural species and protected areas	1.Share of investments in investee companies whose operations affect threatened species 2.Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas

	15. Deforestation	Share of investments in companies without a policy to address deforestation
Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in sovereigns and supranationals		
Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in real estate assets		
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets
		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets

Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter
Waste	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
Resource consumption	21. Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations
Biodiversity	22. Land artificialisation	Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets

Table 3

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

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	**Adverse impact on sustainability factors** **(qualitative or quantitative)**	**Metric**
Indicators applicable to investments in investee companies		
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy

	2. Rate of accidents 2023: 0.0% 2022: 0.0%	Rate of accidents in investee companies expressed as a weighted average
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)
	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers
	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average

	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts
	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings
	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation

	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies
Indicators applicable to investments in sovereigns and supranationals		
Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column
	19. Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely including a quantitative indicator explained in the explanation column
Human rights	20. Average human rights performance	Measure of the average human right performance of investee

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

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

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

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

[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).

(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] ;

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

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[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).

[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).

(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];

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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).

(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;

(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:

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[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).

[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*

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

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

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

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

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

(4) ‘nearly zero-energy building (NZEB)’, ‘primary energy demand (PED)’ and ‘energy performance certificate (EPC)’ shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council[16].

[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)