

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 entity 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 in the end of this document (see 'Definitions and formulas used in this statement and as in Commission Delegated Regulation (EU) 2022/1288 Annex 1' section)

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Taaleri Private Equity Funds Ltd (Business ID 2264327-7, LEI code 636700VBH3AX2DYM9T88)

Summary

Taaleri Private Equity Funds Ltd (Business ID 2264327-7, LEI code: 636700VBH3AX2DYM9T88) considers the principal adverse impacts (hereinafter referred to as "**PAI**") of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Taaleri Private Equity Funds Ltd (hereinafter "**Financial Market Participant**" or "**The Fund Manager**").

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

This statement applies to the Financial Market Participant which is an alternative fund manager owned by Taaleri Plc (hereinafter referred to as "**Taaleri**" or "**Group**") and managing private equity funds that invest in real estate, bioindustry, renewable energy and other alternative investments. The statement describes how the Financial Market Participant considers principal adverse sustainability impacts as part of its investment process and portfolio management. This statement is reviewed annually and is reported voluntarily based on the EU's Sustainable Finance Disclosure Regulation (EU 2019/2088) (hereinafter "**SFDR**") Article 4(4). The scope of this statement consists of Financial Market Participant's SFDR Article 8 and Article 9 classified alternative investment funds which cover 77% of the Financial Market Participant's Assets Under Management (hereinafter "**AUM**") in 2023. The AUM reported include assets that generate management fees. The scope of each metric reported below is disclosed in the following chapter '*Description of the principal adverse impacts on sustainability factors*' or in the '*Explanation*' column.

The Financial Market Participant's financial products use resources and cause adverse environmental impacts mainly through greenhouse gas emissions, waste and the use of natural resources.

- Most of the greenhouse gas emissions from the financial products are caused during the construction phase of investments, such as wind farms or real estate. In turn, greenhouse gas emissions from the bioindustry investments are caused by energy, electricity and/or fuels used in production.
- Waste is generated during the construction, use and operation phases, during production and the final phase of the life cycle of investments.
- Natural resources are utilized in building materials and in bioindustry production.

Tiivistelmä

Taaleri Pääomarahastot Oy (Y-tunnus 2264327-7, LEI-tunnus 636700VBH3AX2DYM9T88) ottaa huomioon sijoituspäätöksensä pääasialliset haitalliset vaikutukset ("**PAI**") kestävyystekijöihin. Tämä ilmoitus on Taaleri Pääomarahastot Oy:n (jäljempänä "**Finanssimarkkinatoimija**" tai "**Rahaston hoitaja**") yhdistetty ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin.

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

Tämä lausunto koskee Finanssimarkkinatoimijaa, joka on Taaleri Oy:n (jäljempänä "**Taaleri**" tai "**konserni**") omistama vaihtoehtorahastonhoitaja ja hallinnoi kiinteistöihin, bioteollisuuteen, uusiutuvaan energiaan ja muihin vaihtoehtoisin sijoituksiin sijoittavia pääomarahastoja.

Lausunto kuvaa, kuinka Finanssimarkkinatoimija huomioi pääasialliset haitalliset kestävyysvaikutukset osana sen investointiprosessia ja portfolion hallintaa. Tämä lausunto tarkastetaan vuosittain ja se on vapaaehtoinen perustuen EU:n kestävän rahoituksen tiedonantoasetuksen (EU 2019/2088) (jäljempänä "**SFDR**") artiklaan 4(4). Tämän lausunnon laajuus koostuu Finanssimarkkinatoimijan SFDR artiklan 8 ja artiklan 9 mukaiseksi luokitelluista vaihtoehtorahastoista, jotka kattavat 77 % Finanssimarkkinatoimijan hallinnoitavista varoista vuonna 2023. Raportoitu hallinnoitava varallisuus on hallinnointipalkkiota tuottava hallinnoitava varallisuus. Kunkin alla raportoitavan mittarin laajuus on esitetty seuraavassa kappaleessa (*Description of the principal adverse impacts on sustainability factors*) tai Selitys (*Explanation*) -sarakeessa.

Finanssimarkkinatoimijan rahoitustuotteet käyttävät resursseja ja aiheuttavat haitallisia ympäristövaikutuksia pääosin kasvihuonekaasupäästöjen, jätteiden ja luonnonvarojen käytön kautta.

- Suurin osa rahoitustuotteiden kasvihuonekaasupäästöistä aiheutuu sijoituskohteiden, kuten tuulipuistojen tai kiinteistöjen, rakennusvaiheessa. Bioteollisuuden sijoitusten kasvihuonekaasupäästöt taas aiheutuvat tuotannossa käytettävästä energiasta, sähköstä ja/tai polttoaineista.
- Jätteitä syntyy sijoituskohteiden rakennus-, käyttö- ja operointivaiheessa, tuotannossa sekä elinkaaren loppuvaiheessa.
- Luonnonvaroja hyödynnetään rakennusmateriaaleissa sekä bioteollisuuden tuotannossa.

Description of the principal adverse impacts on sustainability factors

The Financial Market Participant considers the principal adverse impacts on sustainability factors by reviewing all indicators listed in Tables 1, 2 and 3 of the RTS Annex I and identifying obligatory and other material indicators to report below in this statement. This includes all mandatory indicators listed in Table 1, as applicable based on the investment type (company/real estate), and at least two additional indicators from Tables 2 and 3 of the RTS's Annex I.

The Financial Market Participant's funds that are classified as SFDR Article 8 or Article 9 funds also follow similar process and report their Principle Adverse Impacts Statements on Taaleri's fund specific websites and in fund reports. This statement gathers the indicators reported by the Financial Market Participant's funds and summarises key explanations, actions and targets. We are in the process of further developing our practices to assess the materiality of impacts from different entities' points of view and to report on them in different contexts. In line with our understanding of the regulatory requirements and market practices, in this statement the Financial Market Participant reports on its real estate investments only the real estate specific indicators, although its real estate funds might consider and disclose information about the company specific indicators too.

General notes regarding scope, trends, actions and targets ("general notes"):

Unless otherwise stated in the 'Explanation' column below, the data reported in the 'Indicators applicable to investments in investee companies' covers 52% of the Financial Market Participant's AUM. This includes our renewable energy and bioindustry funds. Related content for the 'Actions taken, and actions planned, and targets set for the next reference period' column below can be found in the fund specific PAI statements (2023) available in the 'Sustainability -related disclosures in periodic reporting' section of the fund specific websites. Direct links to the documents including the fund specific PAI statements (2023) in the last section are: [Taaleri Wind Power Fund IV](#), [Taaleri SolarWind II Feeder Fund](#) and [Taaleri Bioindustry I](#). The Bioindustry I fund made its first investments in Q4/2022 and therefore, the results presented for 2022 are not for the entire year, and thus not comparable with 2023 values.

Unless otherwise stated in the 'Explanation' column below, the data reported in the 'Indicators applicable to investments in real estate assets' covers 25% of the Financial Market Participant's AUM. This includes our residential real estate funds. Related content for the 'Actions taken, and actions planned, and targets set for the next reference period' column below can be found in the fund specific PAI statements (2023) available in the 'Sustainability -related disclosures in periodic reporting' section of the fund specific websites. Direct links to the documents including the fund specific PAI statements (2023) in the last section are: [Taaleri Housing Fund VIII](#) and [Taaleri Rental Home](#).

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	6.3 tCO ₂ e	1.2 tCO ₂ e	See the general notes above.	See the general notes above.
		Scope 2 GHG emissions	45.2 tCO ₂ e	126.5 tCO ₂ e	See the general notes above.	See the general notes above.
		Scope 3 GHG emissions	12,235.0 tCO ₂ e	32,876.9 tCO ₂ e	See the general notes above.	See the general notes above.
		Total GHG emissions	12,286.4 tCO ₂ e	33,004.5 tCO ₂ e	See the general notes above.	See the general notes above.
	2. Carbon footprint	Carbon footprint	62.9 tCO ₂ e /€M	156.6 tCO ₂ e /€M	See the general notes above.	See the general notes above.

3.	GHG intensity of investee companies	GHG intensity of investee companies	0.8 tCO ₂ e /€M	8334.1 * tCO ₂ e /€M	See the general notes above. *2022 indicator figure restated (from 32,161.8) due to correcting part of the GHG units used in background calculations	See the general notes above.
4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0 %	0 %	See the general notes above.	See the general notes above.
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	4 %	2 %	See the general notes above. Weighted average.	See the general notes above.
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	0.7 GWh/€M	1.6 GWh/€M	See the general notes above.	See the general notes above.

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 %	See the general notes above.	See the general notes above.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 t/€M	0 t/€M	See the general notes above.	See the general notes above.
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	0.01 t/€M	0.16 t/€M	See the general notes above.	See the general notes above.
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 %	See the general notes above.	See the general notes above.

	<p>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</p>	<p>Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</p>	<p>0 %</p>	<p>0 %</p>	<p>See the general notes above.</p>	<p>See the general notes above.</p>
	<p>12. Unadjusted gender pay gap</p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>25.31 %</p>	<p>-1.38 %</p>	<p>See the general notes above.</p> <p>Data covers only bioindustry related fund, i.e. 11% of the Financial Market Participant's AUM.</p> <p>The renewable energy fund projects do not have enough direct employees to calculate the average of investee companies.</p>	<p>See the general notes above.</p>

	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33 %	37 %	See the general notes above. Weighted average.	See the general notes above.
	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 %	See the general notes above.	See the general notes above.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	n/a	n/a	n/a	n/a

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	n/a	n/a	n/a	n/a
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0 %	0 %	See the general notes above.	See the general notes above.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0 %	0 % *	See the general notes above. *Information has been revised, since all properties have been A or B class according to the latest standard in 2022 and 2023.	See the general notes above.

Other indicators for principal adverse impacts on sustainability factors						
Information on the principal adverse impacts on sustainability factors referred to in the RTS's Article 6(1) in the format of the RTS's Annex I Table 2 (Additional climate and other environment-related indicators) and Table 3 (Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters) are presented below.						
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	0 %	0 %	See the general notes above.	See the general notes above.

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	1. 87.2 m ³ /€M 2. 15.0 %	1. 106.1 m ³ /€M 2. 25.3 %	See the general notes above. Data covers only a bioindustry related fund, i.e. 11% of the Financial Market Participant's AUM.	See the general notes above.
	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	0.7 t/€M	18.9 t/€M	See the general notes above. Data covers only a bioindustry related fund, i.e. 11% of the Financial Market Participant's AUM.	See the general notes above.
Indicators applicable to investments in real estate assets						
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets	0 tCO ₂	0 tCO ₂	See the general notes above.	See the general notes above.
		Scope 2 GHG emissions generated by real estate assets	528 tCO ₂	490 tCO ₂	See the general notes above.	See the general notes above.
		Scope 3 GHG emissions generated by real estate assets	1935.4 tCO ₂	1028.4 tCO ₂	See the general notes above.	See the general notes above.
		Total GHG emissions generated by real estate assets	2463.3 tCO ₂	1518.4 tCO ₂	See the general notes above.	See the general notes above.

Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0.0 GWh/m ²	0.0 GWh/m ²	See the general notes above.	See the general notes above.
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	0 %	0 %	See the general notes above.	See the general notes above.
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	n/a	n/a	See the general notes above.	See the general notes above.
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	71-92%	n/a	See the general notes above. Data covers only our newest real estate fund, i.e. 8% of the Financial Market Participant's AUM. The other real estate fund nor the newest fund for 2022 do not have adequate data to report or assess the indicator available.	See the general notes above.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Indicators applicable to investments in investee companies

Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0 %	0 %	See the general notes above. Data covers only renewable energy related funds, i.e. 40% of the Financial Market Participant's AUM.	See the general notes above.
	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	69.7	36.2	See the general notes above. Data covers only a bioindustry related fund, i.e. 11% of the Financial Market Participant's AUM.	See the general notes above.
	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)	0 %	66 %	See the general notes above. Data covers only a bioindustry related fund, i.e. 11% of the Financial Market Participant's AUM.	See the general notes above.
	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	20 %	34 %	See the general notes above. Data covers only a bioindustry related fund, i.e. 11% of the Financial Market Participant's AUM.	See the general notes above.

Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	0 %	0 %	See the general notes above. Data covers only a bioindustry related fund, i.e. 11% of the Financial Market Participant's AUM.	See the general notes above.
	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	51 %	100 %	See the general notes above. Data covers only a bioindustry related fund, i.e. 11% of the Financial Market Participant's AUM.	See the general notes above.

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

The financial products managed by the Financial Market Participant have raised their funds from investors. The products are managed according to their investment objectives and agreed limits. Although Taaleri aims is to make investments that have a positive impact on our stakeholders, society and the environment, we recognise that our operations also have adverse impacts on sustainability factors and we're responsible for managing, mitigating and remediating those.

The Financial Market Participant applies the SFDR definitions as follows:

- **'Principal adverse impacts'** (PAI) are understood as those impacts of investment decisions and advice that result in negative impacts on sustainability factors.
- **'Sustainability factors'** mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
- **'Sustainability risk'** means an environmental, social, or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
- **'Sustainable investments'** means an investment in an economic activity that contributes to an environmental or social objective provided that such investments *do not significantly harm* any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.
- **'Financial market participant'** refers to the definition in Article 2 e) of the SFDR: 'an alternative investment fund manager (AIFM)' (EU 2019/2088 (2)).

Also the following definitions are in line with the SFDR:

- **'SFDR Article 9 funds'** have sustainable investment as its objective and are aligned with EU Taxonomy for sustainable activities as applicable.
- **'SFDR Article 8 funds'** promote environmental or social characteristics and following good governance practices.

The Financial Market Participant considers principal adverse sustainability impacts in its fund products as follows:

- **SFDR Article 8 funds:** Principal adverse impacts are considered and reported in this statement and in the fund specific statements. The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable

economic activities.

- **SFDR Article 9 funds:** Principal adverse impacts are considered and reported in this statement and in the fund specific statements. The 'do no significant harm' principle is applied to all investments in the financial product and they consider the EU criteria for environmentally sustainable economic activities.

Funds that are not subject to SFDR Article 8 or 9 do not consider principal adverse impacts and are not in the scope of this statement. These kinds of funds of the Financial Market Participant cover 23 % of its AUM in 2023 and are mainly closed-end, non-strategic investments that no longer actively market or raise funds or change their investment strategies. The Financial Market Participant considers sustainability risks in all its funds regardless of their SFDR classification.

SFDR fund classification (Article 8 and 9)	Fund name	PAI considered and reported
9	Taaleri Wind Power Fund IV (Taaleri Tuulirahasto IV)	Yes
9	Taaleri SolarWind II Feeder Fund (Taaleri Aurinkotuuli II)	Yes
9	Taaleri Bioindustry Fund I (Taaleri Bioteollisuus I)	Yes
8	Taaleri Rental Home (Taaleri Vuokrakoti)	Yes
8	Taaleri Housing Fund VIII (Taaleri Asuntorahasto VIII)	Yes
-	Taaleri Multifunctional Premises	No
-	Taaleri Property Fund I	No
-	Taaleri Property Fund II	No
-	Taaleri Real Estate Development Fund	No
-	Taaleri Circular economy	No
-	Taaleri Africa Fund I	No
-	Taaleri Africa Fund II	No
-	Taaleri Growth Funds I	No
-	Taaleri Debt Funds I Ky	No

The Financial Market Participant is committed to reducing carbon dioxide emissions in its value chains in line with the Paris Agreement in accordance with Taaleri Group's Net Zero Asset Managers (NZAM) commitment. In addition, the Financial Market Participant strives to reduce environmental impacts by focusing investment activities on renewable energy, circular economy and bioeconomy projects replacing traditional industrial manufacturing and the use of virgin raw materials. In addition, we investigate how to improve the recyclability and efficiency of the raw materials used in our portfolio companies, construction projects and power plants. The Financial Market Participant continues to develop the measurement of their adverse impacts in order to increase understanding of financed emissions and improve data accuracy and coverage of the sustainability impacts of its value chain and to reduce the principal adverse impacts of investment decisions made.

In addition, the Financial Market Participant is committed not only to reducing its adverse impacts, but also to promoting sustainability factors. Sustainability factors are considered throughout the value chain of the investments made. The Financial Market Participant and the financial products it provides contribute most positively to the

following UN Sustainable Development Goals: "7 Affordable and clean energy", "9 Industry, innovation and infrastructure", "11 Sustainable cities and communities", "8 Decent work and economic growth" and "13 Climate action".

1.

a)

Relevant policies and the date on which the governing body of the Financial Market Participant, Taaleri or the Group's other relevant entity approved the current versions of the documents is listed in the '*Engagement policies*' section below. Most of the policies have been in force already before 2022 and are publicly available in [the document archive on Taaleri's webpages](#). The policies are reviewed annually and updated as necessary.

b)

The allocation of responsibilities of the policies uses governance structures that enable appropriate decision-making, oversight, remuneration and management of risk and conflicts of interest. We define roles and responsibilities for, for example, the following functions and positions:

- 1) boards, CEOs, other management and investment committees of companies managing investments in the asset management business;
- 2) internal control (compliance) and risk management representatives;
- 3) other specialists (such as ESG, legal and technical experts).

c)

We use a comprehensive, data-driven methodology to select the indicators referred above, and to identify, assess and mitigate the principal adverse impacts on sustainability factors. The following stages are incorporated into our methodology:

- **Data Collection:** We collect relevant data from investees, get help from third-party consultants when needed, and utilise industry benchmarks and emission factors. We have also been using third-party models and data from subcontractors.
- **Indicator Selection:** We have chosen the additional indicators based on e.g. their materiality, relevance to the funds' objective, and alignment with industry standards and regulatory requirements. The indicators aim to support the funds' investment objectives, do no significant harm principles and are based on the assessment done.
- **Risk Assessment:** We evaluate the probability of occurrence and the severity of adverse impacts, considering their potential remedability.
- **Prioritisation:** We prioritise the identified principal adverse impacts based on their influence, considering the funds' investment objectives and preferences.

More information in the funds' PAI statements linked above and in the Financial Market Participant's previous PAI statement (2022).

d)

PAI indicators are calculated using the calculation methods defined in the SFDR RTS. The assessment of the principal adverse sustainability impacts over the entire life cycle of an investment is based in part on projections, which means that the assessment of their likelihood and severity is always subject to uncertainty.

In addition, it is possible that, despite best efforts, not all sustainability impacts can be predicted in advance. Also, for some of the investment targets, only a limited amount of available emission data can be found, which is why the calculations have been supplemented with modelling. Third-party modelling for taxonomy aligned investments is in line with EU-defined calculation standards in order to reduce the margins of error.

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

e)

The reported indicators are based on various data sources. We use a combination of proprietary and external data sources to identify and assess the principal adverse impacts on sustainability factors.

We obtain the information reported above either directly from investee companies, or by carrying out additional research, cooperating with third party data providers or external experts or making reasonable assumptions. This may include utilising modelling and industry benchmarks and best-practice guidelines from relevant standard-setting bodies. The Funds' PAI statements available via Taaleri's fund specific webpages provide more detailed information about data background and limitations.

2.

In cases where information relating to the Financial Market Participant's SFDR Article 8 and 9 funds' indicators reported is not readily available, we aim to 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
- Making reasonable assumptions based on industry averages, benchmarks, and best practices

It shall be noted that the funds that are not subject to SFDR Article 8 or 9 do not consider principal adverse impacts and are not in the scope of this statement. These kinds of funds of the Financial Market Participant cover 23 % of its AUM in 2023 and are mainly closed-end, non-strategic investments that no longer actively market or raise funds or change their investment strategies, thus information relating to the indicators is not readily available nor possible to obtain with reasonable effort.

Engagement policies

a)

The Financial Market Participant is not a listed company and thus not in the scope of the Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies.

b)

In this section, the Financial Market Participant provides brief summaries of its relevant engagement policies from PAI consideration and management point of view. Also the dates in which a governing body of a relevant entity has approved the policy versions which have been in force in 2023 are mentioned in brackets.

Most of the policies have been in force already before 2022 and are publicly available in [the document archive on Taaleri's webpages](#). The policies are reviewed annually and updated as necessary so the current versions available might be more recent than the ones mentioned.

Taaleri's engagement policies aim to ensure that the activities of Taaleri, the Financial Market Participants and relevant other entities or their partners do not cause significant harm to the environment, society or employees, violate human rights or engage in corruption and bribery. We regularly monitor and audit our operations and those of our investees. In the event that the principal adverse impacts are observed, the policies and code of conduct to prevent, correct and mitigate those impacts will be amended. In addition we report on positive and adverse impacts as part of the Group's Annual Report and manage these impacts through the continuous development of our policies.

In case principal adverse impacts and other major unfavourable consequences are not reduced over more than one reporting period, the Fund Manager will take adequate actions in line with the policies, including re-evaluating our engagement strategies or our investment strategies.

Codes of Conduct for Taaleri:

Taaleri Code of Conduct (December 2022), Taaleri Energia Code of Conduct (May 2022), Taaleri Bioindustry Code of Conduct (January 2022, May 2023) and Taaleri Real Estate Code of Conduct (March 2022, internal)

- The Codes of Conduct and the values of the Taaleri Group govern and describe the ethical principles that guide our operations and what we believe is the right way to act. The Codes of Conduct apply to all activities, to all staff and to our significant partners. The Codes of Conduct outline business principles regarding compliance with laws and regulations, corruption and bribery, conflicts of interest and secondary occupations, prevention of money laundering and the financing of terrorism, sanctions, handling of confidential information and anti-competitive behavior. In addition, the Codes of Conduct cover for example a description of working with stakeholders and sustainability.

Codes of Conduct for Partners:

Taaleri Partner Code of Conduct (December 2022), Taaleri Energia Partner Code of Conduct (May 2022, internal; note: April 2023 public), Taaleri Bioindustry Code of Conduct (January 2022, May 2023) and Taaleri Real Estate Partner Code of Conduct (December 2022, internal; note: June 2023 public)

- The Partner Codes of Conduct and the businesses' Codes of Conduct contain description of Taaleri's values and international commitments, which we also aim our partners to adhere to.

Taaleri Plc Corporate Governance Statement 2023 (March 2024)

- The Corporate Governance Statement describes Taaleri's decision-making hierarchy, the activities of the Board of Directors and management, diversity and procedures related to financial and risk reporting. Taaleri Plc is a Finnish limited liability company listed on Nasdaq Helsinki. In addition to the laws and regulations applicable to listed companies, the rules and regulations of the Finnish Financial Supervisory Authority and Taaleri's administrative principles, the company adheres to the Securities Market Association's Finnish Corporate Governance Code, which is publicly available on the Securities Market Association's website at www.cgfinland.fi.

Sustainability policies:

Taaleri Plc Sustainability Policy (December 2022, December 2023), Taaleri Private Equity Funds Ltd Sustainable Investing Principles (September 2022, December 2023), Taaleri Energia ESG Policy (May 2022, May 2023), Taaleri Bioindustry Sustainability Principles (December 2022, May 2023), Taaleri Real Estate Sustainability Principles (March 2022, December 2022)

- The sustainability policies of Taaleri and its Financial Market Participant and the sustainability policies and principles of the businesses describe our approach to analysing, monitoring, avoiding and mitigating principal adverse sustainability impacts. Examples of such sustainable investment policies include thematic investing, positive and negative screening and influencing investees through active ownership and engagement. The means of active ownership are described in Taaleri's Sustainability Policy. A more detailed description of the implemented due diligence and active ownership measures are described in Taaleri's Sustainability Policy.

Risk policies:

Taaleri Plc Sustainability Risk Policy (December 2022, December 2023), Taaleri Private Equity Funds Ltd Risk Management Policy (December 2022, December 2023, internal)

- Taaleri's Sustainability Risk Policy describes Taaleri's and its Financial Market Participant approach to considering and managing sustainability risks in different businesses. Taaleri considers the sustainability impacts of investments on the environment, society and governance. In addition, the policy describes the risks to economic activities posed by climate change and various sustainability factors.

Taaleri Private Equity Funds Ltd Valuation Policy (December 2022, December 2023)

- The Valuation Policy describes the valuation responsibilities, operating models and -principles that Taaleri Private Equity Funds Ltd observes in the funds it manages. The policy describes the valuation procedures fund by fund.

References to international standards

a)

The Financial Market Participant uses PAI and other sustainability indicators it considers and reports to reflect to what extent it adheres to responsible business conduct codes and internationally recognised standards for due diligence and reporting, and the degree of its alignment with the objectives of the Paris Agreement. The Financial Market Participant discloses above (see '*Description of the principal adverse impacts on sustainability factors*' section) indicators in the following themes:

- Greenhouse gas and other emissions
- Biodiversity
- Water
- Waste
- Social and employee matters and human rights
- Fossil fuels

- Energy efficiency
- Energy consumption

b)

Methodology and data used to measure the adherence and alignment are partly common to the Taaleri Group and partly business area specific as described in the relevant policies and the scope of this statement mentioned above (see '*Description of policies to identify and prioritise principal adverse impacts on sustainability factors*' and '*Engagement policies*' sections). The Fund Manager is committed to increase the scope of coverage and to develop practices related to data and methods used when identifying and analysing the principal adverse impacts on climate, the environment, governance and social matters.

We apply for example the following responsible business conduct codes and internationally recognised standards:

- Definitions and criteria in the EU's SFDR (incl. RTS Annex I) and the EU Taxonomy for sustainable activities
- UN Principles for Responsible Investment (UNPRI)
- UN Global Compact (UNGC)
- UN Guiding Principles on Business and Human Rights (UNGPR)
- UN Convention against Corruption
- UN Rio Declaration on Environment and Development
- UN Sustainable Development Goals
- OECD Guidelines for Multinational Enterprises
- ILO Declaration on Fundamental Principles and Rights at Work
- International Bill of Human Rights
- Net Zero Asset Managers Initiative (NZAM)
- Task Force on Climate-related Financial Disclosures (TCFD)
- GHG Protocol
- ISO Standards (e.g. for life-cycle impact assessment methods)
- Global Reporting Initiative (GRI)
- CDP

Taaleri Group, and therefore, the Fund Manager have committed, among other initiatives, to the NZAM initiative, which aligns the emission reduction targets of the company and its investments with the Paris Agreement. The initiative requires cutting Taaleri's direct and indirect emissions, committing investees to reducing greenhouse gas emissions and setting net zero emission targets. Net-zero emissions must be achieved by the year 2050 latest. Taaleri has made efforts to align climate risk assessments with the requirements of the 'do no significant harm' assessment criteria of the EU Taxonomy with regard to the climate change adaptation target. Our TCFD-aligned climate risk assessments utilise the IPCC's forward-looking climate scenarios (RCP4.5–RCP8.5) and has been prepared by the Group's sustainability experts since 2022. These support the reporting on the indicator '*Share of investments in companies active in the fossil fuel sector*' in Table 1 of RTS Annex 1 and the indicator '*Investments in companies without carbon emission reduction initiatives*' in Table 2 of RTS Annex 1 and help to monitor the development of these principal adverse sustainability impacts.

In order to assess compliance with these commitments, the Financial Market Participant carries out regular assessments regarding its own processes and policies. On the basis of these assessments, possible measures to prevent, mitigate or eliminate the principal adverse impacts are planned. Reduction targets for the principal adverse impacts

are set based on the measured impacts and targets are promoted through active ownership, policies, investment agreements, codes of conduct and other engagement policies described above.

- Sustainability issues are considered in all Taaleri's and the Financial Market Participant's operations. The 'do no significant harm' principle is applied throughout the life cycle of the Financial Market Participant's strategic funds' investments (see '*Description of policies to identify and prioritise principal adverse impacts on sustainability factors*' section).
- Overall compliance, reliability and transparency are the basis of Taaleri's operations. Compliance with legislation and responsible, ethical practices are the cornerstones of our business and are strongly linked to stakeholder cooperation, reputation and the ability to conduct business in the financial markets.
- Taaleri monitors the development of the applied frameworks and general market practices in relation to accountability and best practices and assesses the best way to implement them in investment activities. The Financial Market Participant participates in various ways in the development of best practices in industry regulation and sustainability work.

c)

The Financial Market Participant has used IPCC's forward-looking climate scenarios (RCP4.5–RCP8.5).

d)

Not applicable because forward looking scenarios have been used.

Historical comparison

The Financial Market Participant 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*'.

Definitions and formulas used in this statement and as in Commission Delegated Regulation (EU) 2022/1288 Annex 1

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 Council¹;
- (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 Council²;
- (3) 'weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;
- (4) 'enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
- (5) 'companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council³;
- (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;

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

² Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

³ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

- (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 Council⁴;
- (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 Council⁵;
- (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 Council⁶ 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 Council⁷ ;
- (16) 'radioactive waste' means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom⁸;
- (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 Council⁹;

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).

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).

- (ii) Council Directive 92/43/EEC¹⁰;
 - (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 Council¹¹;
 - (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) 2021/2139¹²;
- (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 Council¹³;
- (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 Council¹⁴, for the Large Volume Inorganic Chemicals- Solids and Others industry;

¹⁰ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

¹¹ Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

¹² Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

¹³ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

¹⁴ Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

(28) 'air pollutants' means direct emissions of sulphur dioxides (SO₂), 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 Council¹⁵, ammonia (NH₃) 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:

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

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

$$\frac{\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

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

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

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

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{The country's Scope 1, 2 and 3 GHG emissions}_i}{\text{Gross Domestic Product}_i(\text{€M})} \right)$$

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

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

□

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*

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 Council¹⁶.

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)