

Sustainability Policy

December 2022

TAALERI

Basic information of the document

Purpose	To describe Taaleri Plc's ("Taaleri") view on corporate responsibility and sustainable investing and how these are implemented within the Group
Update frequency	According to need (reviewed at least annually)
Approved by and date (original date)	Taaleri Plc's Board of Directors 17 December 2021
Effective from	17 December 2021
Responsible organisation	Taaleri Plc
Contact person	Karoliina Laine and Siri Markula
Regulation upon which the instruction is based	Not directly based on regulation but will support the response to regulatory frameworks such as the EU Sustainable Finance and Sustainability Reporting framework, some of which are still under development

Version history

Approved (date)	Applied as of (date)	Changes made
17 December 2021	17 December 2021	Policy created
7 December 2022	7 December 2022	Update: specification of process descriptions, description of net zero targets, material sustainability themes and sustainability impacts, update of negative screening criteria

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Introduction and purpose

Taaleri is a Nordic investment and asset manager with an emphasis on renewable energy and other alternative investments. Taaleri has two business segments: Private Asset Management and Strategic Investments. The Private Asset Management segment consists of renewable energy, real estate, and bioindustry businesses. The Strategic Investments segment includes Garantia Insurance Company ("Garantia"). Taaleri Plc is listed on Nasdaq Helsinki. In addition, Taaleri's alternative fund managers manage private equity funds that invest in renewable energy, real estate, and other alternative investments that have a positive impact and a strong return.

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

In this policy, we describe Taaleri's commitment to sustainable development and the sustainability practices and models of all of our operations. A general description of the Group's sustainability activities is provided in the *Sustainability* -section and the sustainable investment policy in the *Sustainable investing* -section. This policy supports our strategic objective of creating a positive impact.

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

The Sustainability Policy addresses the sustainability impact of Taaleri Group and its businesses and our principles of sustainable investing. This policy is based on the broad context of sustainable development and takes into account environmental and social sustainability, good governance practices, and the value chain of Taaleri and its products and services. The policy is founded on commonly accepted definitions and concepts regarding sustainability, which are presented in the section *Context and frameworks of sustainable development*.

Taaleri regularly defines its material sustainability themes and assesses the principal adverse sustainability impacts of its operations. The definition of the material sustainability themes takes into account both the positive and principal adverse sustainability impacts of our operations on the environment and society, as well as the related economic impacts, and the expectations of stakeholders. The assessment of our recognized principal adverse impacts, sustainability factors, and sustainability themes guide our sustainability work and investment operations as well as the content of this policy and its principles. The most material sustainability themes and impacts are described in the section *Material sustainability themes and impacts*.

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

Sustainability

The obligations set out in this *Sustainability* -section apply to all our activities, unless otherwise stated and delineated. In this section, we describe the key aspects of our sustainability work and the Group's sustainability-related objectives.

The *Sustainability* -section provides a foundation for the requirements and approaches to investment activities and investment targets, which are explained in more detail in the *Sustainable investing* -section. We describe our approaches to sustainability work and how that is managed in the *Sustainability management* -section. We elaborate on our approach to sustainable investment decision-making in the *Application and responsibilities* part of the *Sustainable investing* -section.

Strategic approach

Our strategy is based on sustainability and sustainable development, this strategy drives our sustainability- and climate work. We want to be frontrunners in impact investing and sustainable finance. By impact investing, we mean investing which, in addition to good financial returns, actively promotes solutions to material sustainability and responsibility issues.

Our mission is to use capital and our expertise to build a better future. In our operations, we channel capital towards economically profitable undertakings that have a lasting positive impact on the environment and society. We believe that our operations have significant potential to deliver economic value, while steering markets towards a more sustainable future.

In addition, we see that sustainable business practices also benefit the wider society and the environment. We create value in the long term by building sustainable infrastructure through, for example, renewable energy projects, energy-efficient construction that promotes the circular economy, and investments in bioindustry solutions that reduce the use of fossil- and virgin raw materials and promote circular economy. Garantia is an insurance company specialising in guarantee insurance. Garantia's customers are Finnish companies and consumers. Their aim is to increase equality by providing affordable housing solutions for both owner-occupied and rental housing. In addition, Garantia takes sustainability considerations into account as part of the assessment of its corporate customers.

Compliance and commitments

Compliance is the foundation of Taaleri's operations. Legal compliance and responsible, ethical behaviour are the cornerstones of our business and are strongly linked to our cooperation with stakeholders.

Taaleri and its business partners comply with the laws, statutes and official regulations of the countries in which they operate. We also comply with the relevant international requirements for our business and promote their implementation in our value chain, for example by requiring our relevant partners to commit to essential standards in their contracts (see the end of this chapter for more information). Especially for projects outside the Nordic countries, we assess the adequacy of local standards and, where necessary, add or clarify our requirements for compliance with international standards.

We respect all internationally recognised human and labour rights. We are committed to the principles and rights set out in the eight core conventions identified by the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. We are committed to implementing the UN

Guiding Principles on Business and Human Rights in all our activities. A more detailed description of how human rights are considered as part of our business can be found in the *Human rights policy* -section.

We actively monitor the EU regulatory framework for sustainable finance and sustainability reporting and the development of these regulatory requirements and guidelines. For example, we apply the EU Taxonomy Regulation (2020/852) and the Sustainable Finance Disclosure Regulation (SFDR) (2018/2088) for assessing and reporting the sustainability impacts of our products and sustainable investments. Taaleri's goal is to only provide financial products that promote environmental and social characteristics or make sustainable investments in accordance with Article 8 or Article 9 of the EU SFDR (2019/2088) from now on.

Other key compliance aspects of our operations are:

- We adhere to the rules of Nasdaq Helsinki Ltd (Helsinki Stock Exchange), securities market legislation and the official regulations issued by virtue of it, as well as the Corporate Governance Code for listed companies maintained by the Securities Market Association.
- We know our clients and partners as required by law and comply with laws and official regulations related to the prevention of money laundering and financing of terrorism.
- We comply with the binding sanctions legislation, and we monitor our partners to avoid doing business with companies on any sanction lists.
- We do not accept any kind of corruption, bribery or other activity that: may create an impression of inappropriately influencing a business decision; yields an inappropriate advantage to a party or person; or, can be seen as trying to influence decision-making in other ways.
- We comply with competition laws and compete fairly.
- We comply with applicable tax regulations and good tax practices.
- We process and protect personal data in accordance with applicable laws and regulations.

We also contribute in various ways to the development of regulation and sustainability work in the financial sector. Taaleri is a signatory to the UN Principles for Responsible Investment (UNPRI), the climate change data organisation CDP and the Net Zero Asset Managers initiative. We are also a supporter of the reporting guidelines recommended by the TCFD.

Taaleri is a member of FINSIF (Finland's Sustainable Investment Forum ry) and part of FIBS (Finnish Business & Society), a network of Finnish companies that promote socially and economically sustainable development. As a member of the Finnish Venture Capital Association, we participate in joint sustainability projects and in promoting best practices in the industry. We also describe other voluntary operating and reporting models that we monitor in the *Context and frameworks for sustainable development* -section.

We ensure compliance and develop our practices by integrating sustainability factors and principal adverse impacts assessment and sustainability risk management into all our operations appropriately. Taaleri has guidelines clarifying the consideration of sustainability factors and -risks and the implementation of compliance, which are approved by the Board of Directors of either the Group or the businesses.

We strive to communicate about the requirements concerning Taaleri clearly and to monitor the compliance of our significant direct and indirect partners. At minimum, we include sustainability principles in business-critical partnership agreements to ensure that our partners are committed to obligations that are important to Taaleri and/or the partnership in question. Taaleri carries out background checks of its partners and investment targets, for example by conducting audits and due diligence assessments and by

investigating credit and other financial information. We also check that our partners are not included in sanctions lists. We regularly check partner information to make sure it is up to date.

Climate change policy and the Net Zero Asset Managers commitment

As part of our sustainability strategy and work towards sustainable development, we want to curb global warming and consider the risks of climate change, both in our own operations and those of our funds. As part of our climate work, we are committed to net zero emissions by 2050. In addition, we support TCFD-compliant transparency in reporting related to climate risks and opportunities and their financial impacts. Taaleri's climate risk analysis is available in our updated Sustainability Risk Policy (Sustainability Risk Policy, Table 1.) In future, we will report on the Group's greenhouse gas emissions as part of Taaleri's annual report.

Taaleri signed the Net Zero Asset Managers (NZAM) initiative in the fall of 2021. The Net Zero Asset Managers Initiative is an international initiative targeting asset and wealth managers. Signatories commit to achieving net zero emissions and to making financial products that are adjusted to net zero emissions by 2050 or earlier. This is in line with the aim of the Paris Agreement to limit global warming to 1.5 °C. Taaleri submitted its interim targets and emission reduction plans to the organisation in October 2022. The emission reduction targets Taaleri has set, affect the investment decisions and the financial products it offers, and will reduce the principal adverse sustainability impacts caused by Taaleri and its funded operations.

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

Taaleri continues to collect emissions data for the year 2022, after which concrete reduction targets will be set for Scope 1, 2, and 3 emissions. In addition, we are working on engagement plans to reduce funded emissions. The emission reduction targets have been considered in the agreements for new fund investments during 2022.

Stakeholder cooperation and sustainable procurement

We analyse our stakeholders and our impact on them regularly, as required. We engage actively and fairly with our stakeholders, ensuring that we consider their needs and aspirations for our projects, for example through appropriate channels and methods of interaction. We seek and utilise opportunities for cooperation and development with our stakeholders.

Taaleri's stakeholders include employees, clients, shareholders, partners, suppliers, subcontractors, local communities and authorities, NGOs, and the media. In this context, 'partner' refers primarily to stakeholders with whom we have a contractual relationship related to our core business.

We aim to ensure that Taaleri's operations meet standards and expectations and support our partners' sustainability work.

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We set boundary conditions for the kind of investments we are involved in and what we expect from our partners in projects. In addition, we take sustainability issues into account in our own procurements throughout their life cycle, for example by committing suppliers to our key principles, such as good governance practices and respect for human and labour rights. We also pay attention to sustainability factors and requirements in our other cooperative arrangements. At Garantia, we evaluate the nature and extent of the risks associated with the activity, task, or service and their importance, when it comes to pre-outsourcing and pre-sourcing assessments.

We assess the type of partners and other stakeholders involved and the type of legal obligations needed to be considered in regard to those stakeholders in question, for example through environmental and/or social impact assessments or licensing processes. We define the appropriate cooperation methods and prioritise the issues to be addressed in each case, as needed. If a Taaleri partner has not complied with relevant and agreed sustainability- or disclosure requirements or good governance practices, we will intervene and seek solutions with the partner where appropriate and possible.

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

Our practices for engaging partners are described in the *Compliance and commitments* -section above. Our principles of ownership and stewardship are described in the *Active ownership and stewardship* -section below.

Context and frameworks for sustainable development

We use applicable sustainability frameworks to identify the sustainability impacts associated with our operations and investment activities and to find appropriate approaches to manage and remediate our negative impacts. We monitor the development of frameworks and general market developments regarding sustainability- and best practices and assess how to best take these into account in our operations and risk management. Examples of the frameworks used include the Global Reporting Initiative (GRI), the Carbon Disclosure Project (CDP), the Sustainability Accounting Standards Board (SASB), the International Sustainability Standards Board (ISSB), the Task Force on Climate-related Financial Disclosures (UNPRI) and the European Sustainability Reporting Standards (ESRS) of the EU Corporate Sustainability Reporting Directive (CSRD).

We strive to promote the UN's sustainable development goals. We analyse the direct and indirect sustainability impacts of Taaleri's activities in our value chain, identifying targets and areas where our positive impact and related commercial opportunities are the most significant. These include objectives 7. Affordable and clean energy, 9. Industry, innovation, and infrastructure, and 13. Climate action. The sustainability impacts of Taaleri are described in more detail in the section *Material sustainability themes and impacts*.

We support the Paris Climate Agreement by aligning our emissions with the NZAM initiative, for example by developing our investments, financial products, and investment processes to become less emitting and

to ultimately have net zero emissions. We apply the TCFD framework to assess and report on the economic impacts of climate risks and opportunities. In our sustainability work and reporting, we also use, where applicable, the GRI and SASB frameworks, NASDAQ, EU, and Finnish government guidelines and the UNPRI principles and survey. We also use appropriate frameworks in our projects, as necessary. We have used principles such as the Equator Principles and Green Loan Principles in wind power and solar power projects.

We list other key international agreements and guidelines that underpin our sustainability work in the *Compliance and commitments* -section.

Material sustainability themes and impacts

The material sustainability themes and impacts of Taaleri are described in the table below (Table 1). The sustainability themes and impacts were identified using third-party [modelled net impact data](#), the applied frameworks mentioned in the section *Context and frameworks for sustainable development*, and the implemented double materiality- and sustainability risk assessments. The process description of the sustainability risk assessments and the identified sustainability risks are described in Taaleri's Sustainability Risk Policy, which was updated in December 2022.

Taaleri and its financial products use resources and cause principal adverse impacts mainly through greenhouse gas emissions, waste, and the use of natural resources. Most of the adverse impacts of the financial products are caused during the construction phase of the investment projects, such as wind farms or real estate. Greenhouse gas emissions from the Bioindustry fund's investments are caused by energy, electricity and/or fuels used in production. Waste is generated during the construction, operation, production, and the end-of-life stage of the investment targets' products. Natural resources are utilised in building materials of our real estate projects as well as in our investees' bioindustry production.

The net impact of Taaleri, covering impacts on society-, knowledge-, health-, and the environment, has been estimated to be positive. Taaleri has positive sustainability impacts through its managed assets and sustainable operating methods and procurement. Taaleri is committed to cutting its net greenhouse gas emissions to zero by 2050. This means active measures to reduce emissions in the areas of electricity production and energy consumption, commuting, and procurement. We also commit our investees to climate action. In addition, Taaleri invests in renewable- and bioenergy to replace fossil fuels, which has a significant displacing effect on emissions. Taaleri also directs funds toward circular economy solutions and more sustainable construction. These investments reduce the use of virgin natural resources and the generation of waste, as well as enhance the recycling of materials and promote energy-efficient housing solutions.

Taaleri's societal impacts and good governance practices can be examined and evaluated through processes such as taxes paid, employment, competition practices, prevention of corruption and bribery, and verification of practices. Taaleri employs about 120 people directly in three countries: Finland, Hungary, and Spain. We compete fairly and honestly and comply with competition law. We pay taxes appropriately and on time in accordance with good governance practices. We also demand good governance practices from our partners. In addition, we are constantly working to increase the transparency of our operating methods and to promote sustainable operating methods in our partnerships as well.

Table 1. Material sustainability themes and impacts

Material sustainability themes and impacts		
Environment "A positive impact on the environment and society – long-term value creation"	Sustainability impacts:	Sustainable development goals:
<ul style="list-style-type: none"> • Climate change mitigation and positive ecological impact • Renewable energy and the green transition • Sustainability risks as part of decision-making and investment • More sustainable infrastructure and industry 	<ul style="list-style-type: none"> • Climate emissions • Emission reduction through investments • Use of natural resources and consumption • Investing in the circular economy and reducing the use of virgin raw materials • Environmental change and the built environment, more sustainable infrastructure, and housing 	  
Society: "Attracting and retaining talent" "Sustainable partnerships"	Sustainability impacts:	Sustainable development goals:
<ul style="list-style-type: none"> • Human rights in the value chain • Equality, diversity, and inclusion in the workplace • Promoting equality in the industry • Information security and customer safety • Classification and sale of fund products • Social accessibility of housing 	<ul style="list-style-type: none"> • Use and employment of human capital • Taxes and benefits paid • Impact on human rights in the value chain, especially in high-risk countries • Actively implementing diversity, equality, and equal pay • Affordability and accessibility of housing and renewable energy <ul style="list-style-type: none"> • Promoting socially accessible housing through the provision of mortgage securities and rental deposits • Addressing potential adverse societal sustainability impacts through reporting and communication 	    
Governance: "Sustainability through operations and functions – a frontrunner in impact and sustainability"	Sustainability impacts:	Sustainable development goals:
<ul style="list-style-type: none"> • Transparency in processes and impacts • Compliance, trust, and reliability • Risk- and value chain management • Conflicts of interest • Fair business practices • Product design and management 	<ul style="list-style-type: none"> • Handling and origin of assets, prevention of money laundering (Know Your Customer) • Financing sustainable development and responsible fund products • Voluntary commitments • Developing and implementing best practices in the industry • A more sustainable value chain by engaging partners 	

Sustainability management

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

Sustainability roles, responsibilities and practices are aligned with Taaleri's Code of Conduct and Corporate Governance Statement and are defined in the Group as follows:

- The Board of Directors and its committees contribute to guiding and ensuring Taaleri's sustainability work. For example, top-level policies are discussed by the Audit Committee and approved by the Group's Board of Directors.
- Management is committed to leading, developing, resourcing and monitoring the progress of Taaleri's sustainability work. The Group's Executive Management Team has appointed a person in charge of sustainability who, among other things, ensures regular and appropriate communication on sustainability to the Executive Management Team and the Board of Directors together with the ESG Manager.
- Businesses and alternative fund managers also define the roles and responsibilities of sustainability management. Business-specific policy documents are approved by the management teams of each business. The management teams of the businesses and alternative fund managers must ensure the appropriate content and application of business-specific or other guidance.
- The Group has an ESG Committee, to which we appoint sustainability experts from the Group and the businesses, as well as people who are otherwise responsible for or monitor the implementation of sustainability work. The committee is responsible for planning, implementing/assigning responsibilities for Taaleri's sustainability, and for facilitating the flow of information between the business units and to the Executive Management Team.
- The Group's ESG Manager coordinates sustainability cooperation with the ESG Committee and, as appropriate, with other internal and external stakeholders (such as Taaleri's management and sustainability organisations related to Taaleri's activities). The ESG Manager supports the experts of the businesses and the systematisation and quality of sustainability work, for example through training and development. They are also responsible at Group level for, among other things, promoting the issues set out in the sustainability roadmap, data collection, and reporting. They also contribute to guiding Taaleri's broader engagement and priorities to align with the company's sustainable development commitments, such as the UNPRI.
- We consider sustainability risks and sustainability factors in our normal risk management, compliance, and internal audit activities based on their relevance. For example, risk management specialists identify, analyse, and address sustainability risks in the Group's and businesses' annual risk mapping and in the day-to-day risk management of the businesses.
- Through their own activities and work, each employee is responsible for their conduct and compliance with the Group policies, principles, and guidelines related to sustainability. Supervisors play a key role in ensuring the flow of information and its application.

In remuneration, we consider how Taaleri and our employees' performance has met or complied with established policies, principles, and guidelines, as well as the strategic sustainability goals we have set. In our remuneration system, we set a sustainability target or targets for each individual in the Group, aligned with the sustainability targets set for the Group and/or the business and the weightings that affect their remuneration. We also have a policy of not paying or of limiting performance bonuses/variable

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remuneration tied to sustainability principles if an individual's performance has not met or complied with Group-specific and/or business-specific sustainability principles. The principles include the consideration of sustainability risks.

We recognise that there is a growing need for external verification of our sustainability work and data. We identify needs and opportunities for certification and apply for it on a discretionary basis. We also internally promote preparedness for external verification.

Taaleri has a stakeholder whistleblowing channel available on our website at www.taaleri.com/en/corporate-responsibility/governance. Through this channel, external and internal stakeholders can report anonymously, for example, their observations of any violations of the Sustainability Policy. Such reports are handled in a timely, independent and confidential manner. We also set up business-specific or product-specific reporting channels and processing mechanisms as needed.

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

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

Sustainable investing

The obligations set out in this *Sustainable investing* -section apply to all our investments and the assets we manage, unless otherwise stated and delineated. In this section, we describe the key aspects of our sustainable investing and sustainability goals related to investment activities and investees.

Taaleri is a Nordic investment and asset manager with an emphasis on renewable energy, bioindustry and real estate business. Taaleri invests in many different forms: we manage private equity funds investing clients' assets, make co-investments and manage mandates. In addition, we make strategic investments from the Group's balance sheet that support our core businesses. Taaleri's subsidiary Garantia also conducts investment activities, which are guided by Garantia's own Sustainable Investment Guidelines.

In our private asset management business, funds often have full or significant ownership of the investee companies or full or significant control over the implementation and/or supervision of their sustainability work.

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

Taaleri's authorised alternative fund managers are subject to the EU regulation on sustainability-related disclosures in the financial services sector (2019/2088; "Disclosure Regulation", "SFDR"). Further information on the funds covered by the SFDR and the disclosure obligations applicable to them can be found in Taaleri's [Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors](#).

General principles and procedures

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

We make extensive use of a variety of sustainable investment approaches and strategies, which are described in more detail below in the *Principles and procedures for sustainable investment strategies* -section. The choice of approach depends on the specific characteristics of the investment instrument and investee. We are committed to raising the level of our ambition through the selection and management of our new investments and their related disclosures.

Taaleri promotes impact investing by implementing projects that are economically viable and have a positive impact on the environment and/or society. Our goal is to be a pioneer in impact investing. We are pursuing this goal in particular through our private asset management business. We make our investment decisions based on economic factors, impact potential, and sustainability assessment. We aim to identify and provide investments that significantly contribute to sustainable development. We investigate the principal adverse sustainability impacts of activities and ensure that our financial products do not cause

significant harm to environmental- or social objectives. The sustainability risks of financial products and Taaleri are managed in accordance with the Group's policies and guidelines. The table below describes the processes and measures related to sustainable investing.

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

We take sustainability factors and aspects into account throughout our investments' life cycle. We identify risks and take appropriate action if and when necessary. Key tools, particularly in our private asset management business, include various pre-investment analyses and reports on investees, monitoring and tracking of investees, various sustainability roadmaps and corrective action where necessary, reporting on investees during investments, training of investment or project team members, development of guidelines and discussions with our investees, clients, partners, and other stakeholders.

We collect and analyse sustainability data as part of our investment processes and risk management. In our private asset management business, we use expert third parties and data sources as necessary and at our discretion, for example for quantitative and qualitative analysis, research, monitoring, and tracking of investments.

In our investment activities, we act in the best interests of our clients and treat them equally. Figure 1 presents a step-by-step description of Taaleri's sustainable investment process. The sustainable

investment process covers the entire life cycle of the investment, from the identification of investments to the exit phase.

1. When screening the investment targets, we adopt the principles of sustainable investing described in the following paragraph. To enable a positive investment decision in an investment target, Taaleri's position and the possibility of active ownership must be considered in the investee company's management model, in case any concerns about the sustainability risks or -impacts appear during the life cycle of the investment.

2. Taaleri's due diligence process includes a double materiality analysis as well as a sustainability risk analysis, which is carried out using our sustainability risk tools, ESG- material request lists, the documentation provided by the investment target, interviews with investees, and site-visits. The materiality analysis assesses the principal adverse sustainability impacts caused and takes into account global sustainability issues such as climate change, governance, human rights, labour rights and equality. All investee companies must undertake to comply with the minimum social safeguards stipulated in the EU SFDR -regulation. The sustainability risk analysis examines the potential economic impact of the risks associated with the sustainability factors.

3. The 'Negotiations and commitments' phase documents the value creation potential and the expected sustainability risks and -impacts. The requirements of investors and the fund manager must be considered in the development of operations, and are reviewed with the investee. In addition, an initial plan to mitigate the identified impacts is established and documented, and relevant indicators to monitor the impacts are identified and set up.

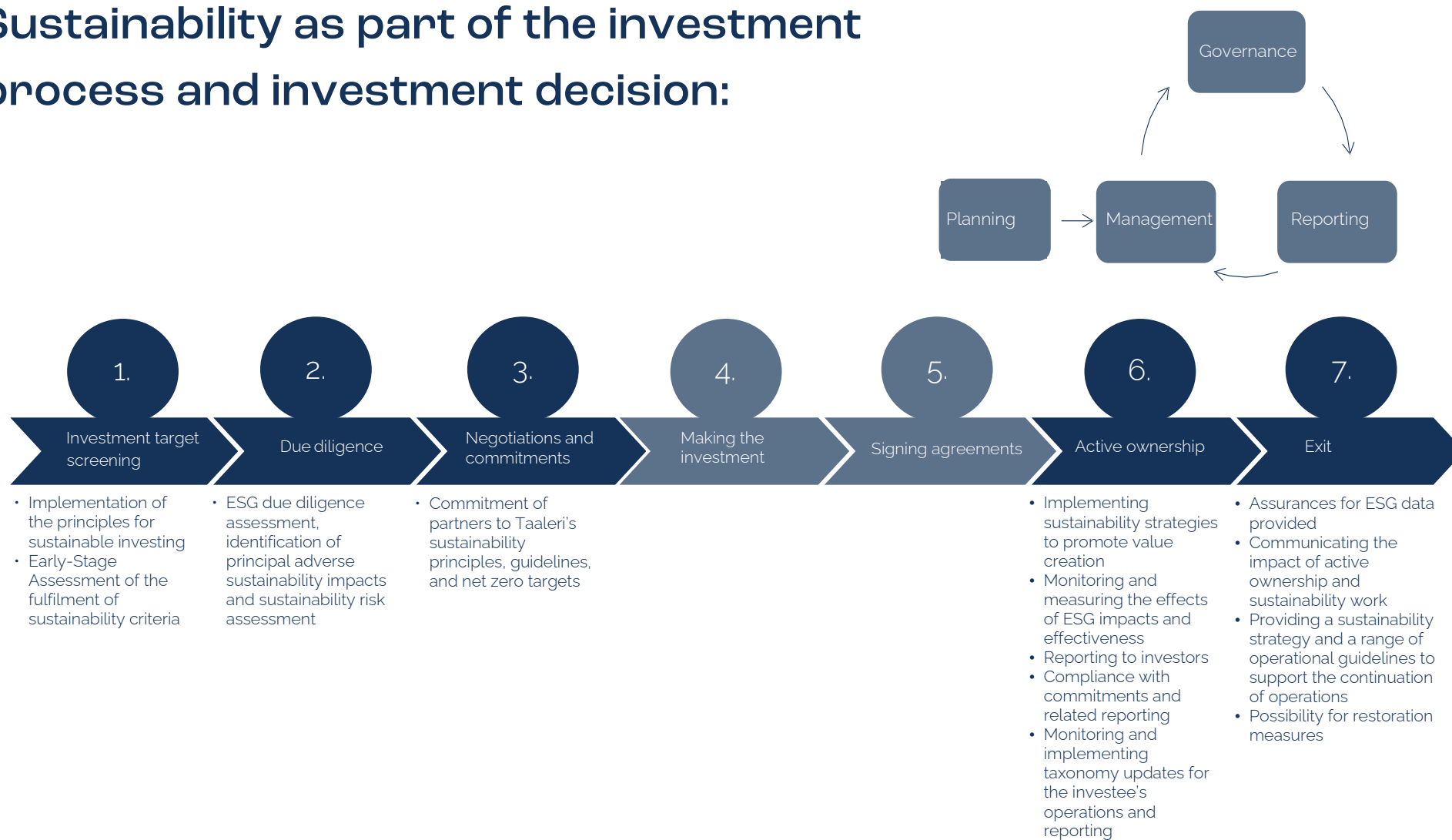
4. and 5. Once consensus has been reached in the negotiations, the investment is made, and agreements are signed. When drafting the agreements, Taaleri's commitments and goals as well as regulatory requirements are considered by implementing them as binding terms and conditions into shareholder and other investor agreements,

6. Active ownership is an essential stage for responsible and sustainable value creation, in which efforts are made to develop the investee company's operations to more sustainable ones taking into account all sustainability factors e.g., the environment, society, governance, and the economy. The aim of active ownership is to encourage investee companies to implement a coherent sustainability strategy and to participate in sustainability initiatives that are relevant to the industry, as well as to set sustainability targets. As fund managers, we report on the sustainability impacts and risks of our funds in accordance with agreements and regulations. In addition, we actively monitor the addition and development of the EU taxonomy, analyse the impact of the development on investees, and implement the necessary changes in operations and reporting.

7. Change of ownership is part of the continuation of the investee company's or portfolio's operations. The purpose of fund management and wealth management is to manage and promote the opportunities for value creation and to mitigate risks throughout the life cycle of the investment. As we exit an investment, we provide our sustainability management principles, methods and conditions to the use of the new owners, emphasising the significance and profitability of the improvements made during our ownership. We encourage new owners to consider sustainability as part of the further development of the investee. We provide the new owner with the necessary assurances about the sustainability data we monitor and collect, as well as information about the operations of the investee, on a case-by-case basis.

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

Sustainability as part of the investment process and investment decision:



Principles and procedures for sustainable investment strategies

Impact and thematic investing

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

The private equity funds we manage have multi-year mandates, so we assess the sustainability factors, risks and opportunities associated with the fund's investment strategy comprehensively, and over the long term. We set sustainability and/or impact targets for new private equity funds. We invest Taaleri's own funds in areas that support the core business and development of our private equity funds.

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

Sustainability integration and positive- and negative screening

We integrate sustainability factors into all our investment processes, taking into account the specific characteristics of the investee and type of investment, sustainability risks, life-cycle impact and effectiveness, value creation, financial opportunities and applicable obligations, agreements, and guidelines. We plan and monitor the implementation of sustainable investment processes appropriately.

We consider sustainability factors also when assessing the expected risks and returns of our investees and/or asset classes. We also we assess the potential climate-related transitional- and physical risks affecting our investments.

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

Based on the above, we develop more specific rules and guidelines for the consideration of sustainability factors in different investment projects and businesses. We consider the identification and management of adverse sustainability impacts and sustainability risks and, where appropriate, the approaches of positive screening, negative screening, active ownership, and stewardship. The main issues related to these are summarised in the *Negative screening and minimum requirements*- and *Adverse sustainability impacts* subsections of this section, as well as in the *Active ownership and stewardship* -section. For example, in private equity funds we reinforce the application of the requirements set out in policies and principles by defining business or project-specific practical guidelines on issues such as the identification, impact assessment, due diligence and monitoring of investees.

Negative screening and minimum requirements

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

We expect and monitor that investee companies respect human rights, treat their employees appropriately and equally, manage their environmental impact, and comply with good governance practices, following international standards and minimum requirements for good business practice, such as those published by

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the UN, ILO, OECD and the EU. For more information on this, see the *Compliance and commitments* -section above.

We monitor our investments for possible breaches of the rules (taking into account national/international laws, prohibitions, sanctions, treaties, and embargoes). If the investee company is breaching standards or otherwise acting irresponsibly in our view, our priority is to influence the company to change its harmful practices. However, if no improvement is made, the alternative is to sell the investments in the company in question in their entirety. Such a decision is taken in accordance with the investment guidelines, for example by the Board of the investment and asset management company in consultation with sustainability- and legal experts. For more information on this, see the *Active ownership and stewardship* -section below.

We do not invest in and avoid cooperation with parties or partners with direct links to

- i. fossil energy production, such as coal, crude oil, or natural gas,
- ii. adult entertainment and gambling industry,
- iii. tobacco industry,
- iv. manufacturers of controversial weapons and ammunition,
- v. enterprises carrying out animal testing, unless testing on animals is required by law,
- vi. enterprises that have violated human rights or used child labour or forced labour,
- vii. enterprises that have infringed competition law or engaged in tax evasion,
- viii. enterprises that are convicted of corruption or bribery.

We also avoid investing in a number of other sectors, products, and services, as well as in geographic or political areas where we believe there is an elevated risk to sustainability and compliance. In our choice of target areas, we consider the recommendations and analyses of international organisations in conflict zones, for example.

Fossil policy

Taaleri is committed to aligning its emissions with the Paris Agreement. This means that our strategy drives our investments to follow an emission path to limiting global warming to 1.5 °C. If this international goal is to be achieved, the budget used to finance fossil fuels must decrease globally year by year. Taaleri is committed to excluding investments in fossil fuels from its strategy, so it does not, and will not, invest in fossil fuels. We consider crude oil, natural gas, coal, and peat used for energy production as fossil fuels. In addition, we are committed to reducing our dependence on fossil fuels and to directing investments towards sectors that contribute to ending the dependence on fossil fuels.

Human rights policy

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

Other key international conventions and guidelines that underpin our corporate sustainability work include the UN Universal Declaration of Human Rights, the UN Convention against Corruption, the Paris

Agreement, the UN Rio Declaration on Environment and Development, the UN Guiding Principles, the UN Global Compact and precautionary principles, the UN Principles for Responsible Investment (UNPRI), the International Labour Organisation's (ILO) Recommendations and the OECD Guidelines for Multinational Enterprises (including the OECD Guidelines for Institutional Investors). Therefore, we also strive to comply with the minimum safeguards of the EU SFDR (2019/2088) and Taxonomy Regulation (2020/852).

Other fundamental human rights that we consider material include the prevention of forced- or child labour, modern slavery, discrimination and harassment, as well as the promotion of equality and non-discrimination, the freedom of expression, religion and peaceful assembly, decent working conditions, and liveable pay. We do our best to promote positive impact on human and labour rights. Especially for projects abroad, we assess the adequacy of local standards and, where necessary, clarify or implement additional requirements for compliance with international standards.

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

Partners' sustainable operating methods are monitored by means of cooperation agreements. Partners are either committed to Taaleri's Partner Code of Conduct or it is ensured that the partner has an appropriate code of conduct and guidelines of its own. In addition, Taaleri reserves the right to conduct audits to review the activities of its partners.

Taaleri reviews the human rights impacts of its operations and funds by conducting due diligence investigations and regular audits where possible, as well as by conducting human rights risk assessments. The due diligence and human rights risk assessments cover the principles of the Universal Declaration of Human Rights (UDHR), the recommendations of the UN Global Compact and the OECD, as well as risks associated with the value chain. Human rights impacts and risks are assessed on the basis of their likelihood, severity, and remediability. In order to prevent probable and serious risks, mitigation plans are made, including planned corrective actions, responsible persons, and a target schedule. Taaleri's most material identified human rights risks are described in our updated Sustainability Risk Policy. Our human rights impacts and risks are regularly assessed and monitored. In the future, we will report indicators related to human- and labour rights as part of the Group's annual report. Through these indicators, we aim to monitor and manage our impact on social sustainability factors.

Those of our projects that have an impact on local communities have grievance mechanisms in place that guarantee anonymity. Any complaints are handled by project managers and our sustainability experts by seeking the best possible solution with a stakeholder(s) to mitigate or compensate for the potential harm caused and avoid it in the future. Complaints are reported as part of the fund- and annual reports.

Principal adverse sustainability impacts

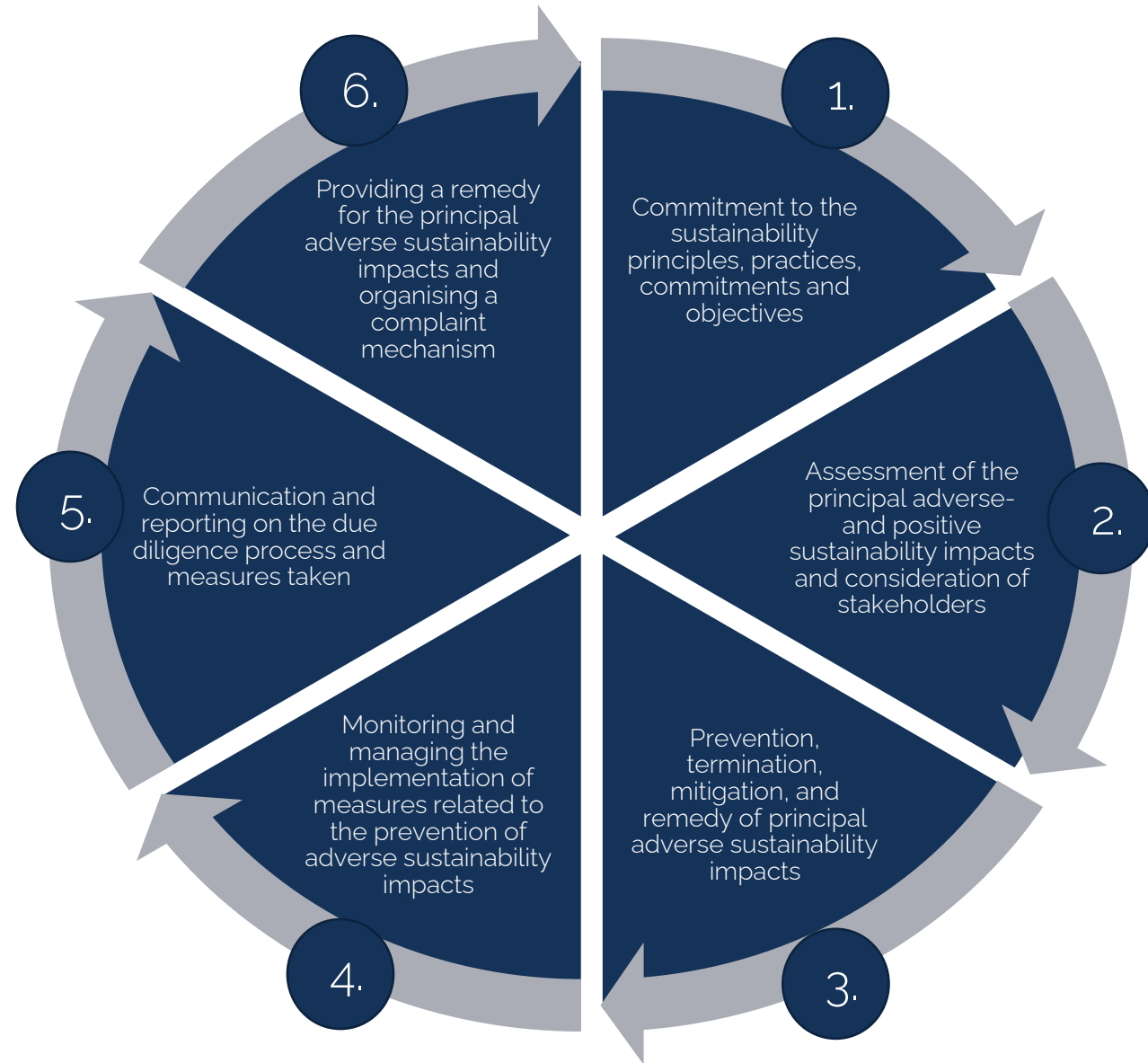
In our investment decisions, we consider principal adverse impacts on sustainability factors. We document our policies on the identification and prioritisation of these impacts and related indicators, as well as on the actions taken and, where appropriate, actions planned. We provide disclosures at the entity- and product-level in accordance with the EU SFDR when applicable, and otherwise use and follow relevant Taaleri guidelines, for example on risk management. More information on the consideration of principal adverse sustainability impacts can be found Taaleri's relevant [statement](#) on the website.

In our private asset management business, we actively analyse and manage adverse sustainability impacts through the screening and approval of investments, good governance practices of investees and investment activities, and continuous monitoring of our own and funded operations.

As a rule, we avoid and prevent the adverse impacts of our investments. If we cannot avoid a principal adverse impact in a technically and economically feasible way, we will seek to minimise it. As a last resort, we use remediation or compensation.

Due diligence process description

1. Taaleri adheres to the principles and commitments described in this policy in all its activities and monitors the implementation of these principles in practice.
2. Before making an investment decision, sustainability risks and principal adverse sustainability impacts are assessed. Investee companies and, where possible, projects are required to have an LCA to measure environmental impacts. Taaleri's key client stakeholders are large institutional investors. Sustainability expectations and requirements are discussed with them at the negotiation stage and are considered in contracts and agreements. Taaleri cooperates with other stakeholders, for example, by participating in key industry associations and working groups (e.g. FINSIF, Finnish Venture Capital Association and FVCA). In some projects we may also cooperate with the local community.
3. Policies and processes are adapted based on the sustainability risks identified in the risk analyses. Principal adverse sustainability impacts are measured and monitored. Monitoring supports the planning of mitigative measures to be taken to terminate, prevent, mitigate and remedy adverse impacts. Monitoring ESG-data also supports quantitative target setting for reducing negative impacts, such as emissions.
4. Efforts are made to prevent adverse sustainability impacts through active ownership. In our private asset management business, funds often have full or significant ownership of the investee companies, and full or significant control over the implementation and/or supervision of their sustainability work. Our private equity business is often responsible for the development, construction and/or management of a property, and Taaleri has representation on the investees' board of directors. We use Taaleri's expertise to improve the performance of the investees and to reduce their negative impact on the environment and society. The measures taken and implemented are investment target specific.
5. In its investment decisions, Taaleri takes into account the observations made in sustainability- and risk assessments, human rights-, and other due diligence analyses, and does not invest in companies that are not aligned with the strategy, principles, or guidelines of the fund or Taaleri. The sustainability of investments is actively monitored, and potential findings, probable and realised risks, and measured impacts are communicated as part of fund reporting.
6. Investors' requests for additional information are urgently handled. Taaleri Group and/or funds provide free and anonymous whistleblowing/complaint channels.



Active ownership and stewardship

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

Table 2. Principles and objectives of active ownership

Principles of active ownership:	Objectives:
<ol style="list-style-type: none">1. Integration of ESG issues into investment analysis and decision-making process.2. As an active owner, we help to implement ESG factors into practical operations, principles, and policies of our investees3. We identify and implement essential sustainability indicators and report on the sustainability work of the fund and the Group in accordance with disclosure obligations4. We promote the implementation of active ownership and sustainability principles in the industry by being an active member in industry organisations and registered associations5. We are working on the continuous development of our active ownership measures and stewardship methods.6. We monitor the actions taken and report on their progress as part of fund reporting.	<ul style="list-style-type: none">• Improve long-term ROI, risk/reward ratio of investments, value-added, and impact.• Improve the consideration of sustainability risks as part of investment and financial operations.• Improve societal impact.• Reduce adverse sustainability impacts of economic activities• Improve the way sustainability factors and impacts of operations are considered in decision-making• Promote the development of industry- and investee best practices regarding sustainability and industry governance.

These principles aim to improve long-term investment returns, the risk/return ratio of investments, customer value, and, more broadly, social impact. We want to make sure that we meet our obligations and act in an environmentally and socially sustainable way.

Measures of active ownership are described below in Figure 2.

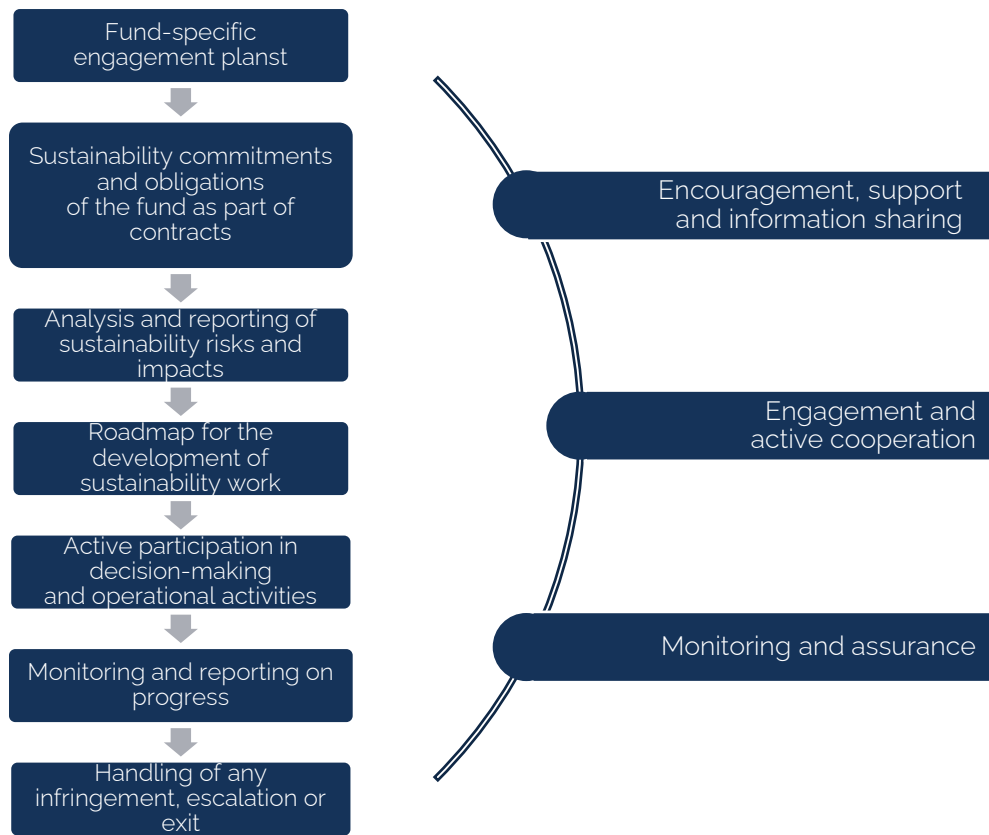


Figure 2. Measures of active ownership

Our private equity business is often responsible for the development, construction and/or management of a project, and Taaleri has representation on the investee's board of directors. In such cases, we actively promote sustainability aspects in governance and decision-making. We also use Taaleri's expertise to improve the performance of investees and to reduce the negative impact of their activities on the environment and society. We support investees and projects in identifying sustainability risks, opportunities, and impacts. In practice, active ownership is implemented by Taaleri's businesses, which are supported by the Group's ESG function in matters of sustainability.

As shown in Figure 2, we encourage, support, and share information with our investees; we engage and maintain active cooperation with the fund's investees and monitor and ensure sustainable practices throughout the life cycle of investments.

We commit our investees and partners to Taaleri's sustainability principles and code of conduct and consider the terms of these commitments when concluding contracts. Sustainability risks and impacts are reported at a fund-level, so that they can be considered as part of the decision making process and strategy work related to the investees.

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

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short-term and long-term risk scenarios. The experts responsible for investment activities and fund management, analysts, and sustainability experts are involved in the preparation of the engagement- and action plans.

In addition, we actively participate in key registered entities in our industry, and influence the development of market practices and regulation related to the industry within them.

Taaleri's principles of ownership and stewardship include binding principles that guide our actions as well as measures that we take at our discretion. The principles are described in more detail below in the paragraphs *Targets with significant control* and *Targets without significant control*. The purpose of this breakdown is to clarify our approach in different situations.

Where appropriate, we supplement our engagement policies and publish information on the implementation in accordance with the EU Sustainable Finance Disclosure Regulation and the Directive on the Exercise of Shareholders Rights in Listed Companies (2007/36/EC). Our cooperation with stakeholders is described in more detail above in the *Stakeholder cooperation and sustainable procurement* -section.

Targets with significant control

In our private asset management business, funds often have full or significant ownership of the investee companies, or full or significant control over the implementation and/or supervision of their sustainability work.

Our private equity business is often responsible for the development, construction and/or management of a investment project, and Taaleri has representation on the investee's board of directors. We use Taaleri's expertise to improve the performance of the projects, and to reduce their negative impact on the environment and society.

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

Targets without significant control

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

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

We work with investees to raise their awareness and advance commitments to sustainability and value chain impact management. In addition, we support the development of sustainability, positive impact, and compliance of the investees, Taaleri, and its partners. We encourage investees to promote sustainability in

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their value chain, for example by applying the principles described in this policy to their own operational guidelines.

We always engage with investees if we identify any violations or concerns related to the above-described principles, minimum safeguard violations or principal adverse sustainability impacts. We also selectively engage investees to help manage other identified positive and negative impacts on sustainability factors. We prioritise the investees and issues where we believe our engagement has the greatest potential to contribute to sustainable development, and consider, for example, the management of the risks and opportunities of climate change.

We favour active cooperation wherever possible. We engage with investees for example through direct one on one meetings, or meetings together with other shareholders or stakeholders, and through voting at annual general meetings. We keep a record of the means, channels, tools, scope, responsibilities and impacts of our active ownership. We take potential conflicts of interest into account when planning measures.

Transparency and reporting

Promoting transparency and reliable information is important for ensuring the implementation and effectiveness of sustainable investing. We report on our funds' sustainability work and achieved results at least annually. External reporting is done either publicly and/or directly to relevant stakeholders. Internal reporting is done more frequently or as required, by providing progress reports and presentations.

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

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

We are constantly developing our reporting according to the expectations of our stakeholders. For example, in line with our Net Zero Asset Managers (NZAM) commitment, we communicate about our climate work, emissions, and our progress towards our emission reduction targets to our stakeholders.

Application and responsibilities

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

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

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

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

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

Approval, updates, and availability

The Board of Directors of Taaleri Plc approved this policy on 7 December 2022, whereupon it was implemented throughout the Taaleri Group.

This Sustainability Policy updates the Sustainability Policy adopted in 2021. In addition, the policy is linked to other relevant Group, business and thematic policies, principles, and guidelines, as well as external frameworks, such as the UNPRI principles. Taaleri's management and ESG committee updated the policy to reflect current business operations and objectives.

We keep this policy up to date by reviewing it at least annually in the light of regulation, stakeholder expectations and our business operations. We will update this policy, as well as supplementary policies and guidelines as necessary. In this case, we will disclose the dates on which the original and the updated documents were accepted and approved, as well as information on the changes.

The policy is publicly available on our website www.taaleri.com. We will also communicate this separately to the parties concerned, as necessary.

Suspensions of policy violations can be submitted through our whistleblowing channel. For more information, see the section on *Sustainability management* above.