Sustainability

Sustainable Investments

- Taaleri Bioindustry Fund I is labelled as an Article 9 fund, which means its goals is to make sustainable investments as defined in Article 2 (EU/2019/2088) of the Sustainable Finance Disclosure Regulation. This also means, that the fund measures and monitors its principle adverse sustainability impacts and applies the 'do no significant harm principle' across all of its investment decisions and funded operations. The attainment of this principle is ensured by comprehensive Due Diligence assessments carried out before making the investment decision. The assessment takes into account the entire lifecycle of the investment and ensures that the investment does not cause significant harm to any sustainable investment objective related to the environment or society
- To ensure the Investees have good governance practices in place, they undergo careful, financial-, tax-, and legal-due diligence assessments. In addition, Investees are required to commit to reporting financial information and to develop and put in place appropriate processes for managing and documenting good governance practices (e.g. Codes of Conduct, including policies on anti-corruption and bribery, fair competition, tax, remuneration, as well as Human Rights and Laborers' rights). Suitable grievance mechanisms are required to be put in place to ensure stakeholders needs and concerns are accounted for

The Fund's Objective

- The Fund's objective is to achieve a 60% Taxonomy alignment during the Fund's lifecycle, meaning that over half of the invested capital will be directed to environmentally sustainable economic activities as defined in the Taxonomy Regulation (2020/852). The investments made thus far are not Taxonomy eligible, as the regulation is still under development regarding the technical screening criteria of the non-climate-related environmental objectives
- The Fund's sustainable investment objectives are climate change mitigation and/or adaptation, circular economy, and pollution prevention and control. These objectives will be pursued by funding solutions that for example, enhance the reuse of raw materials and products, reduce the demand of virgin raw materials, improve the recyclability of materials and/or products, replace the use of non-renewable raw materials, or reduce the amount of hazardous or contaminant chemicals. The attainment of these objectives is measured through sustainability indicators described on the next page
- More information regarding the attainment of the sustainability objectives of the Fund, as well as the measured principal adverse impacts of the investment decision made, and actions taken can be found in the Appendix of this report: PAI-indicator template (SDFR) and Regulatory Technical Standards (RTS)

Sustainability Indicators (Q4/2022)

Indicators measuring the contribution to climate change mitigation

	GHG emissions (tonnes CO_2e)	45,6 tCO_2e
	Carbon handprint* (tonnes CO_2e)	131,7 tCO_2e

Indicators measuring the contribution to transition to a circular economy and pollution prevention and control (all values calculated as weighted average)

	Revenue from products that are reusable, recyclable and/or compostable (reported as EUR and percentage of total revenue)	1) 403,273 EUR 2) 26%
	Raw materials from (1) recycled content, (2) renewable sources, (3) renewable and recycled content (reported as metric tonnes and percentage of total raw materials used)	1) 0% 2) 230 t / 94% 3) 0%
	Amount of purchased energy consumed from renewable sources (reported as MWh and percentage of total energy consumption)	1) 91,01 MWh 2) 19%

Indicators measuring the social impact of investments

	Employee gender diversity**	23%
	New hires***	25

Sustainability indicator performance measuring the Fund's investment objective

- The Fund's objective is to substantially contribute to the Taxonomy's environmental objectives: climate change mitigation, transition to circular economy, and pollution prevention and control. The attainment of these objectives is measured by the sustainability indicators described here. The indicators cover the reporting period 1.1.2022.-31.12.2022, however, all investments were made in the last quarter of the reporting period, therefore the numbers presented only consist of Q4 values
- Taaleri Bioindustry Fund I's funded emissions from the reporting period were 45,6 tonnes of CO_2 equivalent. The funded emission savings were higher than the total amount of funded emissions, 131,7 tonnes of CO_2e. For reference, a Finnish consumer's average annual carbon footprint is roughly 10 tonnes of CO2e emissions. This means that the Fund achieved an emission avoidance that corresponds to roughly 13 Finns' annual carbon footprint
- The weighted average of investees' share of revenue from reusable, recyclable, and/or compostable products was 26%, which equates to 0.4 million euros. Roughly 94% of raw materials used in production are from renewable sources. The current investees do not use recycled raw materials in their production
- The weighted average of renewable energy consumed was 91. MWh. Of all energy consumption, 19% is from renewable resources. All investees are committed to taking steps to change energy inputs into renewable energy
- Traditionally manufacturing industries are male-dominant sectors, which is apparent also in the investee companies. The weighted average employee gender diversity is 23%, whereas the gender diversity on the board level is 0% (see Annex II for reported PAI-indicators). All investees are committed to working towards improving diversity and inclusion within the organisation
- All investees regularly report and collect data regarding their principal adverse impacts, according to the instructions and methods set out in the EU SFDR regulation (2019/2088) and delegated act (2020/1288). The Fund and the investees will plan and review actions to reduce the reported adverse impacts annually. Investment targets have committed to making a net zero emission reduction plan to cut their absolute emissions by 2030

Carbon handprint calculations are done based on verified lifecycle GHG calculations. Carbon handprint is defined according to IRIS PD2243. The calculations only show the Fund's share of the investees' GHG emission savings

**Average ratio of female to male employees, expressed as a percentage of all employees*

***Total number of new employee hires during the full year 2022*

Monitored Sustainability Risks

The Fund is Actively Managing Sustainability Risks

- A sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment. No sustainability risks realized during the reporting period
- Sustainability risks are monitored regularly and mitigated if and when necessary. The most significant climate-related sustainability risks regarding the Bioindustry Fund I, have to do with tightening regulations and the availability of used biomass. These risks are mitigated through net zero emissions -initiatives, advancing the use of recycled raw materials and side streams as well as developing more sustainable value chain management processes
- Other recognized material sustainability risks include biodiversity risks affecting the availability and quality of raw materials used, pandemics impacting the health and safety of employees, as well as limited control across value chains to influence the improvement of governance practices. These risks are mitigated through the implementation of resource-efficient and circular solutions throughout the life cycle of manufactured products, as well as applying appropriate health and safety measures at the workplace. In addition, good governance practices are promoted by committing essential stakeholders to the companies' ethical principles and codes of conduct and by conducting due diligence assessments

Acronyms and Definitions

DCC	Distributions to Committed Capital
DPI	Distributions to Paid in Capital
ESG	Environmental, Social, Governance
IRR	The discount rate at which the present value of future cash flows of an investment equals to the cost of the investment
LTV	Loan to Value
MEUR	Million euros
MUSD	Million USD
NAV	Net Asset Value
PICC	Paid In Capital to Committed Capital
RVPI	Residual Value to Paid In Capital
TVPI	Total Value to Paid In Capital
SFDR	Sustainable Finance Disclosure Regulation
PAI	Principal Adverse impacts: Impacts of investment decisions and/or advice that result in negative effects on sustainability factors (ESG)

Taxonomy eligible

The EU Taxonomy is a classification system establishing a list of environmentally friendly economic activities. Taxonomy eligible activities mean, that the economic activity is listed in the EU Taxonomy classification system

Sustainable investment

Sustainable investment 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

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Taaleri Bioindustry Fund I

Appendix I:

SFDR (2019/2088) Regulatory Technical Standard - Periodic Report Template (2022/1288) Annex V

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C(2022) 1931 final

ANNEX 5

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supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX V

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

Product name: Bioindustry Fund I Ky   Legal entity identifier: 3227560-7

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

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

Sustainable investment objective

Did this financial product have a sustainable investment objective?

☒ Yes	☐ No
☒ It made **sustainable investments with an environmental objective**: 100 %	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective**: ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

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

This financial product makes sustainable control investments in industrial-scale production of biomaterials and -fuels, circular economy solutions, and renewable energy (except wind and solar). Investments contribute to Taxonomy's environmental objectives climate change mitigation, transition to a circular economy, and pollution prevention and control**.** During the reporting period, the first two investments were made. These two investments contribute substantially to pollution prevention and control and transition to circular economy. The substantial contribution of these investments has been verified through a lifecycle assessment, which were verified by a third party. These investments are not currently taxonomy eligible, due to the fact that the delegated act stating the sustainability criteria for the rest of the Taxonomy's environmental objective is yet under development. However, the investments align with the sustainability criteria of the EU SFDR regulation. 100% of the financial product's investments have been made in sustainable

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

investments with an environmental objective, and therefore, the sustainable objective of the fund has been realised during the reporting period.

How did the sustainability indicators perform?

Sustainability indicators measured:

The fund made its investments in Q4/2022 and therefore, the results are presented based on the Q4/2022 period and not for the entire year

- KPI 1 Carbon handprint (Calculation method: IRIS PD2243):

  Result Q4/2022: 131 734 kg CO2e

  Notes: One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes. Carbon handprint calculations are done based on verified life-cycle GHG calculations. Carbon handprint is defined according to IRIS PD2243. The calculations only show the fund's share of the investees' GHG emission savings

- KPI 2 Revenue from products that are reusable, recyclable and/or compostable (reported as EUR and percentage of total revenue):

  Result Q4/2022: 1) 403 272,5 EUR

  2) 26,25%

  Notes: One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes. The results have been calculated by using "weighted average". 'Weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to all investments made by the financial market participant.

- KPI 3 Raw materials from (1) recycled content, (2) renewable sources, (3) renewable and recycled content (reported as metric tonnes and percentage of total raw materials):

  Result Q4/2022: 1) 0%

  2) 229,85 tonnes / 93,9%

  3) 0%

  Notes: One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes. The results have been calculated by using "weighted average". 'Weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to all investments made by the financial market participant.

- KPI 4 Amount of purchased energy consumed from renewable sources (reported as MWh and percentage of total energy consumption):

  Result Q4/2022: 1) 91,01 MWh

  2) 19 %

  Notes: One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes. The results have been calculated by using "weighted average". 'Weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to all investments made by the financial market participant.

- <u>KPI 5 Employee gender diversity (average ratio of female to male employees, expressed as a percentage of all employees):</u>

  Result 2022: 23%

- <u>KPI 6 New hires:</u>

  Result 2022: 25

  Notes: Total number of new employees hired in the year 2022.

…and compared to previous periods?

No previous reporting periods

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

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

The investments underwent careful due diligence- and LCA assessments, which show that no significant negative impacts are caused to any of the environmental objectives of the -Taxonomy Regulation. In addition, the investments align with the Taxonomy's general 'Do no significant harm' -criteria, set out in appendices A-D of Annex 1 to the Commission Delegated Regulation (EU) 2021/2800 supplementing Regulation (EU) 2020/852.

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

The investment targets have reported the data regarding their principal adverse impacts, according to the instructions and methods set out in the EU SFDR regulation (2019/2088) and (2020/1288). The investment targets will plan actions to be taken to reduce the reported adverse impacts. Investment targets have committed to making a net zero emission reduction plan to cut their absolute emissions by 2030.

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

Yes, Investment targets are committed to following the recommendations of the OECD Guidelines and UN Guiding Principles, and align with their criteria in proportion to their size.

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

The fund reduces its principal adverse sustainability impacts by monitoring the indicators regarding adverse impacts defined in Annex I of (EU) 2022/1288. In addition, the fund monitors and reports measures related to the indicators and sets goals for the next reference period based to the adverse impacts caused. These indicators are reported in the Appendice of this fund report, according to Annex I, Table I of delegated act EU 2022/1288.

What were the top investments of this financial product?

Largest investments	*Sector*	*% Assets*	*Country*
Nordtreat Finland Oy	*Manufacture of Chemical Products*	*33,71%*	*Finland*
Colombier Finland Oy	*Paper and packaging*	*66,28%*	*Finland*

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1.1.2022-31.12.2022

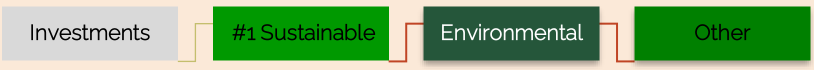
Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

- *What was the asset allocation?*

All assets (100%) are allocated in sustainable investments with an environmental objective. 100% of the investments made during the reference period are made in economic activities that qualify as sustainable investments under the EU SFDR Regulation (2019/2088 Art 2). .The Financial Product aims to invest 60% of assets in Taxonomy-aligned economic activities. This objective is to be achieved by the end of the fund's lifetime. The actualization of this objective is in part subject to the development of the regulatory criteria of the EU Taxonomy

[Include only relevant boxes, remove irrelevant ones for the financial product]



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

- *In which economic sectors were the investments made?*

The investments made during the reference period were made in bioindustry sectors "manufacture of chemical products" (NACE C20) and "manufacture of paper and paper products" (NACE C17).

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

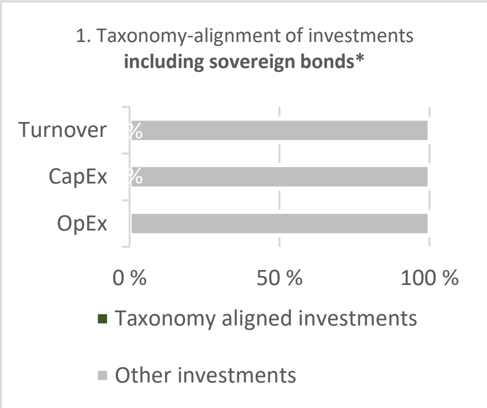
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure**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

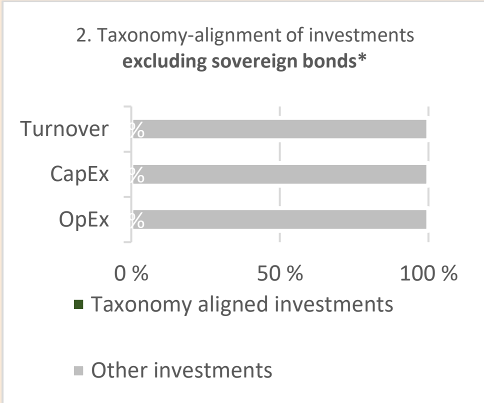
Enabling activities directly enable other activities to make a substantial contribution to an environmenal objective

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

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

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





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

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

As neither investment made is currently taxonomy eligible, the share of investments in transitional and enabling activities is difficult to estimate. However, the sector "manufacture of chemical products" is currently listed in the draft criteria of the delegated act establising technical screening criteria for the rest of the environmental objectives of the Taxonomy. This economic activity is classified as an enabling economic activity in accordance with Article 10(1), point (i), of Regulation (EU) 2020/852. The share of the investment in this enabling activity is 33,71%.

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

No previous reference periods.

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

The share of sustainable investments with an environmental objective that was not aligned with the EU Taxonomy was 100%. The financial product made the investments in not taxonomy-aligned economic activities because the Taxonomy Regulation is still under development and does not contain technical screening criteria for most of the environmental objectives, such as the transition to a circular economy and pollution prevention and control, which are among the financial product's objectives. The draft criteria for the new delegated act including the technical screening criteria for the rest of the environmental objectives of the Taxonomy Regulation has been considered as part of the due diligence assessments and investment decisions made, to ensure alignment when the regulation develops further. The investments made align with the EU SFDR (2019/2088) definition for sustainable investments as well as the generic 'Do no significant harm' -criteria of the Taxonomy Regulation (Annex 1, Appendice A-D, EU 2020/852).

What was the share of socially sustainable investments?

0%, no socially sustainable investments were made.

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

No "Not sustainable" -investments were made.

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

The investments made have undergone a comprehensive Due Diligence assessment carried out before the investment decision. As part of the Due Diligence assessment the investees' taxonomy eligibility and alignment, and the alignment with the do no significant harm criteria are assessed. Whether the economic activity is not currently taxonomy eligible, a significant contribution to an environmental objective is assessed through a third-party assured life-cycle assessment. The Do not significant harm, and the minimum social safeguards criteria are also assessed as part of these analyses.

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

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

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

  N/A

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

  N/A

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

  N/A

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

  N/A

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

Taaleri Bioindustry Fund I

Appendix II:

SFDR (2019/2088) Principal Adverse Impacts Statement (2022/1288) Annex I

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supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

EN

ANNEX I

Template principal adverse sustainability impacts statement

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

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

(2) 'greenhouse gas (GHG) emissions' means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council[2];

(3) 'weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;

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

(5) 'companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council[3];

(6) 'renewable energy sources' means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;

(7) 'non-renewable energy sources' means energy sources other than those referred to in point (6);

(8) 'energy consumption intensity' means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

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[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 Council[4];

(10) 'protected area' means designated areas in the European Environment Agency's Common Database on Designated Areas (CDDA);

(11) 'area of high biodiversity value outside protected areas' means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council[5];

(12) 'emissions to water' means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council[6] and direct emissions of nitrates, phosphates and pesticides ;

(13) 'areas of high water stress' means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute's (WRI) Water Risk Atlas tool "Aqueduct";

(14) 'hazardous waste and radioactive waste' means hazardous waste and radioactive waste;

(15) 'hazardous waste' means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council[7] ;

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

(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;

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[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).

(b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:

(i) Directive 2009/147/EC of the European Parliament and of the Council[9];

(ii) Council Directive 92/43/EEC[10];

(iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council[11];

(iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);

(19) 'biodiversity-sensitive areas' means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139[12];

(20) 'threatened species' means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;

(21) 'deforestation' means the temporary or permanent human-induced conversion of forested land to non-forested land;

(22) 'UN Global Compact principles' means the ten Principles of the United Nations Global Compact;

(23) 'unadjusted gender pay gap' means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;

(24) 'board' means the administrative, management or supervisory body of a company;

(25) 'human rights policy' means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;

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9 Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

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

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

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

(26) 'whistleblower' means 'reporting person' as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council[13];

(27) 'inorganic pollutants' means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council[14], for the Large Volume Inorganic Chemicals- Solids and Others industry;

(28) 'air pollutants' means direct emissions of sulphur dioxides (SO_2), nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), and fine particulate matter ($PM_{2,5}$) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council[15], ammonia (NH_3) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;

(29) 'ozone depletion substances' mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

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

(1) 'GHG emissions' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope(x)\ GHG\ emissions_i\right)$$

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

$$\frac{\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope\ 1, 2\ and\ 3\ GHG\ emissions_i\right)}{current\ value\ of\ all\ investments\ (€M)}$$

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

[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).

[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*

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)}\times\frac{investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{investee\ company's\ €M\ revenue_i}\right)$$

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

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)}\times\frac{The\ country's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{Gross\ Domestic\ Product_i(€M)}\right)$$

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

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

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

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

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

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

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

[16] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Taaleri Bioindustry Fund I Ky (3227560-7)
Summary Description of measured principal adverse impacts The fund has the most impact on the following indicators: • GHG emissions • Share of non-renewable energy consumption and production • Non-recycled waste ratio • Water usage and recycling • Board gender diversity • Rate of accidents Taaleri Bioindustry Fund I Ky made its first investments in November of 2022, therefore for future reference, the measured principal adverse impacts of investment decisions from reporting period 1.1.2022-31.12.2022 are relatively small. The most significant measured principal adverse impacts of the fund's investment decisions are: greenhouse gas emissions stemming from non-renewable energy use and scope 3 emissions; share of non-renewable energy use; non-recycled waste; water usage; board gender diversity; and rate of accidents. Actions taken, planned, and targets set are described in the table below. Investees have committed to setting net-zero emission targets and planning actions to reduce emissions. The fund manager will take active measures to come up with solutions for reducing the amount of non-recycled waste and water-use efficiency together with the investment companies. A workshop is planned to help implement practical solutions to improve board gender diversity in the investment companies.

Tiivistelmä

Kuvaus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin

Rahastolla on suurin vaikutus indikaattoreihin:

- Kasvihuonekaasupäästöt
- Uusiutumattoman energian kulutuksen ja tuotannon osuus
- Kierrättämättömän jätteen osuus
- Veden kulutus ja kierrätys
- Sukupuolten moninaisuus hallituksessa
- Onnettomuuksien määrä

Taaleri Bioteollisuusrahasto I Ky teki ensimmäiset sijoituksensa marraskuussa 2022, tästä syystä sijoituspäätösten pääasialliset haitalliset vaikutukset raportointikaudelta 1.1.2022-31.12.2022 ovat suhteellisen pieniä verrattuna tuleviin raportointikausiin. Rahaston sijoituspäätösten merkittävimmät mitatut pääasialliset haitalliset vaikutukset ovat: uusiutumattoman energiankulutuksesta ja scope 3 -kasvihuonekaasupäästöt; uusiutumattoman energian osuus energiankulutuksesta; kierrättämättömän jätteen määrä; vedenkulutus; sukupuolten moninaisuus hallituksissa ja onnettomuuksien määrä. Toteutetut ja suunnitellut toimet sekä seuraavalle raportointikaudelle asetetut tavoitteet on kuvattu alla olevassa taulukossa. Sijoituskohteet ovat sitoutuneet asettamaan nollapäästötavoitteet toiminnalleen ja suunnittelemaan toimia päästöjen vähentämiseksi. Rahastonhoitaja tulee selvittämään ratkaisuja kierrättämättömän jätteen määrän vähentämiseen ja vedenkäytön tehostamiseen yhdessä sijoitusyhtiöiden kanssa. Lisäksi suunnitteilla on työpaja, jossa kohdeyhtiöille viestitään käytännön ratkaisuista hallitusten sukupuolten monimuotoisuuden parantamiseksi.

Description of the principal adverse impacts on sustainability factors

Information referred to in Article 7 (2019/2088) in the format set out below

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact [2022]	Impact [year n-1]	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	1,177 tCO_2e		One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes.	*As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far.* *Planned actions include engaging with investees to set GHG emission reduction targets and Paris aligned net-zero emission targets.*
		Scope 2 GHG emissions	5,482 tCO_2e		One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes.	*As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far.* *Planned actions include engaging with investees to set GHG emission reduction targets and Paris aligned net-zero emission targets.*
		Scope 3 GHG emissions	38.930 tCO_2e		One of the target companies	*As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far.*

					provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes.	*Planned actions include engaging with investees to set GHG emission reduction targets and Paris aligned net-zero emission targets.*
		Total GHG emissions	45.590 tCO_2e		One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes.	*As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far.* *Planned actions include engaging with investees to set GHG emission reduction targets and Paris aligned net-zero emission targets.*
	2. Carbon footprint	Carbon footprint	5.037 tCO_2e		One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes.	*As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far.* *Planned actions include engaging with investees to set GHG emission reduction targets and Paris aligned net-zero emission targets.*
	3. GHG intensity of investee companies	GHG intensity of investee companies	*23.827.7**		One of the target companies provided the data on an annual basis,	As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far. The fund has no exposure to companies active in the fossil fuel sector, this is ensured

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					which we have converted into a quarterly format for comparison purposes.	also in the future by complying with the investment strategy of the Fund, as well as Taaleri Plc's sustainability policy. **Indicator re-calculated 14.3.2022 to reflect the current interpretation of the calculation method.*
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%		One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes.	As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far. Active measures will be taken to encourage investees to changing energy inputs into renewable energy.
	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	81%		One of the target companies provided the data on an annual basis, which we have converted into a quarterly format for comparison purposes.	As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far. Active measures will be taken to encourage investees to changing energy sources into renewable energy.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per	0.02		One of the target companies provided the data on an annual basis,	As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far. As production is scaled up, energy-efficiency is made a top-priority in planning

		high impact climate sector			which we have converted into a quarterly format for comparison purposes.	new production facilities and manufacturing processes.
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%			As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far. The fund has no investments in biodiversity-sensitive areas. This is ensured in future investments as well as in scaling up production of current investees. The fund manager will look into assessing the investees biodiversity impacts and dependencies to support the reduction of potential adverse impacts on biodiversity.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0			As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far. The fund has no investments that cause emissions to water. This is ensured in future investments, as well as in scaling up production of current investees. The fund manager will look into assessing the investees water impacts and dependencies to support the reduction of potential adverse impacts related to bodies of water.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by	0.196		One of the target companies provided the	As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far.

		investee companies per million EUR invested, expressed as a weighted average			data on an annual basis, which we have converted into a quarterly format for comparison purposes.	
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%			As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far. Due diligence assessments conducted before making an investment decision did not detect any violations of UNGC principles or OECD guidelines.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD	0%			As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far. Further guidance and collaboration for developing the investees' processes related to the practical implementation of the UNGC principles and OECD guidelines will be facilitated by organizing a training session and workshop related to social sustainability.

		Guidelines for Multinational Enterprises				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	-1,38%		The negative percentage is the result of higher salaries for female employees compared to male employees in one the target companies.	As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	0%			As investments were made during Q4 of the reporting period, no active measures to reduce principal adverse impacts have been taken so far. However, all investees are committed to working towards improving diversity and inclusion within the organization.
	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%			No investments in companies involved in the manufacture or selling of controversial weapons. This is ensured also in the future by complying with the investment strategy of the fund, as well as Taaleri Plc's sustainability policy, which includes exclusion criteria for controversial weapons.
Indicators applicable to investments in sovereigns and supranationals						

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries				
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				
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	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				
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in				

		energy-inefficient real estate assets				

Other indicators for principal adverse impacts on sustainability factors

Reported in Table 2 and 3 below.

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

The governing body of this fund approved the policies described in this document on 14 November 2022. These policies are updated annually.

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. Fund managers and the AIFM 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).

Principal adverse impacts are assessed using data from the investee companies. Principal adverse sustainability impacts have been determined through, analysing the principle adverse impacts data as well as through due diligence- and materiality analyses. Materiality analysis identifies the key environmental life cycle impacts of the investee by utilising key sustainability frameworks and standards. The due diligence evaluation also draws on the OECD's recommendations on the due diligence process to assess both the environmental impact and the impact on human rights and society. On the basis of these reviews, the principal sustainability impacts are identified and a plan of measures to mitigate the impacts is established. The evaluations consider the likelihood, impact, severity and reparability of the impacts. The likelihood of the principal adverse sustainability impacts is assessed on a five-step scale: 1) rare, 2) unlikely, 3) possible, 4) likely and 5) almost certain. Similarly, the severity of the impacts is assessed on a five-step scale: 1) non-significant, 2) minor, 3) moderate, 4) large and 5) significant. The likelihood and severity of the impacts is also assessed on the basis of the interaction between the scores obtained by squaring the severity of the impact. The combined impact produces a classification which determines the principal adverse impacts in three categories: 1) low, 2) medium and 3) high.

The due diligence process includes a double materiality analysis and a sustainability risk analysis, which is carried out using a similar five-step scale as described above. A thorough material request list covering essential aspects of sustainability factors is sent to investees and material provided is assessed, and supplemented with interviews and site visits. In addition, all investee companies must undertake to comply with the minimum social impact stipulated in the SFDR (2019/2088).

Indicators measuring the objectives or characteristics of the fund have been defined on the basis of the strategy and objectives of the fund's investment targets. These sustainability indicators have been defined by assessing which quantitative or qualitative variables best reflect the environmental characteristics or environmental objectives and impacts promoted by the fund product and which are appropriate for the characteristics of the investments made. In addition, data available on investees have been considered in the selection of the indicators to be reported. The fund uses data directly reported by the investee companies, which may be partly calculated and/or modelled by a third party. PAI indicators are calculated using the calculation methods defined in the regulatory technical guidelines supplementing the SFDR (2020/1288). 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. The calculation of the reported indicators can be supported by, for example, life-cycle impact assessment methods in accordance with ISO standards, information, surveys and audits measured and monitored by the fund manager, subcontractors or investee companies. The fund manager has obtained the information reported from investees to fulfil their reporting obligations under the EU's Sustainable Finance Disclosure Regulation.

Engagement policies

Taaleri's engagement policies referred to in Article (14) 3g (2007/36/EC) aim to ensure that the activities of Taaleri, Taaleri Private Equity Funds Ltd, Taaleri Bioindustry Ltd, Taaleri Bioindustry Fund I Ky, and their partners do not cause significant harm to the environment, society or employees, violate human rights, or engage in corruption and bribery. The fund manager regularly monitors and audist the operations of our investees. We regularly monitor and audit our operations and those of our investees. The principal adverse impacts described in Table 1 of Annex 1 to Regulation EU 2022/1288 are observed, and the policies and code of conduct to prevent, correct and mitigate those impacts will be amended accordingly when necessary.

• Policies: Taaleri Code of Conduct, Taaleri Bioindustry Code of Conduct, and Corporate Governance Statement

• The Code of Conducts govern and describe the ethical principles that guide our operations and investment decision-making. The Code of Conduct applies to all activities, to all staff and to our significant partners. The Code of Conducts outlines 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 Code of Conduct covers a description of working with stakeholders and sustainability.

• Corporate Governance Statement

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. Taaleri Plc's Board of Directors approved the Corporate Governance Statement in February 2022.

Taaleri Bioindustry Fund I Ky's other engagement policies aim to ensure that the investment activities do not cause significant harm to the environment, society and workers, violate human rights or engage in corruption and bribery. We regularly monitor and audit our operations and those of our investees. T he principal adverse impacts described in Table 1 of Annex 1 to Regulation EU 2022/1288 are observed, and the policies and code of conduct to prevent, correct and mitigate those impacts will be amended accordingly when necessary.

- Policies: Taaleri Plc Sustainability Policy, Taaleri Private Equity Funds Ltd Responsible Investment Policy, Taaleri Bioindustry
- Sustainability Principles, Taaleri Plc Sustainability Risk Policy, Taaleri Private Equity Funds Ltd Risk Management Policy
- The sustainability policies of Taaleri and its Financial Market Participants and the Sustainability Principles of Taaleri Bioindustry describe the fund manager's approach to analysing, monitoring, avoiding and mitigating principal adverse sustainability impacts. Examples of such sustainable investment policies include thematic investing, positive screening and negative screening, and influencing investees through active ownership and engagement. The means of active ownership and more detailed description of the appropriate due diligence and active ownership measures are described in Taaleri's Sustainability Policy.
- Taaleri's Sustainability Risk Policy describes Taaleri's and its Financial Market Participants' approach to considering and managing sustainability risks in different businesses. Taaleri and its subsidiaries and financial products such as Taaleri Bioindustry Fund Ky, consider the sustainability impacts of investments on the environment, society and governance. The policy describes the risks to economic activity posed by climate change and various sustainability factors.

Taaleri Bioindustry Fund Ky's engagement policies and the dates on which the Group or the governing body of the business approved each policy are listed below. All documents are available at www.taaleri.com/documentarchive

- Taaleri Code of Conduct (Management approval December 2022)
- Taaleri Partner Code of Conduct (Management approval December 2022)
- Taaleri Plc Sustainability Policy (Management approval: 7th December 2022)
- Taaleri Plc Sustainability Risk Policy (Management approval: 7th December 2022)
- Corporate Governance Statement (Management approval: 11 February 2022)
- Taaleri Private Equity Funds Ltd Sustainable Investment Policy (Management approval: September 2022)
- Taaleri Bioindustry Sustainability Principles (Management approval: November 2022)

References to international standards

In this section, described are Taaleri Bioindustry Fund I Ky's governance and due diligence practices and how (methodologies and coverage) they comply with international standards, as well as their degree of alignment with the objectives of the Paris Agreement. Taaleri Bioindustry Fund I Ky applies and follows the same standards as Taaleri Plc.
The standards referenced reflect Taaleri and its Financial Market Participants' approach to dealing with both economic and environmental, social, and governance-related sustainability factors of their investment decisions.
Compliance, reliability, and transparency are the basis of Taaleri's and its Financial Market Participants' operations. Compliance with legislation and responsible, ethical practices are the cornerstones of companies' business and are strongly linked to stakeholder cooperation, reputation and the ability to conduct business in the financial markets. Taaleri Group's codes for due diligence and responsible business are described in the documents listed in section "Engagement policies". Sustainability issues are considered in all operations and the 'do no significant harm' principle is applied to strategic financial products throughout their life cycle. In accordance with the 'do no significant harm' principle, the principal adverse impacts of investees are assessed and it is determined whether the investees meet the 'do no significant harm' criteria of the SFDR and/or the Taxonomy Regulation. If significant harm to the environmental and/or social objective or characteristic is detected before the investment decision is made, the investment is not made. Funds that promote sustainability features and aim to make sustainable investments report on the indicators required by Annex 1 to Regulation 2022/1288 and the indicators specified in this document. Funds monitor and report on the principal adverse impact indicators in accordance with the disclosure requirements (EU 2019/2088). Reduction targets to be promoted through active ownership, policies and codes of conduct are defined for the principal adverse impacts to be monitored.

Taaleri and its Financial Market Participants respect all internationally recognised human and labour rights. The companies are committed to the principles of 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. In addition, the companies are committed to implementing the UN Guiding Principles on Business and Human Rights in all activities. We consider central fundamental and human rights issues to include combatting the use of forced or child labour, the prevention of discrimination and harassment, the freedom of expression, religion and peaceful assembly and the promotion of decent working.

Other key international conventions and guidelines that underpin the corporate sustainability work of Taaleri and the Financial Market Participants include the UN Universal Declaration of Human Rights, the UN Convention against Corruption, the UN Rio Declaration on Environment and Development, the UN Sustainable Development Principles, the OECD Guidelines for Multinational Enterprises (including the OECD Guidelines for Institutional Investors) and the UN Global Compact. As such, our activities contribute to the minimum safeguards of the EU regulation to facilitate sustainable investment (2020/852), the UN Global Compact and the precautionary principle.

In order to assess compliance with these commitments, Taaleri and its Financial Market Participants carry out an annual human rights risk analysis to assess the likelihood and severity of potential principal adverse impacts on society, good governance practices and human rights. On the basis of this assessment, possible measures to prevent, mitigate or eliminate the principal adverse impacts are planned. Furthermore, funds that promote sustainability features and aim to make sustainable investments report on the indicators required by Annex 1 to Regulation 2022/1288 and the indicators specified in this document with respect to the commitments referred to in the regulation. Funds monitor and report on the principal adverse impact indicators in accordance with the disclosure requirements (EU 2019/2088). Reduction targets to be promoted through active ownership, policies and codes of conduct are defined for the principal adverse impacts to be monitored. All investees comply with the minimum safeguard requirements of the SFDR.

The Financial Market Participants use the sustainability frameworks described below to identify sustainability impacts related to investments and to use appropriate approaches to manage and address the principal adverse sustainability impacts. The Financial Market Participants monitor the evolution of the frameworks and general market developments in relation to accountability and best practices and assess the best way to take these standards into account in their activities. Examples of the internationally recognised standards used include the Carbon Disclosure Project (CDP), TCFD, UNPRI and, where applicable, the European Sustainability Reporting Standards (ESRS) of the EU Corporate Sustainability Directive (CSRD). These frameworks are used to identify and analyse the principal adverse impacts on climate. The framework recommendations on the indicators used to assess impacts correspond to the greenhouse gas emission indicators described in Table 1 of Annex 1 to Regulation 2022/1288. These are reported and calculated using the definitions and instructions in the said regulation.

Taaleri also assesses the principal adverse impacts caused by it and its funds annually by responding to a UNPRI survey on sustainable investment measures. On the basis of an assessment by UNPRI, policies and practices can be compared with best practices in the market, which supports the development of applied policies and practices. The UNPRI survey is under development, so it is difficult to make a

precise reference to the principal sustainability impact indicators of Regulation 2022/1288, but previous surveys have identified, for example, corporate governance in relation to fossil fuels, human rights and related commitments, and the reporting of greenhouse gas emissions. These elements are partly in line with the indicators listed in Table 1 of Annex 1 to Regulation 2022/1288. The CDP and the TCFD make recommendations on information and risks related to climate change. Taaleri and its Financial Market Participants support and follow the TCFD's proposal for data to be reported on the economic impacts of climate change. The TCFD-compliant climate risk assessment utilises the IPCC's forward-looking climate scenarios (RCP4.5–RCP8.5), and the climate risk assessments were prepared by the Group's sustainability experts during 2022. In addition, efforts have been made to align climate risk assessments with the requirements of the 'do no significant harm' assessment criteria of the Taxonomy Regulation (2020/852) with regard to the climate change adaptation target. Climate risk assessments and the Net Zero Asset Managers initiative support the reporting on the indicator 'Share of investments in companies active in the fossil fuel sector' in Table 1 of Annex 1 to Regulation 2022/1288 and the indicator 'Investments in companies without carbon emission reduction initiatives' in Table 2 of Annex 1 to the regulation and help to monitor the development of these principal adverse sustainability impacts. In addition, Taaleri participates in various ways in the development of best practices in industry regulation and sustainability work. Taaleri and its Financial Market Participants have signed the Net Zero Asset Managers (NZAM) initiative, which aligns the emission reduction targets of the company and its investments with the Paris Agreement. The initiative requires cutting emissions from the company's activities, committing investees to reducing greenhouse gas emissions and setting a net zero emission target. Zero emissions must be achieved by 2050.
Historical comparison No previous reporting periods.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric

Indicators applicable to investments in investee companies		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average
	4. Investments in companies without carbon emission reduction initiatives 0%	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source
Water, waste and material	6. Water usage and recycling 1) 106,1	1. Average amount of water consumed by the investee companies (in cubic meters) per

emissions	2) 25,3%	million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy
	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing
	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies
	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies

	18,87	per million EUR invested, expressed as a weighted average
	14. Natural species and protected areas	1.Share of investments in investee companies whose operations affect threatened species 2.Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas
	15. Deforestation	Share of investments in companies without a policy to address deforestation
Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in sovereigns and supranationals		

Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in real estate assets		
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets
		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter
Waste	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
Resource consumption	21. Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations

Biodiversity	22. Land artificialisation	Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets

Table 3

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

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
	2. Rate of accidents 36,24	Rate of accidents in investee companies expressed as a weighted average
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average
	4. Lack of a supplier code of conduct 66%	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)

	5. Lack of grievance/complaints handling mechanism related to employee matters 34%	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matter
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers
	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average
	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
Human Rights	9. Lack of a human rights policy 0%	Share of investments in entities without a human rights policy
	10. Lack of due diligence 100%	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts
	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings

	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation
	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies
Indicators applicable to investments in sovereigns and supranationals		
Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column

	19. Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely including a quantitative indicator explained in the explanation column
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column
	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes
	23. Average political stability score	Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column