Taaleri Bioindustry Fund I

Fund Report
Q4/2024

TAALERI
Bioindustry

Sustainable Investments

Driving impact through sustainable Investments

- The Fund's objective is to achieve a 60% Taxonomy alignment during its 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 Fund attained its sustainable investment goal by investing in solutions that for example, enhance the reuse of raw materials and products, reduce the demand for 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 investments made contribute to the EU Taxonomy's environmental objectives of climate change mitigation, transition to a circular economy, and pollution prevention and control, and the protection and restoration of biodiversity and ecosystems
- The Fund contributed to climate change mitigation by investing in target companies that have a third party verified environmental impact life cycle assessment showcasing significant carbon emission reduction (20-75% reduction) compared to the Best Alternative Technologies (BAT). The Fund has made two investments aligned with the EU Taxonomy's applicable technical screening criteria and DNSH criteria that show a significant contribution to climate change mitigation
- The Fund manager determines that the contribution to circular economy was achieved by investing in an ecological packaging solution that improves the end-products' recyclability compared to the current BAT, by providing a solution that contains no plastic and is 100% recyclable as wastepaper
- Furthermore, the Fund manager sees that significant contribution to pollution prevention and control was achieved by investing in a chemical product that does not include harmful chemicals, is water-based, and has a low-emission-intensity compared to the BAT. These characteristics have been verified in a third-party due diligence process
- Finally, the fund manager determines that the contribution to the protection and restoration of biodiversity and ecosystems was achieved by investing in an economic activity that produces an alternative protein and is aligned with technical screening criteria presented in previous draft versions of the EU Taxonomy's delegated act for the activity "Manufacture of food products" contributing substantially to the EU Taxonomy's goal for the protection and restoration of biodiversity and ecosystems. The economic activity does not have direct land-use impacts compared to many other plant-based protein alternatives, the process requires minimal water use, and according to third-party verified LCA, has a lower carbon footprint compared to e.g., soy and animal proteins
- The Fund made its second Taxonomy-aligned investment in the fall of 2024, increasing its Taxonomy alignment from 47.7% to 48.7%. The investment was made in a company that aligns with the EU Taxonomy's technical screening criteria for the economic activity of "Manufacture of cement" and "Material recovery from non-hazardous waste" and therefore, contributes to the environmental objective of climate change mitigation. The other investments align with the EU SFDR's definition and criteria for sustainable investments (2019/2088 2(17)) but are not currently Taxonomy eligible. The substantial contributions of these investments have been verified through lifecycle assessments, which have been verified by third parties
- 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: Regulatory Technical Standards (RTS) and PAI-indicator template
- More information on the investments' climate and nature risks is available in Taaleri Bioindustry's TCFD and TNFD Risk Report, available on the Fund's website during H1/2025

Sustainability Indicators for full year 2024

Indicators measuring the contribution to climate change mitigation

	GHG emissions (tonnes CO_2e)	138.6 tCO_2e
	Carbon handprint* (tonnes CO_2e)	301.5 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) 1.04 MEUR 2) 17%
	Raw materials from (1) recycled content or side streams, (2) renewable sources, (3) renewable and recycled content (reported as metric tonnes and percentage of total raw materials used) calculated as weighted average.	1) 0.03 t / 10% 2) 392.4 t / 83% 3) 7.97 t / 22%
	Amount of purchased energy consumed from renewable sources (reported as MWh and percentage of total energy consumption)	1) 911.6 MWh 2) 57.3%

Indicators measuring the social impact of investments

	Employee gender diversity**	31%
	New hires***	41

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 emissions and emission savings.

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

****Total number of new employee hires during 2024*

Sustainability indicator performance - measuring the Fund's investment objective

(2023 values in parenthesis for reference)

- The funded emissions for 2024 were 138.6 (311.8 tCO_2e) tonnes of CO_2 equivalent, a decrease compared to previous years' emissions due to the expansion of the portfolio. As the portfolio companies are in different phases of commissioning or production, not all investees cause emissions across the different GHG-emission scopes. As the emissions are calculated based on the formula stated in EU 2022/1288, the reported emissions are accounted based on the ratio of current value and enterprise value of the investment target. This methodology skews the reported emissions when the portfolio and investment allocation changes

- The funded emission savings, based on the reference period, were 301.5 (289.7) tonnes of CO_2e, reflecting an increase from last year's equivalent metric, thanks to the start of commercial production in one of the portfolio companies, which resulted in avoided emissions by replacing conventional products. The emission intensity of the portfolio (tCO_2e/MEUR deployed capital) was 3.6, showing a positive trend as it has decreased compared to the 2023 value of 15.2. However, emission intensity may rise as the portfolio companies scale up production further

- The weighted average of target companies' revenue from reusable, recyclable, and/or compostable products (weighted average) was 17% (16%), amounting to 1.04 MEUR (0.8 MEUR). Additionally, 83% (75%) of the total resource use in target companies comes from renewable sources, 10% (0%) from side streams, and 22% (0%) from resources that are both renewable and sourced from recycled / side stream materials. These indicators have improved compared to last year, largely due to new investments made by the Fund

- The total renewable raw material use reported by the target companies in 2024 was 2154.3, and 400 tonnes when calculated as weighted average. a slight decrease from last year's equivalent values of 2,305.2 tonnes and 705.9 tonnes (weighted average). This decrease is attributed to the calculation method concerning the weighted average methodology, as some of the portfolio companies reported 0 raw material use due to not yet being in production, as well as a slowdown in demand resulting from the weakened Finnish economy, which has also impacted the construction sector

- Total renewable energy consumption was 3,242.6 MWh, with a weighted average of 911.6 MWh (2023: 215 MWh; total 616 MWh). Renewables accounted for 57.3% (47% weighted) of total energy use. All portfolio companies are committed to transitioning to clean energy, as reflected in year-over-year values. The rise in energy consumption is mainly due to increased investment targets and the fact that many targets are in construction or industrial commissioning. As production scales up and test runs occur, energy use rises while efficiency temporarily declines

- The target companies, operating in traditionally male-dominated manufacturing sectors, reported a weighted average employee gender diversity of 31% in 2024, a modest increase from last year's 29%, largely driven by new investments in companies with higher gender diversity. During the first half of the year, the target companies made in total 41 (28) new hires

Monitored Sustainability Risks

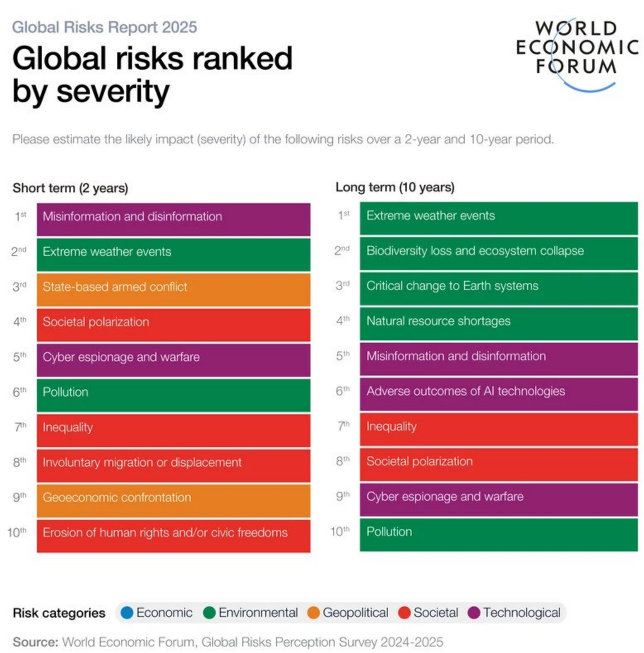
The Fund is Actively Managing Sustainability Risks

- A sustainability risk means an environmental, social or governance event or condition that, if it occurred, could cause a negative material impact on the value of the investment. No sustainability risks realised 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, are to do with tightening regulations and the availability of used biomass, as well as the storage and handling of products. 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 and enhanced governance practices
- Other recognised material sustainability risks include climate- and biodiversity risks affecting the availability and quality of raw materials used; pandemics and working conditions impacting the health and safety of employees; as well as limited control across value chains to influence major suppliers and partners
- These risks are mitigated through active ownership and 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
- Furthermore, the investment team has provided training and support to enhance processes regarding the management, assessment and consideration of sustainability risks in the investment targets across their value chain. The Fund Manager organised climate-related workshops with four of the portfolio companies to help them better integrate sustainability risks into governance practices, and to better mitigate risks and proactively recognize market opportunities
- The investment team conducted and published their first TCFD and TNFD aligned climate- and nature risk report in 2024. The aligning of reporting to the TCFD and TNFD recommendations required the development of our sustainability risk assessment tools and processes. The investment team continues to improve their processes to better understand their climate- and nature-related dependencies, impacts and risks. The report will be updated and published during the first half of 2025. The report includes portfolio-specific risk exposure disclosures and will be available on the Fund website

Monitored Sustainability Risks

Political Turmoil, Changing Regulatory Landscape, and Accelerating Climate Crisis

- The 2024 U.S. presidential election led to policies favoring fossil fuels and rolling back environmental regulations, including plans to exit the Paris Agreement and expand resource extraction. This shift has raised concerns about U.S. climate commitments and influenced corporate sustainability strategies
- In response to regulatory burdens and geopolitical tensions, the European Commission is introducing the Omnibus package to simplify sustainability reporting. However, stakeholders fear it could weaken essential disclosures, undermine environmental protections, and dilute the Green Deal's ambitions. The Sustainable Finance Regulatory Framework is also undergoing revisions, including updates to the EU Taxonomy and SFDR product categorization
- Amid U.S. political turmoil and backlash against the SEC's carbon disclosure rules, the Net Zero Asset Managers initiative suspended activities following BlackRock's exit. The pause aims to reassess its relevance and effectiveness. The Fund, along with Taaleri Group are signatories of the NZAM initiative and remain committed to their climate-targets
- The year 2024 was the planet's warmest year on record since pre-industrial levels, following the trend of an extraordinary decade of record-breaking temperatures. Furthermore, WEF's Global Risk Report published in the beginning of 2025 highlights the urgency the accelerating climate and ecological crisis requires, ranking 5/10 of the most severe long-term global risks as environmental
- These unfortunate long-term developments still highlight the need for less fossil-dependent and polluting manufacturing and consumption, which supports the Fund's investment thesis. Hence, despite the political ESG pushback, the Fund remains committed to its sustainability and Net Zero targets. The Fund Manager continue to monitor regulatory developments, with no immediate financial risks to its investments



Sustainability Actions Taken

Recent developments

- During Q2/2024. the investment team organised a sustainability-themed team-day, where team discussed the current status of the Fund's Sustainability KPIs and Taxonomy alignment target. Investment team reflected on the actualization of the Fund's impact thesis and benchmarked its impact approach against other asset managers. As a result of the workshop, investment team enhanced their pipeline process for investment screening and developed internal tools to better facilitate impact considerations in deal sourcing
- Since the start of the reporting period, investment team has organised quarterly ESG-check-ins with portfolio companies, to better monitor the active implementation of the company-specific sustainability roadmaps, and to provide ad hoc sparring assistance and support for the portfolio companies
- During the reporting period, investment team organised Climate Risk and Net Zero workshops for portfolio companies. During these full-day workshops, investment team trained the portfolio company management and employees on climate risks. In addition, portfolio companies' climate risk assessments and mitigation plans were updated. On the second half of the workshop, portfolio companies' baseline year emissions were discussed, and the most emitting phases of own production or value chain were depicted. As a result, plans were made to tackle recognised information gaps, to enable taking the next steps towards planning emission reduction actions and net zero roadmaps
- The investment team also prepared supplementary material and instructions to help and support the portfolio companies in reporting and conducting risk assessments, as well as supplier screening
- The investment team actively monitored the data regarding the principal adverse impacts of its investment decisions as well as its sustainability KPIs and worked to improve tools used for data gathering and management to enhance the efficiency and accuracy of reporting. The new data management tool was adopted during H1/2024

[*] Climate workshop day with Colombier Finland and Taaleri.
Participates: Laura Luukkonen (Taaleri), Kiia Nikander (Colombier), Kirsi Salomaa (Colombier), Juha Ebeling (Colombier CEO) and Essi Heikkinen (Taaleri).

EUROPEAN
COMMISSION

Brussels, 31.10.2022
C(2022) 7545 final

ANNEXES 1 to 4

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COMMISSION DELEGATED REGULATION (EU) .../...

amending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in precontractual documents and periodic reports for financial products investing in environmentally sustainable economic activities

ANNEX IV

'ANNEX V

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

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 include 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:** 97.14%	☐ 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? The fund has sustainable investments as its objective, and it attains this goal by investing in 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 investments made contribute to the EU Taxonomy's environmental objectives of climate change mitigation, transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. The current portfolio consists of five investments, of which two have been made in Taxonomy eligible and aligned economic activities; “Manufacture of other low-carbon technologies”, “Manufacture of cement” and “Material recovery from non-hazardous waste”.

The fund manager (Taaleri Private Equity Funds Ltd) assesses that the fund contributed to climate change mitigation, by having invested in target companies that have a third party verified life cycle assessment showcasing significant carbon emission reduction (20-75% reduction) compared to the Best Alternative Technology (BAT). The fund has made two investments aligned with the EU Taxonomy’s applicable technical screening criteria and DNSH criteria that show a significant contribution to climate change mitigation, as indicated above.

The fund manager determines that the contribution to circular economy was achieved by having invested in an ecological packaging solution that improves the end-products’ recyclability compared to the current BAT by providing a solution that contains no plastic and is 100% recyclable as waste paper. Additionally the fund made its fifth investment in H2/2024 in a waste concrete upcycling technology company that substantially contributes to the EU Taxonomy’s climate mitigation goal, but also effectively enables the construction industry’s transition to circular economy by reducing the need for virgin raw materials.

Moreover, the fund manager sees that significant contribution to pollution prevention and control was achieved by investing in a chemical product that does not include harmful chemicals, is water-based and has a low-emission-intensity compared to the BAT. The investment is aligned with technical screening criteria presented in previous draft versions of the EU Taxonomy’s delegated act for the activity “Manufacture or chemical products”, contributing substantially to the EU Taxonomy’s goal for “Pollution prevention and control”.

Finally, the fund manager determines that the contribution to the protection and restoration of biodiversity and ecosystems was achieved by investing in an economic activity that produces an alternative protein and is aligned with technical screening criteria presented in previous draft versions of the EU Taxonomy’s delegated act for the activity “Manufacture of food products” contributing substantially to the EU Taxonomy’s goal for the protection and restoration of biodiversity and ecosystems. The economic activity does not have direct land-use impacts compared to many other plant-based protein alternatives, the process requires minimal water use, and according to third-party verified LCA, has a lower carbon footprint compared to e.g., soy and animal proteins.

The above presented sustainability contributions have been verified in third party Due Diligence processes. During the reporting period, two new investments were made compared to the previous reporting period (2023). The investments made during 2024 were made in a company that aligns with the EU Taxonomy’s technical screening criteria for the economic activity of “Manufacture of cement” and “Material recovery from non-hazardous waste” therefore contributing to the environmental objective of climate change mitigation. All investments made, align with the EU SFDR’s definition and criteria for sustainable investments (2022/1288 2(17)). The substantial contribution of these investments has been verified through a lifecycle assessment, which were verified by a third party.

According to the updated market interpretation regarding “all investments”, the share of sustainable investments should entail cash, as it is included in the assets of the financial product’s balance sheet. As cash can not be considered a sustainable investment, 96,8% of the financial product’s investments have therefore been made in sustainable investments with an environmental objective, and therefore, the sustainable objective of the fund has been realised during the reporting period.

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

How did the sustainability indicators perform?

Sustainability indicators measured:

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

Result 301.5 kgCO_2

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 1) 1.04 MEUR 2) 17%

• 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: 1) 0.03 tonnes / 10% 2) 392.4 tonnes / 83% 3) 7.97 tonnes / 22%

The results have been calculated by using a "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: 1) 911.6 MWh 2) 57.3%

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 5 Employee gender diversity (average ratio of female to male employees, expressed as a percentage of all employees):

Result: 31%

• KPI 6 New hires:

Result: 41

...and compared to previous periods?

The fund made its first investments in Q4/2022. Previous reporting period for year 2023 was the first full reporting period. Since 2023, the fund has made two more investments and still has capital to allocate and make further investments. Results compared to previous years have been provided in the table below.

Indicator	Reporting period 2024	Reporting period 2023	Reporting period 2022	*Annual change, %*	*Notes*
KPI 1 Carbon handprint	301.5 tCO2e	289.7 tCO2e	131. 7 tCO2e	*+4.1%*	*The funded emission savings, based on the reference period, were 301.5 (289.7) tonnes of CO_2e, reflecting an increase from last year's equivalent metric, thanks to the start of commercial production in one of the portfolio companies, which resulted in avoided emissions by replacing conventional products*

KPI 2 Revenue from products that are reusable, recyclable and/or compostable (reported as EUR and percentage of total revenue):	1) 1.04 MEUR 2) 17%	1) 0.768 MEUR 2) 16%	1) 0.403 MEUR 2) 26,25%	*1) +35.4%* *2) +1%*	*The weighted average of target companies' revenue from reusable, recyclable, and/or compostable products (weighted average) was 17% (16%), amounting to 1.04 MEUR (0.8 MEUR). Additionally, 83% (75%) of the total resource use in target companies comes from renewable sources, 10% (0%) from side streams, and 22% (0%) from resources that are both renewable and sourced from recycled / side stream materials. These indicators have improved compared to last year, largely due to new investments made by the Fund*
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):	1) 0.03 t / 10% 2) 392.4 t / 83% 3) 7.97 t /22%	1) 0% 2) 705.9 t / 75% 3) 0%	1) 0% 2) 229,85 t / 93,9% 3) 0%	*1) +10%* *2) +8%* *3) 22%*	*The total renewable raw material use reported by the target companies in 2024 was 2154.3, and 400 tonnes when calculated as weighted average. a slight decrease from last year's equivalent values of 2,305.2 tonnes and 705.9 tonnes (weighted average). This decrease is attributed to the calculation method concerning the weighted average methodology, as some of the portfolio companies reported 0 raw material use due to not yet being in production, as well as a slowdown in demand resulting from the weakened Finnish economy, which has also impacted the construction sector.*
KPI 4 Amount of purchased energy consumed from renewable sources (reported as MWh and percentage of total energy consumption):	1) 911.6 MWh 2) 57.3%	1) 215.14 MWh 2) 47%	1) 91,01 MWh 2) 19 %	*1) +323%* *2) +10.3%*	*All portfolio companies are committed to transitioning to renewable, clean energy, as reflected in this year's values compared to the previous year. A significant increase in energy consumption can also be seen, which is mainly due to increase in investments in the portfolio, but also because many of the investment targets are currently either in the construction or industrial commissioning phase. Evidently, as production is scaled up and test runs are*

					made, energy consumption increases, and energy efficiency decreases as production is not yet optimal
KPI 5 Employee gender diversity (average ratio of female to male employees, expressed as a percentage of all employees):	31%	29%	23%	+2%	*The target companies, operating in traditionally male-dominated manufacturing sectors, reported a weighted average employee gender diversity of 31% in 2024, a modest increase from last year's 29%, largely driven by new investments in companies with higher gender diversity.*
KPI 6 New hires:	41	28	25	+46.4%	

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

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

To ensure that the investments do not cause significant harm to any sustainable investment objectives, the fund manager has decided to consider all mandatory principal adverse impact indicators set out in the regulation EU/2022/1288 annex I Table 1 with the fund investments. In addition, to fully be aligned with the regulation and ensure not to cause significant harm to any of the objectives, voluntary indicators from Table 2 and Table 3 are also taken into account. A total of 22 principal adverse impact indicators are continuously monitored and annually reported. In addition, the investments have undergone careful due diligence- and environmental impact assessments, where adverse impacts were assessed. The voluntary indicators are chosen based on the materiality analysis conducted by a third party appointed by the fund manager. The chosen indicators represent the investments' most material adverse impacts and are aligned with the fund's strategy. The investments also underwent LCA assessments, which show that no significant negative impacts are caused to any of the environmental objectives of the Taxonomy Regulation. Finally. 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. Two of the investments are taxonomy eligible and -aligned, and are therefore considered to not cause significant harm to any sustainable investment objectives.

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

The fund manager considers and discloses all mandatory principal adverse impact indicators set out in the regulation EU/2022/1288 annex I Table 1 with the fund investments. In addition, voluntary indicators from Table 2 and Table 3 are also taken into account. All principal adverse impact indicators are taken into account prior to making an investment decision, through adhering to the fund manager' sustainability policy, which includes criteria for investment decision-making (e.g., human rights, positive screening and exclusion criteria, and principal adverse impacts) as well as in careful due diligence assessments, risk assessments, and setting investment monitoring and reporting systems in place. All investment targets regularly report data regarding their principal adverse impacts, according to the instructions and methods set out set out by the fund manager and the requirements in the EU SFDR regulation (2019/2088) and (2020/1288). In addition to data collection and monitoring, the fund manager ensures that actions to reduce the impacts are taken. Furthermore, investment targets have committed to making a net zero emission reduction plan by 2030 to cut their absolute emissions and align with the targets set in the Paris Agreement.

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. The investment targets have committed to Taaleri Bioindustry's Sustainability Policy, and Code of Conduct and have aligned their own policies and ethical codes accordingly. All target company policies and ethical guidelines have been inspected by the financial market participant (Bioindustry Fund I Ky).

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

The fund reduces its principal adverse sustainability impacts on sustainability factors defined in Annex I of (EU) 2022/1288. by monitoring and reporting the indicators regularly, and by setting targets for the next reference period based on the adverse impacts caused.

Indicators related to greenhouse gas emissions are mainly taken into account in the fund manager's sustainability principles, fund investment strategy, as well as its commitment to Net Zero emissions initiative (NZAM), TCFD (Taskforce on Climate-related Financial Disclosures) and TNFD (Taskforce on Nature-related Financial Disclosures) recommendations. The fund manager has set a net zero emission reduction plan t0 engage the investment targets to align their sustainability work with the goals of the Paris Agreement and cut their absolute emissions to reduce the reported adverse impacts. The fund manager's net-zero emission reduction plan is aligned with the goals of the Paris Agreement and based on the methodology provided by the Science Based Targets (SBTis) initiative, however the roadmap has not yet been verified by the SBTi.

The fund's strategy and investment policy excludes all investments active in the fossil fuel sector and/or controversial weapons industry. Therefore, no adverse impacts related to those were caused.

Indicators related to biodiversity are taken into account prior to investment decisions. The fund manager assures that the potential investments are not located in or near biodiversity sensitive areas so that no harm is caused for such areas, and has committed to following the TNFD (Taskforce on Nature-related Financial Disclosures) recommendations on how to disclose nature-realted risks and impacts.

Indicators related to water and waste are taken into account in the fund's investment strategy, which through positive screening prioritises investments that reduce the need for virgin raw materials and accelerate the adoption of circular solutions. In addition, investment targets are committed as part of Taaleri Bioindustry's Sustainability principles. to making efforts to reduce the amount of water intake as part of the production process or strive to reuse or circulate the needed intake water. The investment targets have waste management and recycling plans in place, and have committed to implementing the principles of circularity in their product design and end of life treatment and prioritizing the use of side- or waste streams as production inputs over virgin raw materials. The investment targets waste- and water management plans and safety instructions ensure that the waste is handled accordingly and that no emissions to water are caused.

Indicators related to social and employee matters are taken into account through the fund manager and investment targets' policies, due diligence assessments, and site visists. The investment targets have sufficient HR policies, ethical guidelines, trainings and instructions in place.

These principal adverse impact indicators are reported in the Appendice of this fund report, according to Annex I, Table I of delegated act EU 2022/128.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **2024**

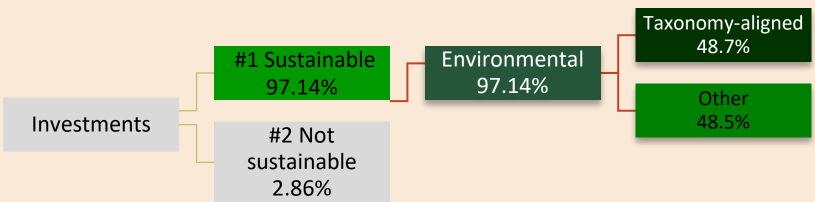
Largest investments	Sector	% Assets	Country
Nordtreat Finland Oy	Manufacture of Chemical Products	10.49%	Finland
Colombier Finland Oy	Paper and packaging	14.68%	Finland
Nordic Bioproducts Group Oy	Manufacture of cellulose and its chemical derivatives	40.09%	Finland
Enifer	Manufacture of other food products	23.31%	Finland
C2CA Technologies	Recovery of sorted materials	8.58%	The Netherlands
Cash equivalents	Cash in the fund account	2.86%	Finland

What was the proportion of sustainability-related investments?

What was the asset allocation?

Asset allocation describes the share of investments in specific assets.

Fund asset allocation when considering all investments (including cash equivalents) consists of 97.14% of economic activities that qualify as sustainable investments under the EU SFDR Regulation (2019/2088 Art 2). The fund manager states that 48.7% of the sustainable investments are EU Taxonomy aligned with an environmental objective of Climate Change Mitigation. It should be noted that there are cash equivalent in the fund account that are not yet invested or returned. Due to these assets, the fund's asset allocation is not 100% in sustainable investments.



#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 were made in the following bioindustry sectors "Manufacture of chemical products" (NACE C20 - asset allocation 10.49%) and "Manufacture of paper and paper products" (NACE C17 - asset allocation 14.68%), "Manufacture of cellulose and its chemical derivatives" (included in NACE 20.16 - asset allocation 40.09%), "Manufacture of other food products" (NACE C10.89 - asset allocation 23.31%), and "Recovery of sorted materials" (NACE E38.32 - asset allocation 8.58%).

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

The fund manager has determined that 50.1% of the investments made, were aligned with the EU Taxonomy when cash is excluded, and 48.7% when cash is included. The economic activity aligned with the EU Taxonomy are the investments in the sectors "Manufacture of cellulose and its chemical derivatives" (included in NACE 20.16) and "Recovery or sorted materials" (NACE E38.32).

The fund manager has assessed that the said economic activities substantially contribute to the objeective of climate change mitigation by aligning with the technical screening criteria for the economic activities of "Manufacture of other low-carbon technologies", "Manufacture of cement", and "Material recovery from non-hazardous waste".

The economic activity C20.16 produces microcrystalline cellulose (MCC) by refining pulp production side streams. The end product can replace carbon-intensive, fossil-based substitutes in various applications. The economic activity manufactures technologies that are aimed at and demonstrate substantial life-cycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market. Life-cycle GHG emission savings are calculated using Commission Recommendation ISO 14067:2018(101) Quantified life-cycle GHG emission savings are verified by an independent third party.

The economic activity E38.32 has developed a process that allows the upcycling of end-of-life concrete into drop-in materials for use in new concrete. The innovative process enables the effective separation of the individual components of end-of-life concrete (aggregate, sand and cement paste) through the combination of mechanical and thermal processes. The solution reduces the need for virgin or emission-intense raw materials and natural resources, but also advances circularity. The process produces emissions of 0.128-0.129 tCO2e per tonne of produced alternative binder, lower than the emission benchmark of 0,469 tCO_2e per tonne, set in the EU Taxonomy's technical screening criteria for "Manufacture of cement" and converts 100%, in terms of weight, of the processed waste into secondary raw materials suitable for the substitution of virgin raw materials in production process, compared to the benchmark value of 50% set in the Taxonomy's technical screening criteria for the economic activity "Material recovery from non-hazardous waste".

The fund manager considers that the investments fulfill the Do no significant harm criteria ('DNSH') of the EU Taxonomy. The investment's physical climate change risks are assessed according to the IPCC AR6 report RCP2.5-RCP8.5 scenarios, and material risks identified have adaptation plans. The investments have appropriate water, waste and recycling management plans in place and the recyclability and/or biodegradability for the product's entire lifecycle is considered.

No Environmental Impact Assessments according to Directive 2011/92/EU were required for the investment targets, and the fund manager concludes that no operations of the investment targets are located in or near biodiversity-sensitive areas, or cause harm to such areas, this is reported through EU/2022/1288 annex I Table 1 principle adverse impact indicators. Minimum safeguards and good governance are ensured via careful due diligence assessments, training, and the fund manager's engagement policies and ethical guidelines, the investee's own policies and guidelines, as well as conducted site visits.

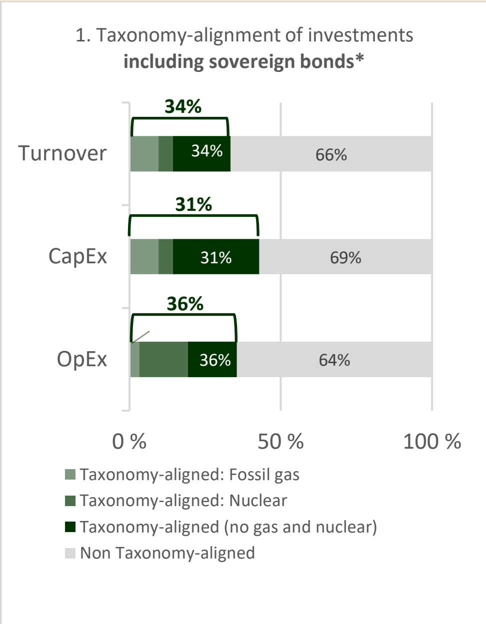
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

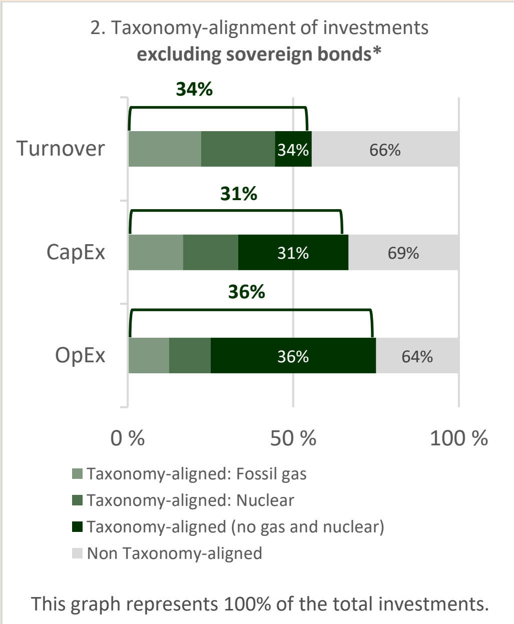
No, the financial product did not invest in fossil gas and/or nuclear energy related activities.

- [ ] Yes:
  - [ ] In fossil gas
  - [ ] In nuclear energy
- [x] No

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.

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?

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 share of investments made in transitional activities 4% (Manufacture of Cement)

The share of investments made in enabling activities 44%.(Manufacture of other low-carbon technologies and "Material recovery from non-hazardous waste")

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

As only two of the investments made are currently taxonomy eligible and aligned, the share of investments in transitional and enabling activities is difficult to estimate. However, the economic activity for the "Manufacture of chemicals and chemical products" was previously listed in the draft criteria of the second delegated act establising technical screening criteria for the rest of the environmental objectives of the Taxonomy. In this draft version, the economic activity was classified as an enabling economic activity in accordance with Article 10(1), point (i), of Regulation (EU) 2020/852. In addition, some packaging -related technical screening criteria under the EU Taxonomy, are classified as activities supporting the transition to a climate-neutral economy. However, for the activities "Manufacture of food products and beverages" (not taxonomy eligible), "Manufacture of paper and paper packaging" (not taxonomy eligible), "Manufacture of chemicals and chemical products" (not taxonomy eligible), or "Material recovery from non-hazardous waste" (taxonomy eligible and aligned), no explicit references can be found in the delegated acts nor their draft documents regarding whether these activities are considered transitional or enabling.

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

During the first reporting period in 2022, there were no Taxonomy-aligned investments during the reference period. In 2023 the number of Taxonomy-aligned investments grew by 47.7% as one taxonomy aligned investment was made. In 2024 one other taxonomy aligned investment was made, increasing taxonomy aligment to 48.7%, which is +1% more than during the previous reporting period.

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 were not aligned with the EU Taxonomy was 48.5%. The financial product made the investments in activities that were not taxonomy eligible. In compiling the technical screening criteria for the economic activities covered by the EU Taxonomy, The European Parliament and the Council have prioritised activities that can make the most relevant contribution to the two environmental objectives under consideration. The first Delegated Act focused on the climate objectives (climate change mitigation and climate change adaptation) and therefore includes activities that are most relevant for reductions in greenhouse gas emissions and for improving climate resilience. This includes sectors with the highest contribution to CO_2 emissions (energy, manufacturing, transport, buildings), as well as activities enabling their transformation, because the transformation of activities in these sectors is necessary to reach the EU's climate objectives. The European parliament has stated however, that it was not possible to develop criteria for all sectors where activities could conceivably make a substantial contribution. The EU Taxonomy will be developed gradually over time, and further delegated acts, or revisions of existing ones, will likely include other economic activities from different sectors and sub-sectors of the economy, as these become relevant and feasible to be integrated into the EU Taxonomy. For example, the review of the criteria on bio-based products and biomass production, as well as manufacture of chemicals and chemical products are foreseen in the Taxonomy's future Delegated Acts. Furthermore, the fund's investment strategy focuses on industrial scale bioindustry solutions, which are as an economic activity, still considered a niche sector. Based on the forementioned argumentation, the sector chosen in the investment strategy is not currently widely cover by the Taxonomy and its delegated acts, which is why other sustainable investments were made, as defined in the SFDR regulation (2019/2088 (2(17)).

What was the share of socially sustainable investments?

N/A (0%)

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

The fund manager interpretes that investments included under “not sustainable” include cash and cash equivalents managed by the fund. The manager confirms that despite the fund objective of making 100% sustainable investments, some amount of cash is necessary and perceived acceptable according to SFDR EU/2019/2088. Cash is usually called for working capital purposes, but in some cases to avoid cash drag or to condone with the terms of capital calls outlined in the LPA. The amount of cash varies and is kept only for a short period of time and not for strategic purposes. Investments included in “not sustainable” follow the fund’s strategy and, therefore, also minimum social safeguards and are from sustainable investments or are kept due to coming sustainable investments.

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

The fund’s sustainable investment objective was attained by implementing and adopting the fund manager’s sustainability principles, and the fund’s sustainability criteria for investments. Prior to any investment made during the reference period, the manager ensured that good governance and minimum social safeguards were followed by assessing the target company’s current policies and practices, as well as engaging the investees to commit to the manager’s policies and guidelines. In addition, the manager conducted comprehensive ESG due diligence to identify possible sustainability risks and material principle adverse impacts, assessed physical climate change risks and identified adaptation plans if material risks occurred. Additionally, the fund manager arranged training and workshops to assist the investment targets in their sustainability work and processes regarding their net zero ambition and supply chain management.

Furthermore, the fund manager assessed the set sustainability indicators and principal adverse impact indicators throughout the reporting period, and addressed inconsistancies and abnormalities in the reported data and reasons behind these irregularities with the investment targets. The fund manager organized climate- and minimum social safeguards -related workshops to help support the sustainability agenda and governance in the target companies. The fund manager also facilitated quarterly ESG-themed check-ins with the target companies to advance sustainability agenda and value creation in the companies.

In addition, the fund manager conducts regular sustainability risk and adverse impact monitoring. The fund manager has overseen and steered the target companies’ strategy work by operating in the target companies’ board of directors, and has regularly visited the production facilities of the target companies.

The fund manager also conducted a double materiality analysis with referenco to EU CSRD’s proposed methodology, to ensure that climate, nature, water, human and labor rights and governance -related risks, dependencies and impacts of its investment decisions are well understood and mitigable.

Finally, the fund management team underwent sustainability training as well as training regarding good governance practices.

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

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

- ***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

EUROPEAN
COMMISSION

Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 1

ANNEX

to the

Commission Delegated Regulation (EU) .../...

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;

(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];

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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).

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

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

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

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

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

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

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

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

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

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

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

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

(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;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[15] Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance), *OJ L 344, 17.12.2016, p. 1–31*

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

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 Taaleri Bioindustry Fund Ky considers principal adverse impacts of their investment decisions on sustainability factors. The present statement is a statement on principal adverse impacts on sustainability factors of the financial product. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024. This financial product is managed according to the investment objectives and agreed limits. Although the fund's goal is to make sustainable investments that have a positive impact on the environment, stakeholders, and society, we recognise that our investment decisions have adverse sustainability impacts on our operating environment. For the purposes of the application of the SFDR-regulation (2019/2088), Taaleri Bioindustry Fund Ky considers principal adverse sustainability impacts of its investment decisions on sustainability factors. The 'do no significant harm' principle is applied to all investments in the financial product, and they consider the EU criteria for environmentally sustainable economic activities. **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 • Number of days lost to injuries, accidents, fatalities or illness (Previously mistakenly referred to as "Rate of Accidents") Taaleri Bioindustry Fund I Ky made its first investments in November of 2022, made one investment during 2023, and made two investments during the reporting period for year 2024. To clarify values referred to in the historical reference, the measured principal adverse impacts of investment decisions from reporting period 1.1.2022-31.12.2022 were relatively small as they only covered one quarter of the reporting period

due to timing of investments made.

Similarly to previous reporting periods, the most significant measured principal adverse impacts of the fund's investment decisions for the reference period of 2024 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 and increase the share of renewable energy in their operations. The fund manager will take active measures, organize training and workshops to come up with solutions for reducing the amount of principal adverse impacts, including the share of non-recycled waste and water-use efficiency together with the investment companies.

Tiivistelmä

Taaleri Bioindustry Ky (Y-tunnus: 3227560-7) ottaa huomioon sijoituspäätöstensä pääasialliset haitalliset vaikutukset kestävyystekijöihin. Tämä ilmoitus on rahoitustuotteen ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin. Tämä ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin kattaa viitekauden, joka alkaa 1. päivänä tammikuuta 2024 ja päättyy 31. päivänä joulukuuta 2024.

Rahastotuotetta hallinnoidaan investointitavoitteiden ja sovittujen rajausten mukaisesti. Vaikka rahaston tavoitteena on tehdä kestäviä sijoituksia, joilla on positiivinen vaikutus ympäristöön, sidosryhmiin ja yhteiskuntaan, tunnistamme, että sijoituspäätöksillämme on myös haitallisia kestävyysvaikutuksia toimintaympäristöömme. SFDR-sääntelyn (2019/2088) soveltamiseksi Taaleri Bioteollisuus I -rahasto ottaa pääasialliset haitalliset kestävyysvaikutukset kestävyystekijöihin huomioon sijoituspäätöksissään. 'Ei merkittävää haittaa' -periaatetta sovelletaan kaikkiin rahoitustuotteeseen sisältyviin sijoituksiin, ja niissä otetaan huomioon ympäristön kannalta kestäviä taloudellisia toimintoja koskevat EU:n kriteerit.

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
- Loukkaantumisten, onnettomuuksien, kuolemantapausten tai sairauksien vuoksi menetettyjen päivien määrä

Taaleri Bioteollisuusrahasto I Ky teki ensimmäiset sijoituksensa marraskuussa 2022, yhden sijoituksen vuoden 2023 raportointikaudella, ja kaksi sijoitusta raportointikaudella 2024. Tästä syystä historiallisessa vertailussa raportointikauden 1.1.2022-31.12.2022 pääasialliset haitalliset vaikutukset ovat suhteellisen pieniä verrattuna seuraaviin raportointikausiin.

Rahaston sijoituspäätösten merkittävimmät mitatut pääasialliset haitalliset vaikutukset vuoden 2024 raportointikauden osalta aiempien vuosien tapaan, 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, järjestämään koulutusta sekä työpajoja haitallisten vaikutusten vähentämiseksi, mukaan lukien kierrättämättömän jätteen määrän vähentämiseksi ja vedenkäytön tehostamiseksi, yhdessä sijoitusyhtiöiden kanssa.

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 [2024]	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	**15.002 tCO_2e**	**6.273 tCO_2e**	**1.177 tCO_2e**	*During the 2024 reporting period not all portfolio companies caused scope 1 emissions. As to results reported for 2022, only data for Q4 was reported due to timing of first investments made.*	*The Asset Manager has made a commitment to align its emission trajectory to that of the Paris Agreement. The chosen methodology to set targets for establishing net zero emissions by 2050 or sooner is SBTi's portfolio coverage approach. A draft of these targets has been conducted, and the Asset Manager aims to get a validation for these targets from the SBTi by 2027.* *A Net Zero roadmap workshop together with the investees that had established a baseline for emissions was held during 2024. This workshop was held to support the companies in recognizing the largest sources of emissions and to research cost-efficient actions to be taken to reduce those emissions.* *All investees have committed to the goal of achieving Net Zero emissions by 2050 (scope 1-3).*

		Scope 2 GHG emissions	**27.260 tCO_2e**	**45.061 tCO_2e**	**5.482 tCO2e**		*The Asset Manager has made a commitment to align its emission trajectory to that of the Paris Agreement. The chosen methodology to set targets for establishing net zero emissions by 2050 or sooner is SBTi's portfolio coverage approach. A draft of these targets has been conducted, and the Asset Manager aims to get a validation for these targets from the SBTi by 2027.* *A Net Zero roadmap workshop together with the investees that had established a baseline for emissions was held during 2024. This workshop was held to support the companies in recognizing the largest sources of emissions and to research cost-efficient actions to be taken to reduce those emissions.* *All investees have committed to the goal of achieving Net Zero emissions by 2050 (scope 1-3).*	
		Scope 3 GHG emissions	**96.340 tCO_2e**	**260.513 tCO_2e**	**38.930 tCO2e**		*The Asset Manager has made a commitment to align its emission trajectory to that of the Paris Agreement. The chosen methodology to set targets for establishing net zero emissions by 2050 or sooner is SBTi's portfolio coverage approach. A draft of these targets has been conducted, and the Asset Manager aims to get a validation for these targets from the SBTi by 2027.* *A Net Zero roadmap workshop together with the investees that had*	

							established a baseline for emissions was held during 2024. This workshop was held to support the companies in recognizing the largest sources of emissions and to research cost-efficient actions to be taken to reduce those emissions. *All investees have committed to the goal of achieving Net Zero emissions by 2050 (scope 1-3).*	
		Total GHG emissions	**138.603 tCO_2e**	**311.848 tCO_2e**	**45.590 tCO2e**		*The Asset Manager has made a commitment to align its emission trajectory to that of the Paris Agreement. The chosen methodology to set targets for establishing net zero emissions by 2050 or sooner is SBTi's portfolio coverage approach. A draft of these targets has been conducted, and the Asset Manager aims to get a validation for these targets from the SBTi by 2027.* *A Net Zero roadmap workshop together with the investees that had established a baseline for emissions was held during 2024. This workshop was held to support the companies in recognizing the largest sources of emissions and to research cost-efficient actions to be taken to reduce those emissions.* *All investees have committed to the goal of achieving Net Zero emissions by 2050 (scope 1-3).*	

	2. Carbon footprint	Carbon footprint	**5.180 tCO2e**	**12.71 tCO2e**	**5.037 tCO2e**		*The Asset Manager has made a commitment to align its emission trajectory to that of the Paris Agreement. The chosen methodology to set targets for establishing net zero emissions by 2050 or sooner is SBTi's portfolio coverage approach. A draft of these targets has been conducted, and the Asset Manager aims to get a validation for these targets from the SBTi by 2027.* *A Net Zero roadmap workshop together with the investees that had established a baseline for emissions was held during 2024. This workshop was held to support the companies in recognizing the largest sources of emissions and to research cost-efficient actions to be taken to reduce those emissions.* *All investees have committed to the goal of achieving Net Zero emissions by 2050 (scope 1-3).*	
	3. GHG intensity of investee companies	GHG intensity of investee companies	**143.5**	***1167.0**	***23.8**	**Previous reporting periods values corrected to unify calculation methodology used on an SFDR reporting platform taken into use during*	*The Asset Manager has made a commitment to align its emission trajectory to that of the Paris Agreement. The chosen methodology to set targets for establishing net zero emissions by 2050 or sooner is SBTi's portfolio coverage approach. A draft of these targets has been conducted, and the Asset Manager aims to get a validation for these targets from the SBTi by 2027.* *A Net Zero roadmap workshop together with the investees that had*	

						2024. *Variations between the reporting periods are due to new investments into target companies that do not yet generate revenue, thus impacting the emission intensity when compared to revenue and weighted against the current value of the investment.*	*established a baseline for emissions was held during 2024. This workshop was held to support the companies in recognizing the largest sources of emissions and to research cost-efficient actions to be taken to reduce those emissions.* *All investees have committed to the goal of achieving Net Zero emissions by 2050 (scope 1-3).*	

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	**0%**	**0%**	**0%**		*The fund has no exposure to companies active in the fossil fuel sector. Investments do not derive revenue from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of fossil fuels. This is also ensured in the future by complying with the investment strategy of the Fund, as well as Taaleri Plc's sustainability policy that sets exclusion criteria for investments in fossil fuels and fossil 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	**37%**	**57%**	**81%**		*All investment targets are committed to reducing their energy-related emissions and dependency on non-renewable energy. Active measures have been taken to encourage investees to changing the remainder of energy sources into renewable energy as part of our Net Zero work and investment agreements. Concrete steps are already planned to be taken in some investment targets in the beginning of 2025.*	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee	**0.996**	**0.187**	**0.016**		*Many of the investment targets are currently either in the construction or industrial commissioning phase. Evidently, as production is scaled up and test runs are made, energy*	

		companies, per high impact climate sector					*consumption increases, and energy efficiency decreases as production is not yet optimal nor at scale and is not bringing in revenue.* *Energy-efficiency is a top-priority in supporting the target companies in planning new production facilities and manufacturing. These aspects are also considered as part of our due diligence process.*	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	0%		*The fund has no investments in biodiversity-sensitive areas. The assessment in made as part of the investment process and due diligence. This is also ensured in future investments as well as in scaling up production of current investees. Based on statements from environmental permit authorities, no harm nor mitigation actions are required from the portfolio companies regarding negative biodiversity impacts to or near the area of operations.* *The fund manager has begun assessing the investees' biodiversity impacts and dependencies to support the reduction of potential adverse impacts on biodiversity. This assessment is published as an Appendix to the financial product's annual report and is conducted following the recommendations of the TNFD (Taskforce on Nature-related Financial Disclosures).*	
Water	8. Emissions to water	Tonnes of emissions to	0	0	0		*The fund has no investments that cause emissions to water*	

		water generated by investee companies per million EUR invested, expressed as a weighted average					*(EU/2022/1288, Annex I (12)). Emissions to water are assessed in the investment decision-making phase, to ensure no significant harm to water ecosystems, Process water handling and effluent management are also assessed as part of the due diligence process. Whether risks related to water emissions are recognized, the asset management requiers mitigation actions and includes these in the investment agreements. So far investments made have had no emissions to water, so no active measures have been necessary beyond the due diligence phase.*
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	**0.017**	**0.010**	**0.159**		*Only one of the target companies produce hazardous waste as part of their chemical process. The company is still in the industrial commissioning phase of their production. As the commissioning phase is finalized, the company is more equipped to optimize the chemical cycles in their process to minimize hazardous waste.*
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	Share of investments in investee companies that have been involved in violations of the	**0%**	**0%**	**0%**		*Due diligence assessments conducted before making an investment decision did not detect any violations of UNGC principles or OECD guidelines. Due diligence assessments have shown sufficient governance level considering the stage and scale of operations.*

	(OECD) Guidelines for Multinational Enterprises	UNGC principles or OECD Guidelines for Multinational Enterprises					*Furthermore, the asset manager has supported the Investees in conducting self-assessments regarding the alignment with the UNGC principles and OECD Guidelines. Based on these assessments the asset manager has designed roadmaps for planned actions to improve the target companies governance practices.* *During the reporting period the asset manager has, for example, supported in enhancing the target companies supplier screening processes.*	
	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 Guidelines for Multinational Enterprises	20.6%	0%	0%		*Due diligence assessments have shown sufficient governance level considering the stage and scale of operations. Not all target companies have at this stage separate policies describing their processes to align with the minimum social safeguards due to the size of their organization.* *The asset manager has supported the Investees in conducting self-assessments regarding the alignment with the UNGC principles and OECD Guidelines. Based on these assessments the asset manager has designed roadmaps for planned actions to improve the target companies governance practices.* *During the reporting period the asset manager has, for example, supported in enhancing the target companies supplier screening processes.*	

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	**10.6%**	**25.31%**	**-1.38%**		*No active measures to reduce principal adverse impacts regarding the unadjusted gender pay gap 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	**89.4%**	**100%***	**100%***	**The calculation methodology for this indicator has been re-iterated in [ESMA's Review of SFDR Delegated Regulation regarding PAI and financial product disclosures.](#)* *The amount of female board members has previously been 0 (0%). Based on these new instructions*	*All investees are committed to and engaged in working towards improving diversity and inclusion within their organization. This commitment has been included in investor agreements. During the reporting period, one female board member has been appointed, and one of the investments made during 2024 has a female board member.*	

						this indicator would therefore have been 100%, indicating that all members are male, instead of indicating that the share of women is 0%.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	0%		*No investments in companies involved in the manufacture or selling of controversial weapons have been made. 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]**	**Impact [year n-2]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environmental	11. GHG intensity	GHG intensity of investee countries					

Social	12. 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]**	**Impact [year n-2]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Fossil fuels	13. 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	14. 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 16th of May 2023 (Taaleri Bioindustry updated policies) and 14th of December 2023 (Taaleri Plc updated policies). These policies are reviewed and updated annually, if necessary.

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 investees by utilising key sustainability frameworks and standards, as well as LCA calculations. 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 financial product and which are appropriate for the characteristics of the sustainable investments made. In addition, data available on investees have been considered in the selection of the indicators 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 methods defined in the regulatory technical guidelines supplementing the SFDR (2022/1288). 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. • 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 2023.

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 on updated document, December 2023) Taaleri Partner Code of Conduct (Management approval on updated document December 2023) Taaleri Plc Sustainability Policy (Management approval on updated document, 14th of December 2023) Taaleri Plc Sustainability Risk Policy (Management approval on updated document: 14th of December 2023) Corporate Governance Statement (Management approval: February 2023) Taaleri Private Equity Funds Ltd Sustainable Investment Policy (Management approval on updated document: 18th of December 2023) Taaleri Bioindustry Sustainability Principles (Management approval on updated document: 16th of May 2023)
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 all of the investments made through this financial product and are monitored 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. The Fund's goal is to make sustainable investments and it reports 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 target 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 financial market participant and its target companies are committed to implementing the UN Guiding Principles on Business and Human Rights in all activities. The financial market participant and the target companies it invests in 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 Participant 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 the Financial Market Participant carries out an annual human rights risk assessment 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, the financial product reports 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. The fund manager monitors and reports on the principal adverse impact indicators in accordance with the disclosure requirements (EU 2019/2088). Sustainability goals and mitigative measures are 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 Participant monitors 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, TNFD, 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 and nature. 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 are prepared by the Group's sustainability experts. 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. The Financial Market Participant's updated TCFD and TNFD (Taskforce on Nature-related Financial Disclosures) aligned risk report is to be published during 2025. The 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. During 2023, the Financial Market Participant begun the work of assessing its assets' nature-related risks, dependencies and impacts and carried out a TNFD aligned risk assessment. The results of this assessments will be reported during 2025 in a consolidated report together with climate risks as described above. This report will be available on the Fund's website https://www.taaleribioteollisuus.com/en/private-equity-funds/bioindustry-i. The work conducted based on TNFD recommendations helps the fund manager to better incorporate nature-related adverse impacts in its own decision making and strategy work, and guide the target companies in reducing their negative nature-related impacts.
Historical comparison The Financial market participant has described the adverse impacts on sustainability factors for a period preceding this reporting period for which the information is disclosed in accordance with Article 6 has provided in the section 'Description of principal adverse impacts on sustainability factors' in Table 1 of Annex I. The first reporting year's investments were made during Q4 of 2022, which is why the reporting period of year 2022 only consists of data on principal adverse impacts from that time. The reporting period of 2023 consists of data from the entire year, which is why the reported indicators are evidently larger compared to the previous reporting period. Finally, the fund is still actively making investments, which impacts the comparability of the reported principal adverse impacts as the size and composition of the portfolio is still frequently changing.

Table 2

Additional climate and other environment-related indicators

Indicators applicable to investments in investee companies
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact [2024]	Impact [2023]	Impact [2022]	Actions taken, and actions planned and targets set for the next reference period
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	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	**63%**	**0%**	**0%**	*No investments in companies have been made that are not committed to setting net zero emission targets aligned with the Paris Agreement. However, no quantitative targets have been set and not all target companies have established baseline emissions nor established a transition plan to setting net zero goals and actions.* *During the reporting period, roughly 60% of the current portfolio has had training regarding climate risks and Net Zero target setting. These investees have been engaged with to support their journey in setting science-based reduction targets and an action plan to enable setting SBTi approved emission reduction goals and*

						plan have been established. *All investees will go through the same process as an emission baseline has been established.*
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source				
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies	1) *1466.9 2) 0.25%	1) 87.2 2) 15.0%	1) 106.1 2) 25.3%	*Water use in the investee companies is considered low based on benchmarked comparable technologies' LCA data, so no immediate action is planned to reduce the consumed water.* *Water-use efficiency will be monitored and improved in the long run when viable solutions become available.* *When in the construction phase, the asset manager supports the target companies in the technical planning of the facilities and process and actively suggest more efficient, re-circulation, or closed loop solutions to improve water-use efficiency.* **Note: In the water usage indicator, one target company has been left out of the calculation as the calculation formula requires division by revenue, which for said target company is 0, making the calculation mathematically impossible.*

	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies				
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy				
	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006				
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing				
	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies				
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies				

	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	0.18	**0.65**	**0.93**	*No active measures have been taken to address the amount of non-recycled waste during the reporting period.*
	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						
Indicators applicable to investments in investee companies						
Adverse sustainability impact	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Metric**	**Impact [2024]**	**Impact [2023]**	**Impact [2022]**	**Actions taken, and actions planned and targets set for the next reference period**
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	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	**152.2**	**69.66**	**36.24**	*The number of days lost to injuries, accidents, fatalities, or illness has been addressed with investee companies. The significant increase in the number was due to couple of cases of long-term illnesses that were non-work related but have been mistakenly reported in the category "number of days lost to work-related injuries, accidents, ill health and fatalities.*

	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	0%	0%	66%	*Certain governance and due diligence related processes have been improved during the reporting year by organizing workshops with the investees and providing guidance and instructions.*
	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matter	0%	20%	34%	*Certain governance -related processes have been improved during the reporting year by organizing workshops with the investees and providing guidance and instructions and by implementing proportionate grievance mechanisms to the most important stakeholders.*
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers				
	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average				

	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)				
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	0%	0%	0%	*No investments in companies that do not address human rights in their public policies and/or ethical guidelines or that do not commit to respecting them.*
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	79%	51%	100%	*Not all target companies have a due diligence policy or due diligence processes aligned with the OECD guidelines in place, due to the current size of the target companies operations, organization and employee base. At this stage the largest risks regarding the lack of a due diligence process links to sourcing, which is mostly done locally or within the EU with short value chains.* *The asset manager has taken action to improve governance practices regarding KYC and sourcing practices to better & proportionately align with the OECD recommendations by supporting target companies*

						in setting criteria for supplier screening and drafting purchasing instructions. *The asset manager will continue to support the target companies in building better governance practices as their operations grow.*
	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				