



Green Bond Framework

August 2024

Catella

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Part 1 – About Catella Group and Sustainability

Catella Group in Brief

Catella Group (“Catella”, “we” or the “company”) is a leading real estate partner, with services within property investments, asset management and financial advising. We have a strong local presence in Europe, headquartered in Stockholm, and more than 500 professionals employed in 12 countries. The company was founded in 1987, and today, 49% of the shares is owned by Claesson & Anderzén AB, which is the family office of the third generation of the Claesson family.

The operations are divided into the business areas **Corporate Finance**, **Investment Management** and **Principal Investments**, each with different focus within real estate and property investment.

- **Corporate Finance:** Catella provides real estate companies, financial institutions, property funds and other property owners strategic advisory services such as capital market-related services and high-end transaction advisory services. The main objective is to create value and profitability for clients by offering customised financial solutions attuned to the ever-changing market.
- **Investment Management:** Catella offers institutional and other professional investors attractive, risk-adjusted return via regulated property funds, asset management and project management in early-phase development projects. Through more than 20 open-ended and special funds, investors gain access to fund management and effective allocation in a variety of European markets, combined with high-level specialists’ expertise and deep local knowledge.
- **Principal Investments:** Catella carries out principal property investments together with partners and external investors. Catella currently has residential, logistics, offices, and retail investments across six countries in Europe. Investments are made through local management companies with the aim of generating an average IRR of 20% as well as strategic benefits for Catella’s other business areas.

Catella Group's approach to sustainability

Catella has built its sustainability strategy based on an assessment of the main sustainability impacts and risks affecting our operations and value chain, while also considering the priorities of our key stakeholders. We apply the dual materiality perspective which takes into consideration how Catella impacts and is impacted by the society and the environment we act within.

The identified impacts and risks were subsequently gathered around three key pillars that structure our sustainability strategy:

- 1. Evolve our products for a better environment**
- 2. Strengthen our employees and local communities**
- 3. Grow and integrate sustainability into our business offering**

Catella's sustainability strategy is designed to ensure regulatory compliance within the context of ambitious EU sustainability frameworks, while simultaneously building knowledge and competencies within the Group to support our long-term strategy and goal of profitable growth. To us, sustainability is not only about responsibility, but also a strategic priority that will ensure long-term profitability. It supports risk mitigation as much as it helps us meet the growing expectations of society, customers, clients, investors and of course our colleagues.

We believe that integrating sustainability into our everyday business offering is essential for our success and that of our customers and clients. Catella AB's Board of Directors has the overall responsibility for the Group's sustainability strategy. The Head of ESG is the owner of this Group Policy and responsible for the overall execution of sustainability, its continuous risk evaluation, and opportunities within Catella Group. Head of ESG reports to the ESG committee, the committee consists of Group CEO, Group CFO, Head of Group Legal, Head of Group HR, Head of Capital Raising, Head of Investment Management and Managing Director in CREAG.

To facilitate effective implementation, we have established specific actions connected to our sustainability strategy, enabling us to track progress and stay accountable. Although we are early in our ESG journey, we are dedicated to advancing our understanding of sustainability and setting achievable goals that align with our business evolution.

Pillar 1: Evolve our products for a better environment

Catella is committed to reduce the climate footprint of our property development and asset management, while also promoting eco-friendly products and transactions. Catella strives to achieve this by providing intelligent solutions, monitoring the progress of impact, and implementing measures to reduce energy consumption, water usage, waste production, and resource utilization. We are currently assessing the potential for setting and committing to science-based targets. In addition, Catella is working on improving the energy efficiency of our portfolio and have done an initial assessment to identify opportunities to minimize energy consumption and to avoid the risk of stranded assets.

Climate risk

Catella recognizes the impact of climate change on our business and aims to reduce exposure to climate-related risks in our own operations and value chain and seize business opportunities related to the transition to a low-carbon economy. As a part of this process, Catella conducted a climate risk assessment in 2022, using the Task Force on Climate-related Financial Disclosures (“TCFD”) framework.

The assessment identified physical and transition risks, as well as opportunities for resource efficiency, energy sources, products and services, markets, and resilience. The assessment revealed that transition risks, such as increased or volatile prices, asset stranding, and unreliable electric grid capacity, are more significant than physical risks in the short to medium term. Catella also identified business opportunities related to climate change mitigation and adaptation, such as resource usage, energy efficiency, and the use of energy from renewable sources in asset management, brown-to-green conversion, and construction of new properties. To address the identified risks and opportunities, Catella plans to integrate climate risk assessment into its current business processes, including due diligence processes, investment decisions, and risk management, as well as implement climate mitigation and adaptation actions throughout our property portfolios. This will help us increase our competitiveness and strengthen our market position while supporting the transition to a low-carbon economy.

Pillar 2: Strengthen our employees and local communities

We strive to have a positive impact on all our stakeholders, including employees, suppliers, customers, and local communities. At Catella, we are dedicated to creating a workplace and supply chain that upholds universal human and labor rights, abides by relevant laws and agreements, and provides fair compensation and working conditions. We follow several international declarations, conventions, standards, and guidelines. These include the United Nations’ Universal Declaration of Human Rights, the Fundamental Conventions of the International Labor Organization (“ILO”), the UN Guiding Principles on Business and Human Rights, the UN Principles on Responsible Investments (“UNPRI”), the OECD Guidelines for Multinational Enterprises and the UN Global Compact.

The importance of human rights in the real estate value chain cannot be overstated. Therefore, we carefully select suppliers who share our dedication to ethical principles. Catella has a Supplier Code of Conduct in place to support this work, which outlines clear standards and expectations, and with which we expect all companies that are providing products and/or services to any Catella Group company to comply. To meet Catella's commitment to respect human rights, we have established human rights due diligence process, based on an assessment of salient human rights risks associated with our investments, contractors, and sub-contractors, which will be further implemented going forward.

Pillar 3: Grow and integrate sustainability into our business offering

Good governance, compliance, and risk management are an integral part of a transparent and sustainable approach, as well as being the foundation of good business ethics. Our Code of Conduct¹ governs Catella group's policy framework and defines our responsibilities and how we work. We strive to incorporate environmental, social, and governance considerations into our products, services and processes. By doing so we aim to drive innovative solutions that support sustainable growth. We are committed to conducting our business with the highest standards of ethics and integrity and take a strong stance on corruption, bribery, and money laundering.

¹ <https://www.catella.com/globalassets/documents/catella-group/policies/policies-2023/01.-catella-group-code-of-conduct-10-may-2023-v.1.2.pdf>

EU Taxonomy and Catella's Sustainability Governance & Reporting

Investors are increasingly allocating capital to sustainability-related investments. As the ESG market grows, investors request for standardization, comparability, and transparency increases. The EU Taxonomy enables the allocation of capital to activities that support the transition to a low-carbon, resilient and resource efficient economy over time. Activities are considered EU Taxonomy-aligned if they:

- comply with the **technical screening criteria** for substantial contribution to one of the EU's climate and environmental objectives;
- comply with the **Do No Significant Harm ("DNSH") criteria** (i.e., not causing harm to any of the other climate and environmental objectives);
- are carried out while ensuring **minimum safeguards** related to human and labor rights, fair competition, anti-corruption, and taxation.

Overall, it provides a "gold standard" for the classification of environmentally sustainable economic activities and should therefore also reduce the risk greenwashing. It's important to note that the EU taxonomy is not obligatory for investors; it doesn't establish mandatory environmental performance requirements for companies or financial products. Investors retain the freedom to choose their investments. However, the expectation is that over time, the EU taxonomy will incentivize a transition towards sustainability to align with the EU's climate and environmental objectives.

As a large publicly listed company the EU Taxonomy Regulation also applies to Catella. The EU Taxonomy is directly applicable to building projects within Catella Principal Investments, according to the following EU Taxonomy activities: 7.1 Construction of new building, 7.2 Renovation of existing buildings, 7.7 Acquisition and ownership of buildings.

As such, Catella has done an assessment of alignment for 2023. Even though several of the projects in Principal Investments have made significant efforts to integrate environmentally sustainable solutions into the building design and construction, none of the buildings succeeded in meeting the full EU Taxonomy criteria, which means that we have no EU Taxonomy alignment for 2023. One reason for this is that the technical screening criteria for climate change mitigation and climate change adaptation were not considered from the start/from the planning phase of the project (since it was published and adopted by the EU Commission in April 2021), which makes aligning existing projects with the EU Taxonomy difficult.

However, on the governance requirements, the report concluded that Catella ensures minimum social safeguards in accordance with the EU Taxonomy through no harm or violation of any laws related to human rights, corruption, taxation, and fair competition.

Furthermore, Catella continues to make progress on aligning our projects and operations with the EU Taxonomy. For example, in France, we successfully implemented the full technical screening criteria from the outset of a project, providing greater clarity on alignment. We are also conducting Life Cycle

Analyses, Climate Risk and Vulnerability Assessments and Global Warming Potential Analyses for multiple projects. Simultaneously, Catella engages with its suppliers on incorporating the screening criteria into contracts for construction works, waste management, and construction materials suppliers.

We are continuously working on making our efforts more measurable. Since 2023, we are working on implementing the Corporate Sustainability Reporting Directive (“**CSRD**”) and aligning our reporting with the European Sustainability Reporting Standards (“**ESRS**”). In 2024, Catella will continue preparing for CSRD by conducting a double materiality analysis according to the ESRS and working on ensuring data availability and good quality data to be able to report according to the Directive.

Example Project: Seestadt – Düsseldorf



In the immediate vicinity of the city center in Seestadt, at Mönchengladbach's main railway station, Catella is building around 2,000 apartments as well as offices, a hotel and various service facilities. As of today, Catella Project Management has built approximately 250 apartments during the first phase, which concluded in 2023.

The project is intended to contribute to sustainable, high-quality housing for people of all ages and income levels. The central part of the neighborhood is a 20,000m² lake that will function as a temperature storage and have a cooling effect during the summer. Also, when there's heavy raining, the lake will work as a temporary storage unit for thousands of cubic meters with rainwater. Furthermore, green spaces will improve air quality and bring the residents closer to nature.

The apartments are built with highly technologically developed environmental concrete that has 30% lower CO₂ footprint (kilograms of CO₂ / m³) than conventional concrete.

The Seestadt energy concept is an innovative solution based on three central elements which will be achieved through (i) wastewater utilization with central heat pumps, (ii) low grid temperature through “**LowEx**”² networks and (iii) efficient coupling of electricity and heat. This benefits both the environment, and the residents through lower cost (30% lower heating costs). The waste heat is recovered through heat exchangers in the wastewater sewage, thereby transferred through the LowEx networks and raised to a suitable temperature level with the use of heat pumps. Furthermore, the solar panels on each building will distribute the necessary electrical energy to the heat pump, thereby securing an effective connection between the electricity and heat sectors.

The neighborhood is a great example of climate neutral heat-and electricity supply, and it has been called a “real life laboratory for energy transition”. Seestadt has been certified as a climate protection settlement and labelled “KlimaQuartier.NRW” by the county of North Rhine-Wesohalia, whereas the pre-requisite for the certification is climate conscious energy generation, made possible by using innovative technologies. The aim of the "KlimaQuartier.NRW" project is to promote the construction of climate-friendly neighborhoods to reduce greenhouse gas emissions. The focus is on the quality of the building envelope, energy efficiency and technical infrastructure.

² Low Exergy heating and cooling systems for sustainable buildings and societies

Part 2 – Green Bond Framework

Catella’s Principal Investments and Green Bonds

Sustainable business operation is an integral part of Catella’s business strategy as we believe that integrating sustainability into our everyday business is essential for our success and that of our customers and clients. This Green Bond Framework (the “**Framework**”) enables us to reduce our climate impact on principal investments through financing of Projects that contribute to a low-carbon society.

This Framework is aligned with the guidelines of the Green Bond Principles, published by the International Capital Markets Association (“**ICMA GBPs**”) with an updated version in June 2022³ and we aim to always follow best market practices.

Aligned with the ICMA GBP, the Framework defines the criteria for which Projects are eligible to be financed by Green Bonds, and it also outlines the process to evaluate, select, track and report on such lending activities.

Each Green Bond issued under this Framework will refer to this Green Bond Framework in their relevant transaction documentation. The terms and conditions contained in the underlying documentation for each issued Green Bond will specify the actual terms of the instrument.

This Framework may be updated over time, however new versions of the Framework shall have no implications for the Green Bonds issued under this version of the Framework.

1. Use of Proceeds

An amount equal to the net proceeds from Green Bonds issued under this framework will be used to finance or re-finance in whole or in part “**Eligible Projects**” that have been evaluated and selected by Catella in accordance with this framework.

To follow best market practice and adhere to relevant standards and guidelines in the Green Bond market, each Green Asset has been mapped against the different categories included in the ICMA GBPs and ICMA’s Environmental Objectives⁴, the UN Sustainable Development Goals (the “**UN SDGs**”), as well as the

³ [Green-Bond-Principles-June-2022-280622.pdf \(icmagroup.org\)](#)

⁴ [Green-Project-Mapping-June-2021-100621.pdf \(icmagroup.org\)](#)



relevant economic activities included in the EU Taxonomy Regulation (the “EU Taxonomy”) related to the environmental objects “Climate change mitigation” and “Climate change adaption”.

Exclusions


For the avoidance of doubt, Green Bonds will not be used to finance Projects linked to fossil energy generation, research and/or development within weapons and defense, potentially environmentally negative resource extraction, gambling, or tobacco.

Eligible Projects

Funds provided to finance Projects which meet either of the criteria set out below:


ICMA GBP Categories	Eligible Green projects	EU Taxonomy	UN SDG(s)
Green Buildings	<p>Acquisition and ownership of buildings</p> <p><u>Buildings built before 2021:</u></p> <ul style="list-style-type: none"> The building has at least an Energy Performance Certificate (“EPC”) of class A, or alternatively, the building is within the top 15% of the national or regional building stock in terms of Primary Energy Demand⁵ (“PED”). <p><u>Buildings built after 31 December 2020:</u></p> <ul style="list-style-type: none"> The building meets the criteria specified under “construction of new buildings” below. <p>Construction of new buildings</p> <p>Building that either have or will receive:</p>	<p>EU Environmental objective:</p> <ul style="list-style-type: none"> Climate change mitigation <p>EU Taxonomy activity:</p> <ul style="list-style-type: none"> 7.1. Construction of new buildings 7.7. Acquisition and ownership of buildings 7.2. Renovation of existing buildings 	 <p>11. “Make cities and human settlements inclusive, safe, resilient and sustainable”</p>  <p>13. “Take urgent action to combat climate change and its impacts”</p>

⁵ The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed in kWh/m2 per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

	<ul style="list-style-type: none"> • PED is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures. The energy performance is certified using an as built EPC; or • The building has a minimum design phase environmental certification of BREEAM ‘Excellent’ or LEED ‘Gold’ or DGBN ‘Gold’ or equivalent design phase certification schemes and levels; and the building must also have, or be intended to receive, an Energy Performance Certificate (EPC) at above market performance⁶; and • A screening for material physical climate risks in accordance with the EU taxonomy will be conducted by Catella. If needed, Catella will take actions to make the building more climate resilient. <p>Renovation of existing buildings</p> <ul style="list-style-type: none"> • The building renovation complies with the applicable requirements for major renovations; and • The building renovation leads to a minimum reduction of PED of at least 30%. 		
<p>Renewable energy</p>	<p>Electricity generation using solar photovoltaic technology</p> <p>Investments and expenditures related to the construction or operation of electricity generation facilities that produce electricity using solar photovoltaic technology or geothermal energy.</p> <p>The life cycle Greenhouse Gas (“GHG”) emissions from the generation of electricity from geothermal energy are lower than 100gCO₂e/kWh.⁷</p>	<p>EU Environmental objective:</p> <ul style="list-style-type: none"> - Climate change mitigation <p>EU Taxonomy activity:</p> <ul style="list-style-type: none"> - 4.1. Electricity generation using solar photovoltaic technology 	 <p>7. “Ensure access to affordable, reliable, sustainable and modern energy for all”</p>

⁶ In the main markets Catella operates this means that for Sweden, Spain and Germany the building will be required to have an EPC of A or B. For Denmark, France, the UK, Finland, Portugal, Belgium and Norway this means A. For Netherlands this means A++ or above. Equivalent values will apply in other countries and will be evaluated on a case by case basis.

⁷ Savings are calculated using Commission Recommendation 2013/179/EU and quantified GHG emissions are verified by an independent third party. [EUR-Lex - 32013H0179 - EN - EUR-Lex \(europa.eu\)](#)

Energy Efficiency	<p><u>Installation, maintenance, and repair of energy efficiency equipment</u></p> <p>The improvement of energy efficiency through, installation, replacement, maintenance, and repair of energy efficient light sources (LED), heating, ventilation, and air-conditioning (HVAC) or water heating systems, including equipment related to district heating services.</p> <p>The buildings must demonstrate energy efficiency metrics (such as Energy Performance certificate (for EU buildings) or NZEB) at above market performance.</p>	<p>EU Environmental objective:</p> <ul style="list-style-type: none"> - Climate change mitigation <p>EU Taxonomy activity:</p> <ul style="list-style-type: none"> - 7.3. Installation, maintenance, and repair of energy efficiency equipment 	 <p>7. "Ensure access to affordable, reliable, sustainable and modern energy for all"</p>
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1. Process for selection and evaluation of Green Projects

In Catella, the environmental impact of properties is a key concern, and we are devoted to integrating sustainability into our investment processes and ensuring that environmental and social impacts and risks are always considered when investing in new properties. We have developed a Responsible Investment Policy to support this work.

Further, Catella considers Principles Adverse Impacts (“PAI”) on sustainability factors in our investments. By considering PAI, we proactively identify, evaluate, and mitigate the potential negative impacts of our investments on social and environmental factors, thereby adopting a more structured approach to responsibility managing our investment portfolio. We will continue tracking PAI indicators to ensure that our efforts are making a positive difference.

To ensure the transparency and accountability around the selection of Green Projects, Catella has established an internal Green Bond Committee (“GBC”) responsible for the evaluation and selection process. The GBC consists of:

- Catella Group Chief Executive Officer
- Catella Group Chief Financial Officer
- Catella Group Chief Accountant
- Catella Head of ESG

Other internal representatives with specific expertise may be invited from time to time when deemed necessary. All decisions will be made in consensus.

Catella will only include such Projects that comply with the Green Project criteria defined in the Use of Proceeds section of this Framework and which are deemed by the GBC to be acceptable from an overall ESG risk perspective, out of the pool of Projects eligible to be financed with Green Bond. The GBC holds the right to exclude any Green Asset already funded by Green Bonds, which is further described below under Management of Proceeds.

The GBC will keep a register of all Green Projects and, to ensure traceability, all decisions made by the committee will be documented and filed.

The Green Bond Committee is responsible for the oversight of this Framework and defining the Green Projects criteria included herein and is also responsible to assess if an update of this Framework is deemed to be required.

2. Management of Proceeds

An amount equal to the net proceeds from issued Green Bond Instruments will be earmarked for financing and refinancing of Green Projects.

The Group Finance department of Catella will endeavor to ensure that the value of Green Projects always exceeds the total amount of Green Bond volume outstanding. Net proceeds from Green Bond awaiting allocation to Green Projects will be held as cash or in short-term money-market funds for which, if practically possible, the exclusions listed in the Use of Proceeds section above will apply.

If a Green Asset already funded by Green Bond is sold or for other reasons loses its eligibility by not meeting the criteria in this Framework, it will be replaced by another qualifying Green Project as soon as practically possible.

3. Reporting

To enable investors and other stakeholders to follow the development of the Green Projects funded by Green Bonds, a Green Bond Report will be made available on our website. The Green Bond Report will include an “**Allocation Report**” and an “**Impact Report**” and will be published annually⁸ if there are Green Bonds outstanding or until full allocation.

Allocation Report

The allocation report will include the following information:

- The aggregate size of the identified Green Projects.

⁸ The Green Bond Report will be published in connection with publishing our Annual Report, if not earlier

- The percentage of investment used for new construction vs existing projects.
- The nominal amount of Green Bonds outstanding.
- The share of the Green Projects currently financed by Green Bonds.
- The amount of net proceeds awaiting allocation (if any).

Impact Report

The impact report aims to disclose the aggregated environmental impact of the Green Projects financed by Green Bonds. Calculations will be made on a best intention basis and be aligned with the portfolio approach described in ICMA's "Handbook – Harmonized Framework for Impact Reporting" (June 2023)⁹, with full transparency on assumptions and calculation methods. We may rely on external parties to assist with impact calculation and analysis.

Examples of metrics that can be used in the impact assessment:

- **Green Buildings:**
 - Type of environmental certificate and certificate level
 - Material consumption for new builds (kg per produced m²)
 - Estimated annual energy consumption (kWh/ m²).
 - Estimated savings/reductions of GHG emissions (tCO₂e/year) compared to baseline¹⁰.
- **Renewable energy:**
 - Estimated annual avoided GHG emissions (tCO₂e/year) compared to baseline.
 - Estimated annual renewable energy generation (MWh)
- **Energy efficiency:**
 - Estimated annual savings/reductions of GHG emissions (tCO₂e/year) compared to baseline.
 - Estimated annual energy consumption reduced/avoided (MWh)

⁹ [Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf \(icmagroup.org\)](#)

¹⁰ Using the grid factor recommended in the Nordic Position Paper on Green Bonds Impact Reporting, clause 22, page 20 ([NPSI_Position_paper_2020_final.pdf \(kuntarahoitus.fi\)](#))

External Review

Second-Party Opinion

Catella has obtained a Second-Party Opinion (the “**SPO**”) from S&P to confirm the transparency of this Green Bond Framework and its alignment with the ICMA Green Bond Principles.

The SPO will be made available on our website together with this Framework.

Post-issuance verification

An independent auditor appointed by Catella will provide a limited assurance report confirming that an amount equal to the net proceeds from issued Green Bonds have been allocated to Green Projects as defined in this Framework.

This report will be made available on our website.