

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Catella AB							
Summary Catella Group considers principal adverse impacts (PAI) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Catella AB, covering its two subsidiaries Catella Residential Investment Management (CRIM) and Catella Real Estate AG (CREAG). This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023 In accordance with Catella Group’s PAI policy as well as Article 4 of the Sustainable Finance Disclosure Regulation (SFDR), Catella Group is obliged to publish a report on relevant PAI indicators by 30 June of each year. This report is a second annual report and is published on 28 June 2024.							
Description of the principal adverse impacts on sustainability factors							
Adverse sustainability indicator		Metric	Subsidiary	Impact year [2023]	Impact year [2022]	Explanation	Actions taken in 2023 and actions planned and targets set for 2024
Fossil fuels	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	CRIM	0%	0%	Data coverage: 100% Calculated based on the type and purpose of real estate property, average of four quarterly snapshots of 2023.	The exposure to fossil fuels to real estate assets already at minimum (0% of the portfolio), hence no further actions are planned in addition to the existing commitment and processes. In acquisition of new assets, consideration is given to ensuring that a potential property investment is not used for extraction, storage, transport or manufacture of fossil fuels. Targets for next reference period (2024) is to maintain 0% exposure to fossil fuels through real estate assets.
			CREAG	0%	0%	Data coverage: 100% Calculated based on the type and purpose of real estate property, average of four quarterly snapshots of 2023.	

Adverse sustainability indicator		Metric	Subsidiary	Impact year [2023]	Impact year [2022]	Explanation	Actions taken in 2023 and actions planned and targets set for 2024
Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	CRIM	46%	36%	<p>100% of the real estate investments are included in the reported figure.</p> <p>Data coverage: for 83% of the funds an Energy Performance Certificate or equivalent certificate was available. For the remaining 17% of the funds the rating was automatically estimated by the ESG data management software used by CRIM based on asset type and country benchmarks and available EPC certificates.</p> <p>For the assets built after 2020 EPC grade A was used as a proxy.</p> <p>Full methodology used is described in note (1).</p>	<p>Actions taken in 2023:</p> <ul style="list-style-type: none"> In 2023 CRIM continued with a number of digitalisation projects (onboarding of all real estate assets onto ESG data management platforms) to improve monitoring and measurement of sustainability-related impact. A number of CRIM funds continued conducting energy and NZC assessments in order to create action plans to improve energy efficiency and energy consumption intensity of their investments. Designated budgets for energy improvement measures were allocated to every Fund. <p>Targets for 2024:</p> <ul style="list-style-type: none"> Fund CER set a NZC goal to be achieved by 2030. All remaining funds are managed through prioritizing the worst performing assets and creating action plans for their improvement.
			CREAG	53%	68%	<p>92% of the real estate investments are included in the reported figure. One of the funds, CPE, is excluded from this calculation – its assets are multi-story car parks for which</p>	<p>Actions taken in 2023:</p> <ul style="list-style-type: none"> CREAG has not yet defined any specific targets or actions planned to improve the adverse impact.

					<p>energy performance certificates are not required.</p> <p>Data coverage: for 70% of all real estate investments an Energy Performance Certificate or equivalent was available. For the remaining 30% of the investments, energy efficiency rating was estimated.</p> <p>For the assets built after 2020 EPC grade A was used as a proxy.</p> <p>Full methodology used is described in note (2).</p>	<p>Targets for 2024:</p> <ul style="list-style-type: none"> • CREAG is working on improving its measuring and monitoring of the indicators in the next reference period which would allow for setting of commitments and improvement targets.
--	--	--	--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Adverse sustainability indicator		Metric	Subsidiary	Impact year [2023]	Impact year [2022]	Explanation	Actions taken in 2023 and actions planned and targets set for 2024
Energy consumption	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	CRIM	0.000111 GWh/sqm	- ¹	Data coverage: energy consumption intensity was calculated for 100% of the real estate investments across all CRIM funds. 58% of the data is based on actual energy consumption figures and 42% was estimated. Estimated energy intensity figures were calculated automatically by the ESG data management software used by CRIM and are based on available actual energy consumption figures and asset types and country benchmarks.	<p>Actions taken in 2023:</p> <ul style="list-style-type: none"> In 2023 CRIM continued with a number of digitalisation projects to improve monitoring and measurement of sustainability-related impacts. This resulted in an increase of actual energy consumption data availability from 41% to 58%. A number of CRIM funds continued conducting energy and NZC assessments in order to create action plans to improve energy efficiency and energy consumption intensity of their investments. Designated budgets for energy improvement measures were allocated to every Fund. <p>Targets for 2024:</p> <ul style="list-style-type: none"> Fund CER set a NZC goal to be achieved by 2030. All remaining funds are managed through prioritizing the worst performing assets and creating action plans for their improvement.
			CREAG	0.000166 GWh/sqm	0.000135 GWh/sqm	92% of the real estate investments are included in the reported figure. One of the funds, CPE, is excluded from this calculation – its	<p>Actions taken in 2023:</p> <ul style="list-style-type: none"> CREAG has not yet defined any specific targets or actions planned to improve the adverse impact.

¹ This figure was not disclosed for reference period 2022 due to insufficient data coverage

					<p>assets are multi-story car parks for which energy consumption data is not collected. In 2023 constituted 8% of the total GAV of CREAG real estate portfolio.</p> <p>For all other funds, 100% of real estate assets are included in the calculation of energy consumption intensity.</p> <p>Data coverage: For 29% of real estate investments, energy intensity figures are calculated based on EPC certificates, for 12% of the real estate investments, energy intensity is based on actual energy consumption data and for the remaining 58% of the real estate investments, energy intensity was estimated by an ESG data management software based on figures provided by the EPC certificates, asset type and country benchmarks and any actual data available.</p>	<p>Targets for 2024:</p> <ul style="list-style-type: none"> • CREAG is working on improving its measuring and monitoring of the indicators in the next reference period which would allow for better comparison of assets and portfolios across the reference periods and setting of commitments and improvement targets.
--	--	--	--	--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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

Catella Group has adopted a Principal Adverse Impact policy approved by the Catella Board of Directors on 5th September 2022. The policy applies to Catella's two real estate fund companies (subsidiaries), CRIM and CREAG, which in turn are responsible for respective data collection and data consolidation for the managed funds. Catella Group engages closely with undertakings to ensure that they act in accordance with Article 7 of the Sustainable Finance Disclosure Regulation (SFDR), with regards to the disclosure of adverse sustainability impacts at financial product (fund) level.

In accordance with Article 4 of SFDR, Catella Group identifies and prioritises principal adverse sustainability impacts and indicators through double materiality analysis. The most recent double materiality analysis was conducted in 2021 and the new one is planned for 2024. In the analysis, material topics were identified based on the probability of occurrence and the severity of the risks within the different sustainability topics relevant for Catella. The main basis for the materiality analysis was industry, business and impact analysis as well as stakeholder dialogues.

Based on this analysis, the most material aspects for Catella are to reduce the carbon footprint and to integrate sustainability in fund management as well as property development and investment. Therefore, Catella Group has decided to start collecting ESG data on the PAI indicators listed in the table above. The identified indicators are relevant for the organisation's overall sustainability strategy. If data availability progresses, more indicators will be included according to Catella Group's prioritised material sustainability aspects.

Please refer to the Principal Adverse Impact policy adopted by Catella AB on the website.

(<https://www.catella.com/globalassets/documents/catella-group/policies/10.-principal-adverse-impact-pai-policy>).

Engagement policies

Investment decisions for funds within Catella Group are based on investment analysis conducted by the portfolio managers, who seek out assets that are well-positioned for the future and corresponding trends. Principal adverse sustainability aspects are considered in the investment decision as well as post investment through measurement and analysis of PAI indicators, and corresponding action.

Catella Group collects and consolidates applicable data and perform data analysis in order to be able to take actions to manage and mitigate identified principal adverse sustainability impacts. Catella Groups's foremost priority is to collect high-quality and high-coverage data, based on which mitigation actions can be undertaken within the investments. To this end, Catella Group is using two ESG data platforms to ensure high quality of data, their management and consistency across calculation of metrics, use of data estimation methodologies and proxies.

References to international standards

In addition to the principles for shareholder engagement and sustainability, Catella's application of PAI builds on international standards and conventions. The international standards and conventions that are particularly considered include Principles for Responsible Investment (PRI), of which Catella is a signatory, and UN Global Compact (UNGC).

Since there are no social PAI indicators applicable to investments in real estate assets, Catella Group does not currently collect and disclose data for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Currently, CRIM and CREAG use climate scenario analysis for some of their funds. This is done either through use of RCP 8.5 (used by Moody's 427 tool) or with the help of MSCI's scenario analysis tool. CRIM and CREAG intend to integrate climate scenario analysis for all funds in the upcoming years.

Historical comparison

This is the second annual report of Principal Adverse Impact indicators by Catella Group (through its subsidiaries CRIM and CREAG). Due to a change in ESG data platform in 2023 and on-going data on-boarding in 2024 large proportion of data on energy consumption and energy efficiency had to be estimated therefore does not lend itself to easy comparison across the two reference periods. In addition, the first report

published in 2022, excluded some of the funds and investments, data coverage has since improved as the PAI calculation and reporting process gradually matures.

In relation to the CRIM portfolio, there has been a positive development in terms of an increase in availability of actual energy consumption data which allowed for a disclosure of the energy consumption intensity figure which will be monitored annually. As CRIM did not disclose this metric in the previous reporting period, a comparison is impossible.

In terms of the increase in proportion of inefficient real estate assets in CRIM funds between the last and current reference periods, this is in large part due to a significant increase in availability of reliable data for CRIM funds. In the previous reporting period (2022), this metric could not be calculated for five out of nine funds due to significant data gaps. It is therefore impossible to correctly compare the figures and draw conclusions. CRIM put actions in place, described in detail above, to maintain high quality and coverage of data to ensure comparability in the future, which will allow to identify and address poorly performing investments.

In relation to CREAG portfolio, there has been a decrease in the proportion of inefficient real estate across the funds between the last and current reference periods. CREAG is implementing improvement measures to ensure proper monitoring of the ESG indicators in the next reference period which would allow for setting of commitments and improvement targets and allow this positive trend to continue.

In terms of the energy consumption intensity figures for CREAG, these have increased since the last reference period but due to low quality and coverage of data in 2022, it is challenging to draw firm conclusions between two reporting periods. As CREAG is working on improving its ESG data management and monitoring of metrics, it is implementing processes to ensure that this issue can be properly understood and addressed in the next reference period.

Notes:**(1) CRIM: Methodology for assessing share of energy inefficient buildings:**

- For buildings constructed before 31 December 2020, the specified EPC rating was used to determine whether or not the building should be classified as energy-inefficient (EPC rating C or worse). For buildings constructed after 31 December 2020, buildings with an 'A' EPC Rating were classified as Nearly Zero Energy Buildings (NZEB).

(2) CREAG: Methodology for assessing share of energy inefficient buildings:

- The verification is carried out at the level of buildings for which an energy performance certificate is required. If a property contains several energy performance certificates, these were checked individually. If parts of the property fulfil the criteria of PAI 18, the entire property was counted towards PAI 18. The energy performance certificates form the basis of the audit. A plausibility check of the energy performance certificates was not carried out. Furthermore, it is assumed that the information on the reference building in the available energy performance certificates corresponds to that from the year of construction/refurbishment.
- The Energy Performance Certificates for non-residential buildings in Germany do not contain an EPC classification (Energy Efficiency Rating A to G). This was determined with an indicative tool of the contractor based on the characteristic values of the energy certificate (actual and reference value of the respective building), which is available if required.
- For real estate built before 31.12.2020, the specified rating (for residential buildings) or the determined rating (for non-residential buildings) served as a test criterion.
- For real estate built after 31.12.2020, the classification as NZEB for German buildings is checked according to the requirements of the GEG § 10 (2) No. 1.: Total energy demand. For the assets built after 2020 EPC A was used as NZEB proxy.