

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 2022 to 31 December 2022.

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 its first report on relevant PAI indicators by 30 June 2023.

**Description of the principal adverse impacts on sustainability factors**

Adverse sustainability indicator		Metric	Subsidiary	Impact [year 2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period
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%	Data coverage: 100% Purpose of the building is considered to calculate this value.	<ul style="list-style-type: none"> <li>○ The share is already at minimum (0%), hence no further actions planned in addition to process already existing.</li> <li>○ In the purchasing process, consideration is taken to ensure that a potential property investment is not used for production, storage or sale of fossil fuels.</li> <li>○ Targets for next reference period: continue at 0%</li> </ul>
			CREAG	0%	Data coverage: 100% Purpose of the building is considered to calculate this value.	

Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	CRIM	36%	<p>Data coverage: 82%</p> <p>The reported figure for “<i>Share of investments in energy-inefficient real estate assets</i>” is derived from 82% of CRIM’s assets.</p> <p>For remaining 18% of the assets, CRIM has not been able to collect data.</p> <p>The methodology used to calculate the share is described in note (1).</p>	<p>Actions taken:</p> <ul style="list-style-type: none"> <li>○ CRIM is conducting several digitalisation projects to be in a better position to monitor and measure buildings’ energy performance and thus its impact, and to take informed decisions based on this measure.</li> <li>○ In parallel, CRIM is conducting decarbonisation studies in order to create an action plan to reduce CO2 and energy consumption.</li> <li>○ Each fund has been allocated an ESG budget to finance ESG initiatives. The budget is 1% of respective fund’s market value.</li> </ul> <p>Targets and actions planned:</p> <ul style="list-style-type: none"> <li>○ For three of CRIM’s funds (CER, CMW, and CWE) a target has been set to align 60% of respective fund’s market value with CRREM, by 2030.</li> <li>○ For the fund CER3, a target has been set to achieve low-carbon emissions aligned with the CRREM targets.</li> <li>○ For the rest of the funds, CRIM operates with the aim to increase the lowest level of performance (the worst performing assets have been identified and a plan will be created for each of them to reduce CO2 and energy consumption).</li> </ul>
			CREAG	68%	<p>Data coverage: 92%</p> <p>The reported figure for “<i>Share of investments in energy-inefficient real estate assets</i>” is derived from 92% of CREAG’s assets.</p> <p>For remaining 8% of the assets, CREAG has not been able to collect data.</p> <p>The methodology used to calculate the share is described in note (1).</p>	<ul style="list-style-type: none"> <li>○ CREAG has not yet defined any specific targets or actions planned to improve the adverse impact. As this is the first year of reporting, CREAG’s position to measure, monitor, follow-up and set targets for the indicators will improve in the following reporting periods.</li> </ul>

Energy consumption	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	CRIM	-	Data coverage: 41% Data could be collected only for 41% of the investments. Further, the energy consumption intensity for the assets that reported data resulted in a low value (GWh/ per square meter). Therefore, Catella Group has decided not to report this data for CRIM for the current reporting period.	Same actions taken, planned and targets as for PAI indicator “ <i>Exposure to energy-inefficient real estate assets</i> ”  Further, CRIM is working towards improving the data quality and coverage for the upcoming reporting period.
			CREAG	0.000135 GWh/per sqm	Data coverage: 84% The reported figure for “ <i>Energy consumption in GWh of owned real estate assets per square meter</i> ” is derived from 84% of CREAG’s assets.  Remaining 16% of the assets are part of the fund investing in multi-story car parks, for which data on energy consumption has not been available.	Same actions taken, planned and targets as for PAI indicator “ <i>Exposure to energy-inefficient real estate assets</i> ”

### 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 5<sup>th</sup> September 2022. The policy applies to Catella’s two real estate fund companies, 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. 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

Catella Group will collect and consolidate 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 with the investments.

## 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 currently not collect 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) 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 first year of reporting of Principal Adverse Impact indicators by Catella Group (and therefore the subsidiaries CRIM and CREAG).

Notes:

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

CREAG:

- Data source: Evaluation of the demand-oriented energy performance certificates provided by the company .
- Assumptions/comments: The energy performance certificates form the basis of the audit. A plausibility check of the energy performance certificates was not carried out. If parts of the property fulfils the criteria of energy-inefficiency in accordance with PAI indicator 18, the entire property was regarded as energy-inefficient. The Energy Performance Certificates for non-residential buildings in Germany do not contain an EPC classification (Energy Efficiency Rating A to G). Hence, the EPC classification for these buildings (approximately 5% of the investments) was determined with an indicative tool based on the available information in the energy certificate. For buildings constructed before 31 December 2020, the specified EPC rating (for residential buildings) or the indicative rating (for non-residential buildings) 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, the energy performance has been checked against the requirements for a Nearly Zery Energy Buildings (NZEB) in accordance with the requirements of the The German Buildings Energy Act: GEG § 10 (2) No. 1.: Total energy demand.

CRIM:

- Data source: Evaluation of the demand-oriented energy performance certificates provided by the company.
- Assumptions/comments: The Energy Performance Certificates form the basis of the audit. 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).

Catella is aware that there are differences in the definitions of NZEB used by the two subsidiaries. Due to the current imprecise definition of 'Near Zero Energy Building' and the fact that this is the first year of reporting, CRIM and CREAG have used different methodologies that fit their respective asset class/type of building and the building location. However, CRIM and CREAG will closely monitor any clarifications regarding the NZEB definition in Germany and other relevant countries, and are committed to continue the work of finding more synergies between the companies and standardizing the data reporting.