

# Green Finance Framework

April 2024



**CATENA**



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# Sustainability at Catena

## About Catena

Catena AB ("Catena", or the "Company") is a listed property company that develops and manages long-term efficient *logistics facilities* that supply metropolitan regions in *Scandinavia*. The Company links Scandinavia's cargo flows, sustainably and through cooperation.

As of 31 December 2023, Catena's building portfolio comprised 132 logistics buildings located along important transport routes and population centres mainly in southern and central Sweden. The total lettable area was approximately 2,278,000 m<sup>2</sup>, and total rental value amounted to SEK 1,897 million.

## Catena's sustainability strategy

At Catena, it is a matter of course to include the sustainability perspective in everything the Company does. An ambitious reduction of emissions in the construction and real estate sector is essential in limiting global warming to 1.5 °C, thus achieving the objective of the Paris Agreement. Together with customers and suppliers, Catena strives for *resource-efficient construction* and more *climate-neutral solutions*.

Further, efficient and sustainable logistics buildings are critical to safeguarding a well-functioning society. The facilities must not only be able to handle cargo and goods. They are also *workplaces* where Catena seeks to create conditions that are as favourable as possible for the people who work there so that they can feel well and thrive.

Closely linked to the impact on people and the environment is the question of land and land use, which is why Catena's 2030 goal of being *net positive regarding biodiversity* is crucial for its business.

### Sustainability by numbers:

- 31 buildings with solar cell installations
- 40% of total land area identified in an ecological report
- 39% m<sup>2</sup> certified area
- 81% GPTW - Trust Index

## Environmental responsibility

Catena has a *circular approach* to use of land and buildings, striving to take responsibility for the entire lifespan of the building, from raw materials to end-of-life. In 2020, Catena set emission targets according to the *Science Based Target initiative (SBTi)* with the goal of reducing Scope 1 and 2 greenhouse gas (GHG) emissions by 50% by 2030. However, Catena wants to go further and have adjusted the target to *include Scope 3* and thus works towards *net-zero GHG emissions by 2030 (by 2025, net-zero Scope 1 & 2)*. Catena intends to achieve this primarily by reducing its climate impact and by avoiding emissions. Secondly, the Company will work on carbon offsetting. Through measures such as *solar cell expansion and energy efficiency projects* in existing buildings, Catena continues to work towards the targets.

The majority of Catena's emissions comes from Scope 3, where around 90% of total emissions occur. About 55-75% occur in construction projects and thus Catena applies *carbon budgets* to further reduce its climate impact in terms of *materials, transport, energy and heating, as well as waste*. As materials account for around 90% of emissions connected to new builds, Catena is in the process of establishing a materials guide for both new builds and refurbishments in addition to life cycle analyses and carbon budgets.

The largest climate impact of an existing building is energy use. Catena actively works on energy efficiency projects and has reduced energy use per m<sup>2</sup> by 26% since 2017. Further, *by 2030, 100% of Catena's energy will be fossil-free*. The Company also strives to monitor the energy use in all buildings, regardless of whether the landlord or tenant is responsible for the subscriptions. Catena sees added value in helping tenants with follow-up and suggests measures for optimising consumption even when the tenants themselves are responsible for the subscriptions. With the help of *green electricity agreements*, Catena ensures that all electricity purchased for the buildings in Sweden is renewable. In addition, Catena uses *environmental certifications* as tools for reducing the climate impact of both existing buildings and construction projects. The goal is to have the entire portfolio environmentally certified by 2030.

<sup>1</sup> As of 31 December 2023

*Waste management* is an important issue, both in construction projects and in the operation of Catena's buildings. In the buildings where Catena is responsible for waste management, it involves all fractions. In projects where Catena is the client, the Company is also ultimately responsible for the waste generated and that forms part of the overarching goal of reaching net-zero GHG emissions by 2030.

With regards to *biodiversity*, Catena has set the goal for the portfolio to be *net positive regarding biodiversity by 2030*. The work on biodiversity benefits in terms of water management and water use. Through these efforts, Catena can identify strategic practices for managing increasing volumes of water, and better understand the importance of vegetation that can retain water for longer periods of time to avoid drought. The Company sees great opportunities to improve biodiversity at existing buildings. Various pilot projects have been carried out where examples of measures include *converting grassy areas into species-rich meadows, installing insect hotels and birdhouses, laying out dead wood, and planting trees and shrubs*.

Furthermore, Catena views water as a vital resource and a central issue for land use. The Company aims to create *circular flows*, in order to be able to release water back to the system faster and to retain water naturally around the properties for protection during extreme weather.

In addition, Catena has identified and evaluated *climate-related risks and opportunities* that Catena's business faces in accordance with the *TCFD's recommendations*.

### Selected initiatives

- Catena applies *carbon budgets* in construction projects to reduce the climate impact further.
- Catena has published a *handbook on biodiversity and ecosystem services for buildings*, a tool for working in a transparent, practical way to reach net-positive in biodiversity.
- Catena is engaged in the initiative *CLImB*, where several industries join forces in order to develop new methods for measuring biodiversity.
- In 2023, Catena completed *biodiversity projects* at properties for a total area of 250,000m<sup>2</sup>. During all projects, an ecologist was present to provide a status assessment and suggestions on efforts to increase biodiversity.
- Catena was one of the initiators of the *energy optimisation campaign #HusFörHus*, to encourage building owners to work closely with tenants to find ways to reduce energy use.
- Catena participates in *LFM30*, a local initiative in Malmö to create a local plan to accelerate the construction and real estate sector's climate transition and implementation of Agenda 2030.

### Selected targets

- By 2030, net-zero GHG emissions (by 2025, net-zero Scope 1 & 2).
- By 2030, the entire portfolio net-positive in terms of biodiversity.
- By 2030, 100% of the lettable area environmentally certified.



## Social responsibility

Social responsibility reflects Catena's ambition to ensure that operations are conducted in a responsible manner in relation to society and its stakeholders. Among other things, Catena will maintain *zero-tolerance for child labour* among its suppliers and continuously ensure that *no human rights violations* occur in its own operations or across the supply chain.

Some of Catena's efforts to promote a sense of security and health for all employees includes the *Work Environment Handbook*, which contains a *Work Environment Policy*, *rules for occupational health and safety management*, and *reporting and investigation incidents and accidents*.

Further, through *partner sponsorships* Catena seeks to create value to the local community. The Company currently supports several different initiatives, organisations and activities.

### Selected initiatives

- Catena is certified *Great Place to Work* after a thorough examination of the workplace culture and was ranked as *one of Sweden's best workplaces in 2023* by Great Place to Work.
- Catena's construction project in Jönköping, Sweden may become the first logistic building with a *WELL certification*. The certification serves as a complement to the environmental certifications and focuses on the well-being and health of users and other social aspects.
- Catena has a *partner sponsorship* with Rögle BK. Besides entertaining SHL hockey, Rögle conducts a broad range of activities that mean a lot to children and young people.

### Selected targets

- Zero tolerance of discrimination.
- Zero tolerance of human rights violations.
- Achieving a Trust Index of 85 by 2025 (81 by 2023).
- Continued low sickness absences.
- Work environment part of the employee development review and onboarding.
- Work environment and human rights - part of supplier evaluations.

## Governance

Sustainability forms a natural part of Catena's operations and is managed through the *internal environmental management system (ISO 14001)* that comprises shared *policies and guidelines, measurable targets, and direct-action plans*.

Catena's *sustainability team* ensures that the Company meets social and environmental requirements by collaborating with different departments internally. The Sustainability Manager is also a member of the management team. Catena's management team makes strategic decisions regarding sustainability issues. Catena's Board of Directors are ultimately responsible.

All employees undergo mandatory training in the *Code of Conduct* each year. For new hires, the training in anti-corruption and the Code of Conduct is part of the onboarding process. *The Supplier Code of Conduct* clarifies Catena's rule and guidelines regarding anti-corruption, representation and gifts. Further, Catena uses external suppliers for property management and for both new builds and remodelling. This means that an important part of the sustainability work is done in collaboration with suppliers and partners. To ensure alignment and that they meet Catena's requirements, there is a clear process:

- New suppliers must be *approved* before purchases are made.
- Suppliers must sign a *Supplier Code of Conduct, the Sustainability Policy, parts of the Code of Conduct and self-declaration* for companies with more than 20 employees before being approved.
- Existing suppliers are *audited* every three years according to ISO 14001.
- Catena has the right to conduct *on-site audits or spot checks* for companies with more than 20 employees.
- Suppliers must account for their work with sub-contractors

In addition, Catena has an external *whistle-blower function* on the website.

### Selected sustainability related governance documents

- Sustainability Policy
- Sustainability Programme
- Work Environment Handbook
- Code of Conduct
- Supplier Code of Conduct
- ISO 14001

### Selected targets

- Annual education to all employees on the Code of Conduct
- Minimising occurrences of corruption - part of supplier evaluations

## International standards and initiatives - sustainability reporting

In addition to sustainability targets, routines and policies, Catena also works in accordance with international frameworks and certification programs and is a member of various organizations.

### Selected memberships and frameworks

- *Global Reporting Initiative standards (GRI)* - Catena's sustainability report is prepared in accordance with the GRI Standards.
- *Task Force on Climate-Related Financial Disclosures (TCFD)* - Catena reports in accordance with the TCFD's recommendations.
- *UN Global Compact* - Catena is committed to acting in accordance with ten universal principles.
- *Science Based Targets initiative (SBTi)* - Since 2020 Catena has had approved GHG emission reduction targets by SBTi.
- *The EU Taxonomy* - Catena voluntarily reports according to the EU Taxonomy and will only be legally obliged to meet its reporting requirements in 2025.
- *ISO 14001* - Catena's internal environmental management work complies with ISO 14001.
- *The European Public Real Estate Association (EPRA)* - Catena has been included in the EPRA index since 2017. In 2021 Catena received the EPRA sBPR Silver award, and in 2022 received the sBPR Gold award for its sustainability report.
- *The Sweden Green Building Council (SGBC)* - Catena conducts its certifications for BREEAM-SE and Miljöbyggnad through SGBC.
- *BRE certification* - BREEAM In-Use standard for existing properties takes place through BREEAM's own certification programme, BRE.
- *UN Sustainable Development Goals (SDGs)* - Catena has identified nine SDGs that are aligned with its sustainability targets:
  - 5 - Gender equality
  - 7 - Affordable and clean energy
  - 8 - Decent work and economic growth
  - 9 - Industry, innovation and infrastructure
  - 11 - Sustainable cities and communities
  - 13 - Climate action
  - 15 - Life on land
  - 16 - Peace, justice and strong institutions
  - 17 - Partnerships for the goals

### The UN Sustainable Development Goals (SDGs).



# Rationale for Catena's Green Finance Framework

Catena issued its inaugural Green bond in June 2021. Since then, the Green bond market and sustainability related regulation have evolved and Catena aims to incorporate these market developments into its updated *Green Finance Framework* ("The Framework"). Thus, this Framework replaces the previous Framework published in 2021. The updated Framework, which follows most recent market practice, will continue to support Catena's *sustainability targets* including achieving net-zero GHG emissions by 2030.

The Framework has been developed in alignment with the *ICMA Green Bond Principles from 2021 ("GBP")* and the *LMA/LSTA/APLMA Green Loan Principles from 2023 ("GLP")*. The Framework follows the four core components of the principles including key recommendations of external review:

- Use of Proceeds
- Process for Asset Evaluation and Selection
- Management of Proceeds
- Reporting
- External review

The Framework is applicable for arrangement of green instruments such as *bonds, loans, revolving credit facilities, hybrid bonds and commercial papers* (collectively referred to as "Green Finance Instruments" hereafter). The terms and conditions of the underlying documentation for each Green Finance Instrument arranged by Catena shall provide a reference to this Framework. This Framework may over time be updated, however new versions shall have no implications for the Green Finance Instruments that have been arranged under this Framework.

Further, this Framework is applicable to the parent company and its subsidiaries. In case green eligible assets are owned by joint ventures or associated companies, the value of green eligible assets is to be adjusted for the share of capital owned by Catena.

Swedbank has acted as advisor to Catena in the establishment of this Framework.

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<sup>2</sup> [The Green Bond Principles \(GBP\) 2021 \(With June 2022 Appendix 1\)](#)

<sup>3</sup> [The Green Loan Principles \(GLP\) Feb 2023](#)



## Use of Proceeds

### Allocation of net proceeds

An amount equivalent to the net proceeds from Catena's Green Finance Instruments shall be used to finance or re-finance, in whole or in part, a portfolio of assets ("Green Eligible Assets"). Green Eligible Assets aim to enable climate change mitigation as well as provide distinct environmental benefits and comply with criteria detailed in the table on the following page.

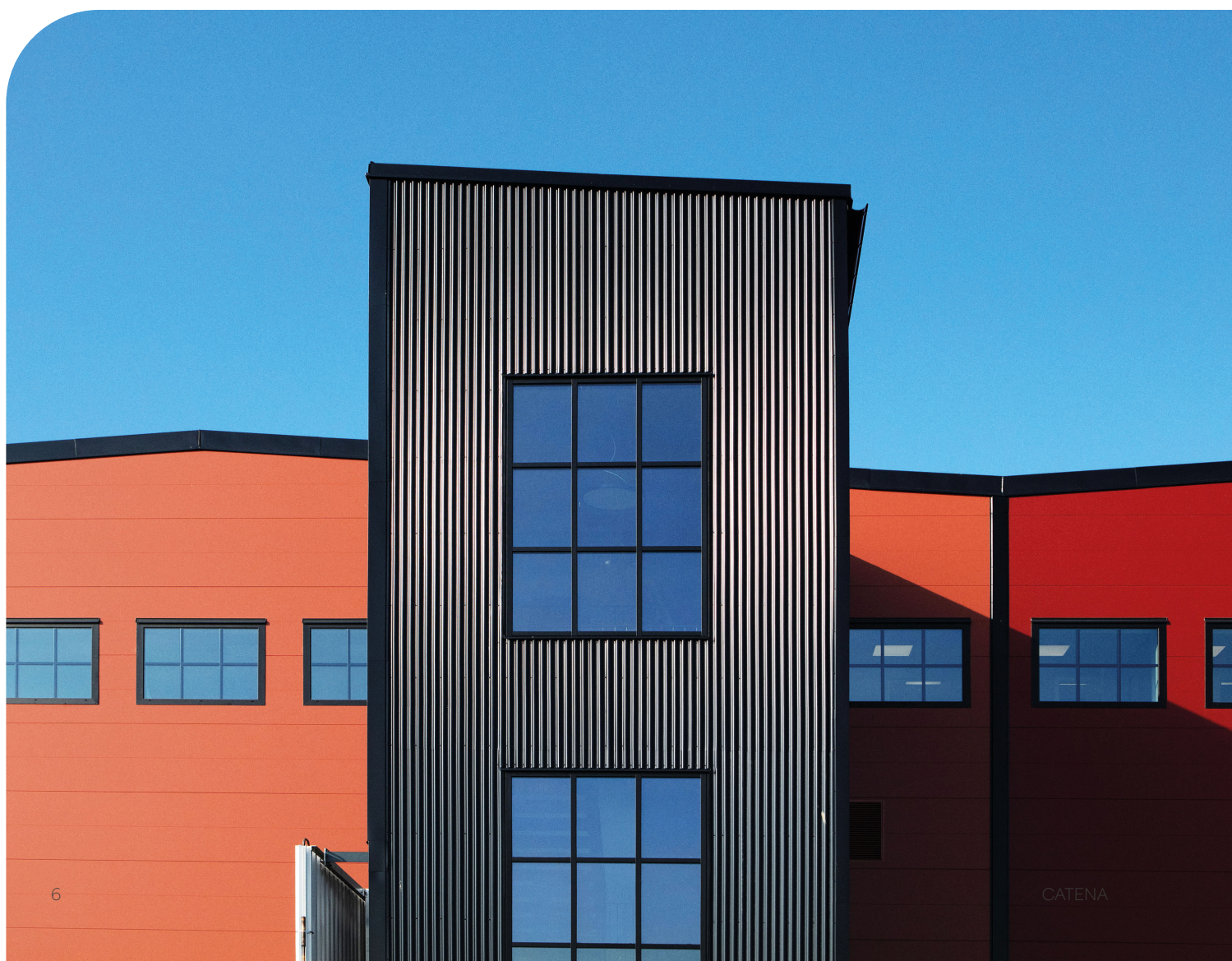
Green Eligible Assets are both capital expenditures ("CapEx") (could either be reported directly in the income statement or capitalised on the balance sheet) and/or operational expenditures ("OpEx"). CapEx does not have any requirement for look-back period, while OpEx does have a requirement of maximum three-year look-back period from the time of issuance. Refinancing refers to Green Eligible Assets that have been financed prior the reporting year. New financing refers to Green Eligible Assets that have been financed during the reporting year.

### EU Taxonomy

Catena has also taken into consideration the EU Taxonomy and thereby mapped applicable categories to the EU Environmental Objectives and to examples of economic activities under the EU Taxonomy. Where possible, applicable eligibility criteria have been designed to comply with the technical screening criteria set out in the EU Taxonomy Delegated Act as at the time of this Framework publication.

### Exclusions

The net proceeds of Catena's Green Finance Instruments will not be used to finance *fossil energy production, nuclear energy generation, weapons and defence industries, potentially environmentally negative resource extraction, gambling, or tobacco.*





Green Eligible Asset categories (ICMA/LMA categories & UN SDGs)	Eligibility criteria	EU Environmental Objectives and economic activities
<p><b>Green buildings</b>                      UN SDGs: 7,11</p>	<p><b>New buildings<sup>4</sup> (built after 31 December 2020)</b>                      Buildings that either have or will receive:</p> <ul style="list-style-type: none"> <li>• Primary Energy Demand (PED) at least 10% lower than the threshold set for Nearly Zero-Energy Building (NZEB) according to national building regulations<sup>5</sup>, or</li> <li>• Energy Performance Certificate (EPC) class A or B, or</li> <li>• Minimum environmental certification of Miljöbyggnad Silver or BREEAM-SE Very Good in combination with a PED at least 10% lower than the threshold set for NZEB according to national building regulation or other minimum equivalent environmental certification standard in terms of energy performance, and</li> <li>• A life-cycle analysis of the global warming potential (GWP) will be performed and allow a maximum amount of embodied carbon of 280 kg CO<sub>2</sub>e/m<sup>2</sup> GFA<sup>6</sup> for new buildings and for cold storage 300 kg CO<sub>2</sub>e/m<sup>2</sup> GFA<sup>6</sup>, and</li> <li>• Catena will perform a material physical climate risk screening of the building. If needed Catena will take actions to make the building more climate resilient.</li> </ul> <p><b>Existing buildings<sup>7</sup> (built before 31 December 2020)</b>                      Buildings that either have or will receive:</p> <ul style="list-style-type: none"> <li>• EPC A or within Top 15% of the national building stock expressed as operational PED and demonstrated by adequate evidence, and</li> <li>• Minimum environmental certification of Miljöbyggnad/Miljöbyggnad iDrift Silver or BREEAM-SE/BREEAM In-Use Very Good or other minimum equivalent certification standard in terms of energy performance, and</li> <li>• Catena will perform a material physical climate risk screening of the building. If needed Catena will take actions to make the building more climate resilient.</li> </ul> <p><b>Major renovations<sup>7</sup></b></p> <ul style="list-style-type: none"> <li>• Primary energy savings of at least 30% within maximum of three years and validated through an EPC upon completion of the renovation, and</li> <li>• A life-cycle analysis of the global warming potential (GWP) will be performed and allow a maximum amount of embodied carbon of 280 kg CO<sub>2</sub>e/m<sup>2</sup> GFA<sup>8</sup>, and</li> <li>• Catena will perform a material physical climate risk screening of the building. If needed Catena will take actions to make the building more climate resilient.</li> </ul>	<p><b>EU Environmental Objective</b>                      Climate change mitigation</p> <p><b>Example of economic activities</b></p> <ul style="list-style-type: none"> <li>7.1. Construction of new buildings</li> <li>7.2. Renovation of existing buildings</li> <li>7.7. Acquisition and ownership of buildings</li> </ul>

<sup>4</sup> Eligibility criteria applicable to the Swedish property portfolio.

<sup>5</sup> In Sweden, thresholds set for NZEB is implemented through the BBR 29 requirements.

<sup>6</sup> The maximum amount of embodied carbon is calculated in accordance with the upcoming Swedish national regulation on climate declarations for buildings (estimated to come into force 1st of July 2025), where the limit value applies to the maximum climate impact for modules A1-A5 in kg CO<sub>2</sub> e/m<sup>2</sup> GFA. For the applicable building type the regulated limit value is proposed to be 460 kg CO<sub>2</sub>e/m<sup>2</sup> GFA.

<sup>7</sup> Eligibility criteria applicable to the Swedish and Danish property portfolio.

<sup>8</sup> The maximum amount of embodied carbon is calculated in accordance with the upcoming Swedish national regulation on climate declarations for buildings (estimated to come into force 1st of July 2025), where the limit value applies to the maximum climate impact for modules A1-A5 in kg CO<sub>2</sub> e/m<sup>2</sup> GFA. For renovation projects there are no proposed regulated limit values.

<b>Green Eligible Asset categories</b> (ICMA/LMA categories & UN SDGs)	<b>Eligibility criteria</b>	<b>EU Environmental Objectives and economic activities</b>
Energy efficiency UN SDGs: 7, 8, 9	Direct costs such as installation of onsite solar panels, converting to LED lighting, heat pumps, improvements in ventilation systems, improvements and implementation of control systems, extension of district heating and cooling systems that provides a lower environmental footprint compared to natural gas, installation of infrastructure for electric cars (electric charging points).	<b>EU Environmental Objective</b> Climate change mitigation  <b>Example of economic activities</b> 7.3. Installation, maintenance, and repair of energy efficiency equipment 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings 7.6. Installation, maintenance, and repair of renewable energy technologies

## Process for Asset Evaluation and Selection

### Selection of Green Eligible Assets

The evaluation and selection process for Green Eligible Assets is a key process in ensuring that the net proceeds from Green Finance Instruments are indirectly allocated to assets and expenditures which meet the criteria in the Framework.

### The Green Finance Committee

The selection of Green Eligible Assets is managed by a dedicated group, the *Green Finance Committee* (“GFC”). Members of the GFC consist of CEO, Chief Treasury Officer, Deputy CEO and CFO, and the Sustainability Manager. Catena will assure that the sustainability expertise always relies within the GFC. The GFC will convene at least annually. All decisions are made in consensus, and this applies to the selection process of Green Eligible Assets as well.

A list of Green Eligible Assets is kept by the GFC who is also responsible for keeping it up to date.

### Management of environmental and social risks

Catena will ensure that Green Eligible Assets adhere to applicable laws and regulations as well as Catena’s *Sustainability Policy, Sustainability Programme and Code of Conduct and Supplier Code of Conduct*. Further, Catena will also monitor internal processes to identify environmental and/or social risks associated with the Green Eligible Assets.

## Management of proceeds

### Tracking of net proceeds

Net proceeds from Catena’s Green Finance Instruments will be tracked by using a spreadsheet where all issued or disbursed amounts of Green Finance Instruments will be inserted. The spreadsheet will also contain the list of Green Eligible Assets (see section “Use of Proceeds”). The information available in the spreadsheet (allocation and impact) will in turn serve as basis for regular reporting (see section “Reporting”) and will be verified by an external party (see section “External review”).

All Green Finance Instruments arranged by Catena will be managed on a *portfolio level*. This means that a Green Finance Instrument will not be linked directly to one (or more) pre-determined Green Eligible Assets. The list of Green Eligible Assets will be monitored quarterly by the Finance Department to ensure there are sufficient volume of Green Eligible Assets in the portfolio. If for any reason a Green Eligible Asset ceases to comply with the requirements set out in the Framework, such asset will be removed from the Green Eligible Asset Portfolio.

### Allocation period

Catena will commit to, on a best-effort basis, allocate the net proceeds from the Green Finance Instruments to Green Eligible Assets within 12 months from the issuance/arrangement date of the instruments.

### Temporary holdings

Any unallocated proceeds will be temporary held by Catena and placed on the Company’s ordinary bank account.



## Reporting

To be fully transparent towards investors and other stakeholders, Catena will provide an *Investor Report*. The Investor Report will include an allocation report and an impact report and will be published on an annual basis as long as until full allocation and in the event of any material developments, as long as there are Green Finance Instruments outstanding.

The Investor Report will be made available on Catena's website; [www.catena.se/](http://www.catena.se/) together with this Framework.

### Allocation reporting

- Aggregated amount of Green Finance Instruments arranged.
- Per Green Finance Instrument category.
- Per Green Eligible Asset category.
- Share of proceeds used for new financing/refinancing.
- Share of unallocated proceeds (if any).
- Examples of the relevant Green Eligible Assets.
- On a best effort basis, information on EU Taxonomy alignment (%) of the underlying Green Eligible Assets.

### Impact reporting

The impact report aims to disclose the environmental impact of the Green Eligible Assets financed under this Framework. Catena will strive to report on the environmental impact of Green Eligible Assets financed by Green Finance Instruments when feasible and subject to data availability. The information may be provided on an aggregated portfolio basis because of confidentiality agreements, competitiveness consideration, or numerous Green Eligible Assets limiting the amount of detail that can be made available. The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be

on a best effort basis. The impact assessment will, if applicable, be based on the reporting indicators presented below:

- Energy class
- Environmental certification (e.g. BREEAM-SE, BREEAM In-Use, Miljöbyggnad Silver, Miljöbyggnad iDrift Silver)
- Energy performance disclosed by intensity (kWh/m<sup>2</sup>) incl. improvements in relation to the regulatory requirements (%)
- Calculated climate impact disclosed by absolute CO<sub>2</sub>e emissions (tonnes CO<sub>2</sub>e) and absolute CO<sub>2</sub> emissions incl. electricity use of business operations (tonnes CO<sub>2</sub>e)
- Assessed avoidable annual emissions disclosed by absolute CO<sub>2</sub>e emissions (tonnes CO<sub>2</sub>e) in relation to the regulatory requirements
- Output solar cell plants (kWp)

## External review

### Second Party Opinion

To confirm the robustness and alignment of Catena's Green Finance Framework with ICMA GBP and LMA/LSTA/APLMA GLP, it has been verified and approved by an external second party opinion provider. The *second party opinion* by S&P Global Ratings is available on Catena's website; [www.catena.se](http://www.catena.se/) together with this Framework.

### Verification

Allocation of proceeds reporting will be subject to an *annual review* by an independent party until full allocation and in the event of any material developments. The verification report provided by the independent party will be published on Catena's website; [www.catena.se](http://www.catena.se/) together with the Investor Report.

# CATENA

Catena is a listed property company that sustainably develops and durably manages efficient logistics facilities through collaboration. Its strategically located properties supply the Scandinavian metropolitan areas and are adapted for both current and future flows of goods. The overarching objective is to generate strong cash flow from operating activities to enable sustainable growth and stable returns.

Catena shares are traded on NASDAQ Stockholm, Large Cap.

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