°CICERO Shades of Green

Catena AB
Green Finance Second Opinion

April 28, 2021

Catena AB ("Catena") is a listed property company that through partnerships develops, owns, and manages efficient logistics facilities in Scandinavian metropolitan areas. As of end 2020, Catena's property portfolio comprised 113 logistics properties located along transport routes and population centres mainly in southern and central Sweden. The total lettable area was approximately 1,947.5 thousand m^2, and total rental value amounted to SEK 1,388.5 million. The headquarter is in Helsingborg, Sweden.

Catena's Green finance framework will cover facilities in Sweden and Denmark. The inaugural green bond will be used for 100% refinancing of projects in the Green and Energy Efficient Buildings categories. Criteria are based on either environmental certificate (Miljöbyggnad, Miljöbyggnad iDrift or Green Building), energy performance certificates (EPC) class A or B, and energy efficiency requirements typically 20% below applicable regulations. Concerns not covered by these requirements are noise and emissions from trucks using the terminals.

To ensure that Catena's targets for reducing greenhouse gas emissions reflect current science and the Paris Agreement, new emission targets were reviewed and approved by the SBT initiative during 2020. Catena has resolved to reduce its Scope 1 and 2 emissions by 50% by 2030 compared with 2018, and is also working actively to reduce its Scope 3 emissions. Greenhouse gas emission intensity was reduced by 30% from 2018 to 2020. In addition, at least 50% of all space at the Catena's facilities shall be certified, as a minimum at the Miljöbyggnad Silver level or equivalent as of 2025, and all buildings should, if possible, include a photovoltaic facility adapted to the conditions of the property and the tenant. By 2020, 6% of the space was certified. All energy consumed shall be fossil-free by 2030, and the company shall reduce energy intensity heating by 15% and electricity by 10% by 2025 compared with 2017.

The policies toward sub-contractor through Catena's Code of conduct is good, covering business ethics, social safeguards as well as environmental issues. The management of proceeds is in accordance with the Green Bond Principles and the Green Loan Principles. The annual Sustainability Report of Catena is conducted in accordance with the Global Reporting Initiative (GRI) Standards, as well as with EPRA's Sustainability Best Practice Recommendations. In 2020, the Company has also chosen to work towards reporting in line with the Task Force on Climate-Related Financial Disclosure (TCFD)'s recommendations.

Based on the overall assessment of the eligibility criteria in the green finance framework, governance and transparency considerations, the framework receives an overall **CICERO Medium Green shading**. In order to achieve a Dark Green shading, the green finance framework would need stronger eligibility criteria in the Green buildings category.

SHADES OF GREEN

Based on our review, we rate the Catena's green finance framework **CICERO Medium Green.**

Included in the overall shading is an assessment of the governance structure of the green finance framework. CICERO Shades of Green finds the governance procedures in Catena's framework to be **Excellent.**

GREEN BOND and GREEN LOAN PRINCIPLES

Based on this review, this Framework is found in alignment with the principles.

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Contents

1 Terms and methodology

This note provides CICERO Shades of Green's (CICERO Green) second opinion of the client's framework dated April 2021**.** This second opinion remains relevant to all green bonds and/or loans issued under this framework for the duration of three years from publication of this second opinion, as long as the framework remains unchanged. Any amendments or updates to the framework require a revised second opinion. CICERO Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

The second opinion is based on a review of the framework and documentation of the client's policies and processes, as well as information gathered during meetings, teleconferences and email correspondence.

Expressing concerns with 'Shades of Green'

CICERO Green second opinions are graded dark green, medium green or light green, reflecting a broad, qualitative review of the climate and environmental risks and ambitions. The shading methodology aims to provide transparency to investors that seek to understand and act upon potential exposure to climate risks and impacts. Investments in all shades of green projects are necessary in order to successfully implement the ambition of the Paris agreement. The shades are intended to communicate the following:

CICERO Shades of Green	Examples
Dark green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Ideally, exposure to transitional and physical climate risk is considered or mitigated.	Wind energy projects with a strong governance structure that integrates environmental concerns
Medium green is allocated to projects and solutions that represent steps towards the long-term vision, but are not quite there yet. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Physical and transition climate risks might be considered.	Bridging technologies such as plug-in hybrid buses
Light green is allocated to projects and solutions that are climate friendly but do not represent or contribute to the long-term vision. These represent necessary and potentially significant short-term GHG emission reductions, but need to be managed to avoid extension of equipment lifetime that can lock-in fossil fuel elements. Projects may be exposed to the physical and transitional climate risk without appropriate strategies in place to protect them.	Efficiency investments for fossil fuel technologies where clean alternatives are not available

Sound governance and transparency processes facilitate delivery of the client's climate and environmental ambitions laid out in the framework. Hence, key governance aspects that can influence the implementation of the green finance are carefully considered and reflected in the overall shading. CICERO Green considers four factors in its review of the client's governance processes: 1) the policies and goals of relevance to the green finance framework; 2) the selection process used to identify and approve eligible projects under the framework, 3) the management of proceeds and 4) the reporting on the projects to investors. Based on these factors, we assign an overall governance grade: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

2 Brief description of Catena's green finance framework and related policies

Catena AB ("Catena") is a listed property company that through partnerships sustainably develops, owns, and manages efficient logistics facilities. The business model is driven with the objective to link Scandinavia's cargo flows to support an efficient logistics network. This vision is accomplished through property development and active management of strategically located logistics properties adjacent to key logistic hubs in Scandinavian metropolitan areas. Catena's Green finance framework will cover facilities in Sweden and Denmark.

As of 31 Dec 2020, Catena's property portfolio comprised 113 logistics properties located along transport routes and population centres mainly in southern and central Sweden. The total lettable area was approximately 1,947.5 thousand m^2, and total rental value amounted to SEK 1,388.5 million. The headquarter is in Helsingborg, Sweden.

Environmental Strategies and Policies

Catena's Sustainability Policy and Code of Conduct form the basis of the company's sustainability work and aims to ensure that the business is steered in a sustainable direction. The Sustainability Policy applies to all employees, and provides guidelines in areas including energy, environmental certification and, greenhouse gas emissions, as well as social and ethical aspects. Catena's Code of Conduct for suppliers includes requirements in the areas of the environment, work environment, health and safety, human rights, and anti-corruption.

In addition to the company's policies and guidelines, the sustainability work is based on the ten principles of the UN Global Compact. As a member, the Company works actively to contribute to the Agenda 2030 and the Sustainable Development Goals (SDGs).

In 2020, Catena became a member of the LFM30, which is a local initiative in Malmö to achieve a climate-neutral construction sector in line with Agenda 2030. Also in 2020, Catena was awarded two European Public Real Estate (EPRA) Sustainability awards – EPRA Silver and EPRA Most Improved.

Catena's aims to significantly reduce its emissions throughout the value chain by setting clear sustainability goals. Catena's Code of Conduct applies to all subcontractors, and all subcontractors must also fill in a questionnaire which includes ESG related questions. To ensure that Catena's targets for reducing greenhouse gas emissions reflect current science and the Paris Agreement, new emission targets were reviewed and approved by the SBT initiative during 2020. Catena has resolved to reduce its Scope 1 and 2 emissions by 50% by 2030 compared with 2018, and is also working actively to reduce its Scope 3 emissions. Greenhouse gas emission intensity was reduced by 30% from 2018 to 2020.

In addition, at least 50% of all space at the Catena's facilities shall be certified, as a minimum, at the Miljöbyggnad Silver level or equivalent as of 2025, and all buildings should, if possible, include a photovoltaic facility adapted to the conditions of the property and the tenant. By 2020, 6% of the space was certified.

All energy consumed shall be fossil-free by 2030, and the company shall reduce energy consumption for normal-year adjusted heating by 15% in kWh/m^2 and for electricity by 10% in kWh/m^2 by 2025 compared with 2017. The electricity target was already reached in 2020, and total energy consumption was reduced by 13% from 2017 to

2020. The intensity level was 107 kWh/m^2 in 2020. Total fossil fuel use (landlord + tenants) was 1,055 MWh in 2020, down from 4,228 MWh in 2019 – a substantial reduction.

In 2020, seven buildings achieved Miljöbyggnad Silver certification and certification processes are currently in progress or being prepared for a further 11 buildings. Catena is also examining opportunities to raise the sustainability performance in its existing portfolio and has initiated certification in accordance with Miljöbyggnad iDrift. A total of 328,719 m^2 is certified or in the process of certification under Miljöbyggnad and Miljöbyggnad iDrift. That is equivalent to 16% of Catena's total lettable area.

Catena is also working actively with photovoltaic cell facilities, with seven new plants installed in 2020. Along with the facilities already installed on Catena's roofs, these are estimated to achieve an annual output of approximately 4,250 MWh, about 3% of total electricity use. Other measures to reduce energy consumption include using geothermal heating, purchasing renewable electricity as well as influencing tenants in terms of their purchased energy sources.

Performing life cycle analysis will be mandatory from January 2022 in accordance with upcoming regulation for climate declarations when constructing new buildings[1]. Catena has started a pilot project on performing life cycle analysis for new buildings in preparation for this regulation.

Catena always performs an analysis over impacts of local transportation patterns in connection with both acquisition and construction. Furthermore, this aspect is also included in upcoming regulation for climate declarations when constructing new buildings.

The annual Sustainability Report of Catena is conducted in accordance with the Global Reporting Initiative (GRI) Standards, level core, as well as with EPRA's Sustainability Best Practice Recommendations. In 2020, the Company has chosen to start reporting in line with the Task Force on Climate-Related Financial Disclosure (TCFD)'s recommendations, but has not yet included resilience assessments. However, the company is planning to perform resilience assessments for all coming projects, as well as for the existing property portfolio. As of now, the company has done a rough estimation which indicates that no buildings are located in areas with physical climate risks such as flooding.

Use of proceeds

An amount equivalent to the net proceeds from Catena's Green Finance Instruments shall be used to finance or re-finance, eligible assets providing distinct environmental benefits ("Green Eligible Assets"). Catena will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the green eligible assets according to the criteria shown in table 1 below. The eligible assets fall into the categories Green and Energy Efficient Buildings and Energy Efficiency. The inaugural green bond will be used for 100% refinancing of projects in the Green and Energy Efficient Buildings.

Catena has started to explore what the EU taxonomy would mean for the company's activities. At this stage Catena is missing some data and methodologies to perform a complete EU taxonomy assessment. Hence, the company has focused on evaluating its activities substantial contribution to environmental objectives and compliance with technical screening criteria, where the information is available. The company's preliminary assessment suggest that its activities contribute to the environmental objective Climate Change Mitigation.

[1] https://www.boverket.se/en/start/building-in-sweden/swedish-market/procurement/climate-declarations/

Selection

The selection process is a key governance factor to consider in CICERO Green's assessment. CICERO Green typically looks at how climate and environmental considerations are considered when evaluating whether projects can qualify for green finance funding. The broader the project categories, the more importance CICERO Green places on the governance process.

The selection of green eligible assets is managed by a dedicated group, the Green Finance Committee ("GFC"). Members of the GFC consist of CEO, Head of Treasury, Deputy CEO & CFO, and the Sustainability team. Catena will assure that the sustainability expertise always relies within the GFC. 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 Finance department who is also responsible for keeping it up to date.

The selection criteria is based on an in-house assessment. However, the allocation process will be subject to an annual review by an external part/verifier. Screening for potentially controversial projects is done as a part of the municipal's zoning plan for the project. In addition, if there is a risk for a controversy, for example when it comes to sites on arable soil, discussions are made together with the municipality and Catena can also offer compensations.

GFC will follow the development of the green financing market and manage any future updates of the Green Finance Framework to reflect current and future market practices (e.g. the EU taxonomy) and potential updates to the GBP and GLP. The list of green eligible assets is monitored on a regular basis during the term of the green finance instruments to ensure that the proceeds are sufficiently allocated to green eligible assets. This is also a responsibility of the GFC.

The proceeds of Catena's green finance instruments will not be used to finance either facilities with fossil fuel heating/cooling, fossil fuel energy generation, nuclear energy generation, weapons, and defence industries nor potentially environmentally negative resource extraction, gambling, or tobacco.

Management of proceeds

CICERO Green finds the management of proceeds of Catena to be in accordance with the Green Bond Principles of 2018 ("GBP")[2] and Green Loan Principles ("GLP")[3]. The Framework is applicable for issuance of green finance instruments including green bonds, hybrid bonds and other types of debt instruments such as loans, revolving credit facilities, commercial papers, etc.

Equivalent to the net proceeds from Catena's green finance instruments will be tracked by using a spreadsheet where all issued amounts of green finance instruments will be inserted. The spreadsheet will contain the list of all green eligible assets. Information available in the spreadsheet will in turn serve as basis for regular reporting described below.

All green finance instruments issued 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. Catena will keep track and ensure there are satisfactory green eligible assets in the portfolio. Assets can, whenever needed, be

[2] Green Bond Principles published in June 2018 are voluntary process guidelines for issuing Green bonds established by International Capital Markets Association (ICMA), https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/

[3] Green Loan Principles published in March 2018 are voluntary process guidelines for issuing Green loans established by Loan Markets Association ("LMA"), https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/LMA_Green_Loan_Principles_Booklet-220318.pdf

removed, or added to/from the green eligible assets' portfolio. Any unallocated proceeds will be temporary held by Catena and placed on the company's ordinary bank account.

Reporting

Transparency, reporting, and verification of impacts are key to enable investors to follow the implementation of green finance programs. Procedures for reporting and disclosure of green finance investments are also vital to build confidence that green finance is contributing towards a sustainable and climate-friendly future, both among investors and in society.

To be fully transparent towards investors and other stakeholders, Catena commits to regular reporting until no green finance instruments are outstanding. The Finance department with support from the Sustainability team will be responsible for the reporting and the first report will be available about one year after the first issuance. The reporting will be on a portfolio basis and selected projects of major size will be reported project by project. The report will be published on the company's website (https://catenafastigheter.com) on an annual basis and will cover the following areas:

Allocation of proceeds reporting:

- Total amount of green finance instruments issued
- Share of proceeds used for financing/re-financing and share of proceeds used for the green eligible assets categories described in table 1.
- Share of unallocated proceeds (if any)

Catena also intends to report on quantitative impact indicators where relevant data is available for the below two main categories:

Green and Energy Efficient Buildings:

- Information on the energy consumption in kWh/m^2/year
- Estimated annual greenhouse gas emissions reduced or avoided (tCO_2e)
- Energy performance certificate class, if any
- Type of certification including level, if any (e.g. Miljöbyggnad Silver etc.)

Energy Efficiency:

- Amount of energy saved per m^2
- Estimated annual greenhouse gas emissions reduced or avoided (tCO_2e)

The baseline for reporting energy or emission reductions are pre-investment values. The grid factors used for estimating greenhouse gas reductions will be based on the respective suppliers of electric and district heating and national averages for electricity from IVL / Boverket (for Sweden) and Energinet (for Denmark). The methodology used will be disclosed in the green impact report.

Green eligible assets under the "Green & energy efficient buildings" category are based on the market value of such assets reported in the balance sheet, at time of the cut-off date for annual reporting of the Green Finance Instruments. Green eligible assets in the "Energy Efficiency" category correspond to the relevant invested amount. The allocation reporting will be subject to an annual review by an external part/verifier.

3 Assessment of Catena's green finance framework and policies

The framework and procedures for Catena's green finance investments are assessed and their strengths and weaknesses are discussed in this section. The strengths of an investment framework with respect to environmental impact are areas where it clearly supports low-carbon projects; weaknesses are typically areas that are unclear or too general. Pitfalls are also raised in this section to note areas where Catena should be aware of potential macro-level impacts of investment projects.

Overall shading

Based on the project category shadings detailed below, and consideration of environmental ambitions and governance structure reflected in Catena's green finance framework, we rate the framework **CICERO Medium Green.**

Eligible projects under the Catena's green finance framework

At the basic level, the selection of eligible project categories is the primary mechanism to ensure that projects deliver environmental benefits. Through selection of project categories with clear environmental benefits, green finances aim to provide investors with certainty that their investments deliver environmental returns as well as financial returns. The Green Bonds Principles (GBP) and Green Loan Principles (GLP) state that the "overall environmental profile" of a project should be assessed and that the selection process should be "well defined".

Category	Eligible project types	Green Shading and some concerns
Green and Energy Efficient Buildings	Category I - New construction & major renovations: • New construction that either have or with the objective to receive minimum Miljöbyggnad Silver or Green Building or other minimum equivalent certification standard in terms of energy consumption after the completed construction. • New construction with an energy performance certificate ("EPC") of class A or B. • New construction with an energy consumption at least 20% below the applicable national building regulation. • Major renovations resulting in a reduced energy consumption of at least 30%. Category II - Existing buildings: • Buildings with certification from the construction phase mentioned in category I.	**Medium Green** ✓ Logistic facilities will by their nature generate a lot of local transport work, potentially disturbing the local environment. On the other hand, a smart localization of such facilities can reduce the overall transport work. ✓ Catena defines "New buildings" as buildings no more than 5 years old. ✓ The issuer informs us that all buildings will have an active energy management. This is done manually by dedicated people at Catena currently, but the company has an ambition to do this digitally by 2025. ✓ Miljöbyggnad Silver require an energy use 20% below current regulation. Green Building has as sole requirement that the building uses 25% less energy than

	• Buildings with obtained certification of Miljöbyggnad iDrift Silver demonstrating energy consumption of at least 10% below the applicable national building regulation. • Buildings with an energy performance certificate ("EPC") of class A or B. • Existing buildings with an energy consumption at least 20% below the applicable national building regulation.	before or compared to the new construction requirements in BBR. ✓ In Sweden, EPC A is at least 50% better that current regulations, while EPC B is between 50% and 75% of current regulation for new buildings. Older buildings can have labels that are up to 10 years old, and therefore considerably weaker energy wise. Catena informs us that they will only use EPCs that are from 2018 or later. ✓ Miljöbyggnad iDrift has no direct energy requirement by itself. The issuer's requirement of 10% below the regulation is quite weak for newer buildings but more ambitious for older ones. ✓ Catena informs us that the "applicable national building regulation" relating to energy consumption in existing buildings is the latest regulation (BBR-29) which is a clear strength. ✓ Reduced energy consumption of 30% from major renovation is likely aligned with the proposed EU taxonomy ✓ From a climate point of view, major renovations are often preferable to new constructions.
Energy Efficiency	Energy retrofits such as installation of onsite solar panels, heat pumps, improvements in ventilation systems, extension of district heating and cooling systems, improvements, and implementation of control systems, as well as infrastructure for electric vehicles or other low-carbon vehicles.	**Dark Green** ✓ Facilities with fossil fuel heating/cooling will not be included under Catena's green finance framework. ✓ Charging stations can also be used by hybrid vehicles, thus including a fossil element. ✓ District heating, where is relies on waste to energy system, can contain small fractions of plastics. ✓ Any efficiency measures runs the risk of rebound effects whereby the activity level will increase.

Table 1. Eligible project categories

Background

The real estate sector is the single largest energy consuming sector in the EU, responsible for about 40% of total energy consumption and 36% of total carbon emissions. Investing in green and energy efficient buildings thus play a key role in the energy transition.

As member of the EU, Sweden is subject to the EU's climate targets of reducing collective EU greenhouse gas emissions by 40% by 2030 compared to 1990 levels, increasing the share of renewable energy to 32% and improving energy efficiency by at least 32.5%[4]. The European Green Deal aims for carbon neutrality in 2050.[5]

The construction and real estate sector have a major impact on our common environment. According to the National Board of Housing, Building and Planning's environmental indicators, it accounts for 32% of Sweden's energy use, 31% of waste and 19% of domestic greenhouse gas emissions. IEA reports that the efficiency of building envelopes needs to improve by 30% by 2025 to keep pace with increased building size and energy demand – in addition to improvements in lighting and appliances and increased renewable heat sources.[6] Additionally, approximately half of life-cycle emissions from buildings stem from materials/construction. The other half stems from energy use, which becomes less important over time with the increasing adoption of off-grid solutions such as geothermal and solar. All of these factors should therefore be considered in the project selection process.

Voluntary environmental certifications such as Miljöbyggnad and Green Building or equivalents measure or estimate the environmental footprint of buildings and raise awareness of environmental issues. These points-based certifications, however, fall short of guaranteeing a low-climate impact building, as they may not ensure compliance with all relevant factors e.g., access to public transport and climate resilience. Many of these factors are covered under the World Green Building Council's recommendations for best practices for developing green buildings.[7] CICERO Shades of Green assesses all of these factors when evaluating the climate impact of buildings.

The Exponential Roadmap[8] lays out a trajectory for reducing emissions by 50% by 2030 and requires that emissions reductions strategies within the buildings sector be rapidly scaled up. The roadmap advocates for standardised strategies that are globally scalable within areas such as new procurement practices for construction and renovation that require dramatically improved energy and carbon emission standards, developing new low-carbon business models for sharing space and smart buildings to achieve economies of scale, and allocating green finance funding for sustainable retrofitting and construction.

Choice of building materials is becoming more important for climate footprint than heating/cooling and power. A large number of life cycle analyses (LCA) show that wood-frame building results in lower primary energy and GHG emission compared to non-wood alternatives including concrete and steel. Less energy, in particular fossil fuels, is needed to manufacture wood-based building materials compared with alternative non-wood materials. Wooden materials also store carbon during their lifetime, temporary sequestering carbon from the atmosphere. Hence, wood-based buildings are appropriate for long-term strategies for reducing fossil fuel use and GHG emissions when combined with sustainable forestry[9]. Quantitative estimates are imprecise, but some studies indicate energy savings of the order of one third in the construction phase of wood buildings compared to buildings using mainly other materials.

Catena has started to explore what the EU taxonomy would mean for the company's activities. At this stage Catena is missing some data and methodologies to perform a complete EU taxonomy assessment. Hence, the company has focused on evaluating its activities substantial contribution to environmental objectives and compliance with

[4] https://ec.europa.eu/clima/policies/strategies/2030_en
[5] https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en
[6] https://www.iea.org/reports/building-envelopes
[7] https://www.worldgbc.org/how-can-we-make-our-buildings-green
[8] https://exponentialroadmap.org/wp-content/uploads/2020/03/ExponentialRoadmap_1.5.1_216x279_08_AW_Download_Singles_Small.pdf
[9] R&D Fund for public real estate, The Swedish Association of Local Authorities and Regions (2016): Climate impacts of wood vs. non-wood buildings.

technical screening criteria, where the information is available. Catena's preliminary assessment suggest that its activities contribute to the environmental objective Climate Change Mitigation.

In March 2020, a technical expert group (TEG) proposed an EU taxonomy for sustainable finance that included a number of principles including a "Do-No-Significant-Harm" (DNSH) clause and safety thresholds for various types of activities.[10] The DNSH criteria include among other things measures such as ensuring resistance and resilience to extreme weather events, preventing excessive water consumption from inefficient water appliances, ensuring recycling and reuse of construction and demolition waste and limiting pollution and chemical contamination of the local environment. Among the stricter draft DNSH criteria are constraints on type of land that can be used for buildings (no forest, fertile soil or land with high biodiversity). In addition, the buildings should not be dedicated to extraction, storage, transport or manufacture of fossil fuels.

CICERO Green will not here assess Catena's framework against the full EU taxonomy[11], but notes that the updated taxonomy includes specific technical thresholds for the real estate sector, some of which can briefly be summarized as follows:

1. The design and construction of new buildings needs to ensure a net primary energy demand that is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national regulation.
2. Ownership or acquisition of buildings built before 2021 should have an Energy Performance Certificate label A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.
3. Renovations should deliver at least 30% primary energy savings.
4. Large non-residential buildings should have dedicated energy management system, and the life-cycle Global Warming Potential (GWP) of the building resulting from the construction should be calculated for each stage in the life cycle and be disclosed to investors and clients on demand.

It is currently unclear how this will apply to Sweden and other Scandinavian countries, but it is reasonable to expect that new buildings with energy use 10% below present regulation would be aligned with the technical screening criteria in the taxonomy. It is anticipated that activities related to energy efficiency, including installation of solar panels, heat pumps, extension of district heating and cooling, are to be classified as sustainable according to the EU taxonomy.

Governance Assessment

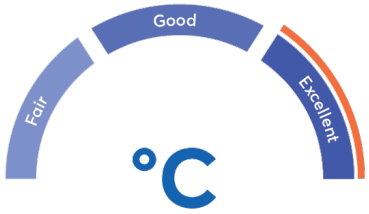
Four aspects are studied when assessing the Catena's governance procedures: 1) the policies and goals of relevance to the green finance framework; 2) the selection process used to identify eligible projects under the framework; 3) the management of proceeds; and 4) the reporting on the projects to investors. Based on these aspects, an overall grading is given on governance strength falling into one of three classes: Fair, Good or Excellent. Please note this

[10] Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020. https://ec.europa.eu/knowledge4policy/publication/sustainable-finance-teg-final-report-eu-taxonomy_en

[11] Mitigation provisional taxonomy (Annex 1): https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf
Adaptation provisional taxonomy (Annex 2): https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-2_en.pdf

is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

Catena has excellent targets when it comes to company wide energy and emission reductions, although Scope 3 emissions (which are probably dominant) are not covered yet. The policies toward sub-contractor through Catena's Code of conduct is also good, covering business ethics, social safeguards as well as environmental issues. The management of proceeds is in accordance with the Green Bond Principles and the Green Loan Principles. Finally, the annual Sustainability Report of Catena is conducted in accordance with the Global Reporting Initiative (GRI) Standards, as well as with EPRA's Sustainability Best Practice Recommendations. In 2020, the Company has also chosen to start reporting in line with the Task Force on Climate-Related Financial Disclosure (TCFD)'s recommendations.



The overall assessment of Catena's governance structure and processes gives it a rating of Excellent.

Strengths

It is a strength of Catena's Green finance framework that they specify "Applicable national building regulations" to be those applicable in 2021. It is also a strength the Energy Performance Certificates cannot be older than 2018. Excellent reporting facilitates transparency towards investors and is also a strength of the framework.

Weaknesses

We find no material weaknesses in Catena's Green finance framework.

Pitfalls

The CICERO Dark Green shading is difficult to achieve in the real estate sector because buildings have a long lifetime. CICERO Dark Green shading in this sector should therefore conform to strict measures and is reserved for the highest building standards such as LEED Platinum and passive or net positive houses. The green buildings eligible under Catena's framework are falling short of the long-term vision of zero-energy buildings or passive houses.

Catena defines New buildings in the criteria list in table 1 as buildings no more than 5 years old. This is unusual and investors should take this into account when interpreting the criteria under the Green and Energy Efficient Buildings category.

For the Green building criteria of Energy Performance Certificate A or B, we note that for older buildings these labels can be up to 10 years old and hence considerably weaker than current labels for new buildings. Catena informs us that they will only use EPCs that are from 2018 or later, and that is a strength.

We note that district heating/cooling is the predominant heating/cooling method in Sweden and probably represents a major part of Catena's and tenant's energy use. Also, most of the district heating companies seek to minimize the use of oil or other fossil fuels. However, when waste-to-energy is utilized, it is sometimes difficult to know the fossil fraction of the waste stream, e.g., the amount of plastics. Again, many Swedish district heating companies have strong policies to minimize these types of fractions, but without specific information of suppliers of district heating, it is difficult to guarantee totally against the use of some fossil fractions. In Denmark, it is highly probable that district heating is based on fossil fuel fractions.

Catena informs us that considerations of material strength and the size of the buildings preclude major use of wood as construction material in terminals. We also note that logistical buildings are associated with noice and emissions from trucks.

Efficiency improvements may lead to rebound effects. When the cost of an activity is reduced there will be incentives to do more of the same activity. Catena's work with its property users can actively mitigate the risk of rebound effects related to energy efficiency.

Appendix 1:
Referenced Documents List

Document Number	Document Name	Description
1	Catena Green Finance Framework v.6_clean	Catena's Green finance framework dated April 2021
2	Hållbarhetspolicy 2020-08-25	Sustainable policy document
3	Leverantörsuppförandekod 3.0	Code of conduct document for suppliers
4	catena-s-annual-and-sustainability-report-for-2020	Catena's annual report for 2020 including sustainability reporting

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Appendix 2:
About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green bond investments. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University and the International Institute for Sustainable Development (IISD).