

Green Financing Framework

2022



CASTELLUM



Castellum's first climate-neutral project is Korsningen in Örebro, which will also be one of the pilot certifications under the new NollCO₂ standard. The project is the company's first office project with timber carcassing and timber floor elements. Preliminary calculations show that Korsningen reduces climate impact by approximately 40% compared with a reference construction. Tenant: The Swedish Police.

Important notice

This document (the "Green Financing Framework" or "Framework") contains information on Castellum ("Castellum") and its potential use of bond financing with added environmental criteria (the "Green Terms"). Any financing that includes the Green Terms in its associated financing documentation, by reference or inclusion, as detailed in this document or in future versions of this document will be designated as Green Financing ("Green Financing"). Other labels may apply to the specific type of financing, for instance Green Bond ("Green Bond"), Green Commercial Paper ("Green Commercial Paper") or Green Loan ("Green Loan"). Depending on the language of the financing documentation the Green Terms in this Framework may be translated into other languages, as required or preferred in the local jurisdiction.

Furthermore, all parties are advised to review the applicable risk factors and terms specific for the type of Green Financing used, for instance in the relevant financing documentation, issuance prospectus, financing documentation or information memorandum. Investors and third parties are advised to conduct an independent evaluation of the relevance and adequacy of the information in this Framework and for making such other investigations considered necessary prior to entering into any of the types of transactions or arrangements where the Green Terms would be applicable, for instance regarding the adherence to current and future regulation, standards or market practices such as the Green Bond Principles, the forthcoming European Green Bond Standard or The EU Taxonomy.

New Green Financing will include a reference to, or inclusion of, the most recently published Green Terms, which shall be publicly available in the Framework on Castellum's website. Any Green Financing will be subject to the version of the Green Terms specified in the associated financing documentation.

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Background

This is Castellum

Castellum is one of the largest listed property companies in the Nordic region that develops flexible workplaces and smart logistics solutions. As of 30 June 2022, the property value totaled approximately SEK 185 billion¹. We are active in attractive Swedish growth regions and in Copenhagen and the Helsinki area, as well as in Norway through our associated company Entra.

Castellum's strategy is based on three perspectives: the company, our customers, and the community. We create successful and sustainable workplaces in Nordic growth regions by keeping close to customers while staying on the cutting edge of innovation and expertise.



1. This includes the ownership share of the Norwegian company Entra

Sustainability at Castellum

Castellum's goal is to have net-zero carbon emissions by 2030 in our operations and our whole value chain (Scope 1, 2 and 3). We want to be the most sustainable property company in Europe, conduct business responsibly and actively promote sustainability. We regard society's requirements under laws and regulations as minimum requirements and strive for continual improvements. Castellum's efforts have, and always will be, sustainable. Sustainability permeates our entire business, from ownership, property management and asset portfolio development to the relationships with our customers, employees and financiers.

We regard society's requirements under laws and regulations as minimum requirements and strive for continual improvements.

Conducting long-term sustainable operations enables responsible and innovative methods for creating long-term solutions from economic, ecological and social perspectives. In addition to our responsibility of safeguarding our planet and future generations, our efforts lead to better property management, increased attractiveness for stakeholders and closer property supervision. This approach, in turn, leads to more satisfied customers, more committed employees and increased profitability.

Sustainability Strategy and Work

Castellum is an industry leader and the highest ranked Nordic real estate company in sustainability according to sustainability benchmark CDP. In 2021, for the sixth consecutive year, Castellum was also named the world's most sustainable company in the office and industrial sector according to the Global Real Estate Sustainability Benchmarking (GRESB). Furthermore, Castellum is the only Nordic real estate company to be included in the Dow Jones Sustainability Index.

Castellum's work with sustainability issues is an integral part of the company's operations and a prerequisite for reaching the company's goals. Our sustainable strategy, The Sustainable City 2030 consists of 22 measurable targets and actions and sets the pathway to achieve our goals. To achieve our long-term goal of having net-zero emissions by 2030, we are revising and updating our sustainable strategy annually and we monitor and report on the targets quarterly.

Our strategy The sustainable city 2030 consists of four areas of focus:

- The Planet
- Future-proofing
- Well-being
- Social Responsibility

Sustainability data per Q4 2021

The sustainable city 2030

Commitments in The sustainable city 2030

-  **The Planet**
We will responsibly and efficiently reduce resource use and carbon emissions that cause global warming.
-  **Future-proofing**
We will create a sustainable asset portfolio in a changing world.
-  **Well-being**
We will promote health, wellness and productivity.
-  **Social Responsibility**
We will conduct business in a responsible manner in relation to the community as well as to our stakeholders.

ONGOING TARGETS

 1% Water conservation per year ¹⁾	 100% All new production and major reconstructions to be sustainability certified	 <2% Short-term sick leave	 4% Of all employees to be apprentices
 2.5% Energy efficiency enhancements per year ¹⁾	 + Net positive increase of ecosystem services in major projects	 <3% Long-term sick leave	 + Create job opportunities in projects for young people and the long-term unemployed
 100% Non-fossil fuel powered vehicles	 + Re-use in all projects	 + Increased proportion of anonymised recruitments	 100% Of employees to undergo training in the Code of Conduct
			 0 Workplace injuries and work-related illness among employees and suppliers

1. In the like-for-like portfolio

TARGET 2025

-  **11%** Lower energy consumption compared to 2021
-  **100** Solar cell plants in the "100 on Solar" programme
-  **70%** Of Castellum's properties must have an energy performance lower than 100 kWh/m² per year
-  **50%** Of the portfolio sustainability certified
-  **40-60%** Equality among all occupational categories
-  **20%** Of Castellum's employees are to have international backgrounds by 2025

TARGET 2030

-  **0** Net-zero carbon emissions, approved under the Science Based Targets initiative. Achieved using the following road maps:
 - Net zero in Property management (Scope 1 & 2)
 - Net zero in Project development (Scope 3)
-  **100%** Non-fossil fuel energy
-  **100%** Of Castellum's properties must have an energy performance lower than 50 kWh/m² per year
-  **+** Re-use and renewable materials must be a significant element in all projects

The Planet

Castellum acknowledges the scientific evidence that human activity is accelerating climate change. Preventing global warming based on our operations is therefore one of Castellum’s key issues.

Castellum will responsibly and efficiently reduce resource use and carbon emissions that cause global warming and strive to minimize the environmental footprint of our operations. In 2018, Castellum was the first property company in the Nordic region to have its climate goals approved by the Science Based Targets initiative (SBTi). Castellum’s goal is to achieve net-zero carbon emissions from operations throughout the value chain by 2030, thus supporting both the Paris agreement and the national ambition for a fossil fuel-free Sweden.

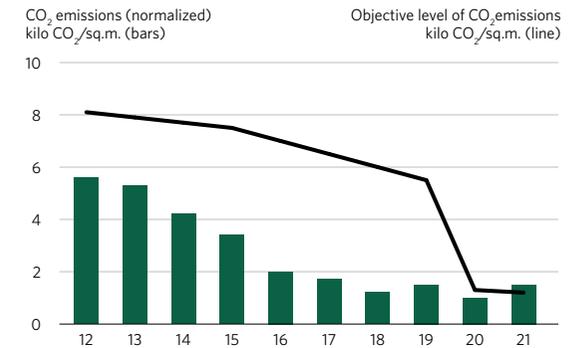
To reduce our carbon emissions and achieve our long term goal of having net-zero emissions by 2030 and minimize the environmental footprint from our operations, we are:

- Reducing our energy use. Energy use is continually monitored and analysed. Measures are taken and given priority based on the greatest potential for efficiency enhancements.
- Increasing the share of renewable energy sources. As a part of our pathway to 100% renewable energy sources we have also set up the project “100 on Solar”. The aim is to construct major 100 solar installations on existing buildings up through 2025. At the time of publishing this Framework we have installed 66 major solar installations on our properties.
- Building and managing from a service life perspective, and promoting circular models.
- Using natural resources responsibly and efficiently to not jeopardise the planet’s limits, and thus our climate and the opportunities for future generations in a finite world.

Castellum has for many years been working on reducing its carbon emissions in scope 1 and 2. This work has been paying off, see graph. Of Castellum’s total carbon emissions, 6% comes from indirect and direct emissions generated in scope 1 and 2. These include Castellum’s use of oil, natural gas, and fuel for the operation’s vehicles, refrigerant leakage, and the use of electricity and heating. To tackle the emissions from scope 1 and 2, Castellum has adopted a roadmap for property management with the aim of achieving net-zero carbon emission by 2030.

The remaining 94% of Castellum’s carbon emissions are indirect emissions (generated in Scope 3), meaning emissions that occur elsewhere but attributable to our operations. The largest part of the Scope 3 emissions originates from the use of materials and the construction process in new construction and conversions. To tackle the emissions from scope 3, Castellum has adopted a second road map for project development with goals concerning how to reduce emissions in project development every year to have net-zero carbon emissions by 2030.

CARBON EMISSIONS, PROPERTY MANAGEMENT (SCOPE 1 & 2, MARKET BASED)



ROADMAP FOR PROPERTY DEVELOPMENT

Year 2020	2021-2023	2024-2026	2027-2029	2030
Start measuring	15% carbon emission reduction from development	30% carbon emission reduction from development	60% carbon emission reduction from development	All developments are carbon neutral

Data reflects carbon emission in kilogram per square meter of the entire property portfolio. For more details please read our sustainability target guidelines on [Castellum.com](https://www.castellum.com)



Eden in Malmö is the first building created based on the philosophy Symbiotic Building. Here we let life become part of the job, not the other way around. It is about creating a whole where productivity and relaxation go hand in hand. A balance between dynamics and harmony based on four cornerstones: health, biophilia, intelligence and service. Eden is WELL certified and is full of vegetation from the ground floor to the roof terrace.

Future-proofing

Castellum is aware that climate change poses a significant risk to our operations, properties and our tenants in the long terms.

When extreme weather arises such as floods or heavy rains, it may cause damage and disruptions in several ways, directly to the property or neighbouring infrastructure (e.g. electrical outages, wastewater backing up out of drains, or disruptions to public transportation to and from our properties). To combat the climate changes and manage possible risks to our operation, Castellum has implemented specific risk analysis processes for all investments to better take into account such climate risks as the risk of flooding and land erosion.

Castellum's long-term goal is a future-proof asset portfolio that provides safe, healthy workplaces for tenants and employees and the value of which endures over time. This is how we ensure the company is equipped to manage changes and challenges in the future. Castellum will be part of driving this development forward and promoting sustainable development. We intend to create safe and healthy work environments for customers and employees. Castellum works with acknowledged sustainability certification systems and undertakes environmental inventories to create a sustainable asset portfolio in a changing world.

To achieve properly functional sustainability initiatives, Castellum:

- Offers comfortable, healthy environments for people in and around our properties.
- Ensures all properties held for more than one year are to be environmentally inventoried.
- Updates must take place at least every ten years.
- Certifies all new construction projects for sustainability, and certifies existing properties in accordance with sustainability goals.

- Works to ensure that re-use and renewable materials must be a significant element in all projects.
- Promoting increased biological diversity and limiting the use and spread of environmentally hazardous products. In cases where Castellum constructs new buildings, we always make sure that there is at least an equal amount of biodiversity upon completion of the project as there was before the building was constructed. To ensure this, we use a specially produced and adapted tool in our development operation.



Well-being

Castellum wants all its employees to have a high sense of well-being. For Castellum, this is a matter of promoting health, well-being and improved productivity, and its operations being characterised by equal opportunity and diversity.

To achieve properly functional sustainable initiatives, we will among other things:

- Offer comfortable, healthy environments for our employees well-being.
- Create an equal organisation with a diversity reflecting the composition of society.
- Call attention to and change any discriminatory structures in the organisation.
- Be an attractive employer and attract the best and most professional employees.
- Continue with collective bargaining agreements and maintain all employees' rights to organise and participate in collective bargaining.
- Maintain a zero-tolerance attitude as regards child labour and forced labour in own projects.

To ensure our properties have healthy environments, we began to certify our buildings according to the WELL standard in 2016. In 2021, Castellum took further steps by joining WELL Portfolio, a new programme for certifying entire property portfolios. Castellum can through the WELL Portfolio focus on health and well-being in the asset portfolio more thoroughly. In an initial step, Castellum has joined all its office properties in Stockholm, Gothenburg and Malmö – corresponding to an area of 419,462 square metres – to the WELL Portfolio.

Social Responsibility

The long-term goal for Castellum is to conduct our operations responsibly in relation to society and our stakeholders.

To achieve properly functional sustainability initiatives, we will among other things:

- Maintain a zero-tolerance attitude as regards child labour and forced labour in projects being carried out by our suppliers.
- Contribute to employment and young people's opportunities to enter the labour market.
- Engage in issues that are significant for societal development.
- Continue to ensure that no violations of human rights occur in our own or our suppliers' operations.

Our Code of Conduct describes how employees are to treat tenants, suppliers, partners and other players in day-to-day operations. As a part of our work with social responsibility, we are developing social programmes in our operating cities. Castellum's engagement in these social programmes varies depending on local needs and the specific properties. The social programmes are based on stakeholder analyses in which the relevant needs are identified and analysed. You can read more about our commitments in The Sustainable City on our webpage [Castellum.com](https://www.castellum.com)

Sustainability Governance

Assessing and managing climate changes is an integral part of Castellum's sustainability governance. Our sustainability governance ensures an efficient organization that develops our sustainability strategy. Castellum's Board of Directors annually adopts a sustainability policy and Codes of Conduct, and routinely discusses and follows up on the sustainability initiatives and the work on the sustainability strategy. The Board of Directors, together with Executive Management, are ultimately responsible for adopting Castellum's sustainability goals.

For more information about our sustainability governance, see [Castellum.com](https://www.castellum.com)

Our sustainability governance ensures an efficient organization that develops our sustainability strategy.

Sustainability initiatives and commitments

Castellum is aware that the construction and property industry represents one-fifth of Sweden's emissions and generates one-third of all waste in Sweden. Castellum has therefore decided to set targets for its own efforts and to govern its operations in a manner that is in line with the UN Sustainable Development Goals and the Paris Agreement. Castellum's asset portfolio will be future-proofed by making buildings more energy-efficient, taking life cycle perspectives into account in investments, assuming responsibility for natural resources and biological diversity, increasing the share of renewable energy and adapting operations to the consequences of climate change. Castellum will be involved in the climate plans and policies of its customers and of government agencies, it will display leadership and to the greatest extent possible will inspire the industry to reduce its climate impact.

The UN Sustainable Development Goals

The nine Sustainable Development Goals (SDGs) that have the strongest links with Castellum's operation have been integrated into our sustainability strategy. These were selected through a special analysis at the company in which we reviewed all of the global SDGs and their associated targets and chose to prioritise the goals to which we have the strongest links.

The Planet



Well-being



Future-proofing



Social Responsibility



Awards and Ratings 2021

Castellum's goal of being one of Europe's most sustainable property companies is confirmed by the international attention, the company has received for its sustainability initiatives.

These external awards confirm the company's strong sustainability position and show that owners and investors put a premium on well-developed sustainability initiatives.

Sustainable Finance

Since the establishment of our inaugural Green Bond Framework in 2016, a lot of development has taken place both in regards to our work with sustainability and in regards to the market of Green Financing. To better reflect our current sustainability work and best practice in the market of Green Financing we have developed this Green Financing Framework.

More information about our work with sustainability is available on our website (Castellum.com).

Gothenburg, 6 September 2022

Rutger Arnhult

Chief Executive Officer, Castellum AB

Jens Andersson

Head of Treasury, Castellum AB

Filip Elland

Chief Sustainability Officer, Castellum AB

 <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	<p>Castellum's rating: 80/100 (the only Nordic property company to be included)</p>
 <p>MSCI ESG RATINGS AAA</p>	<p>Castellum's rating: AAA</p>
 <p>GRESB REAL ESTATE sector leader 2021</p>	<p>Castellum's rating: 95/100 (global sector leader)</p>
 <p>EPRA sBPR GOLD</p>	<p>Castellum's rating: Gold</p>
 <p>CDP DISCLOSURE INSIGHT ACTION</p>	<p>Castellum's rating: A- (highest of all Nordic property companies)</p>
 <p>SUSTAINALYTICS a Morningstar company</p>	<p>Castellum's rating: Industry Top-Rated</p>
 <p>EWOB European Women on Boards</p>	<p>Castellum's rating: Best Practice Leader</p>
<p><small>1. THE USE BY CASTELLUM OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF CASTELLUM BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.</small></p>	



Castellum works with scientifically grounded climate goals in line with the Paris Agreement.



Awarded by Solar Energy

The Hisingen Logistics Park, a logistics facility constructed by Castellum, was named solar cell of the Year for 2021 and won the Solar Energy Award for the 30,000 square metres of solar cells on its roof. In total, there are approximately 8,500 solar cells that annually produce roughly 3.3 GWh, corresponding to the annual consumption of 660 standard houses.

Green Financing Framework

This Framework is aligned with the 2021 ICMA Green Bond Principles as well as the 2021 APLMA, LMA and the LSTA Green Loan Principles, and has been developed to, more broadly, comply with the Technical Screening Criteria assuring substantial contribution to at least one of the environmental objectives under the EU Taxonomy (the Climate Delegated Act, December 2021). For transparency, details about the alignment and deviations of this Framework with the EU Taxonomy is further clarified in Appendix 1. Additional information on the EU Taxonomy can be found in Appendix 2. Castellum has worked together with Handelsbanken to develop this Green Financing Framework. Castellum acknowledges the recommendation in the Green Bond Principles of appointing an external reviewer for heightened transparency. CICERO Shades of Green has provided a second opinion on the Framework, which is publicly available on Castellum's website.

The structure of this Framework is built on the Green Bond Principles four pillars:

1. Use of proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Castellum recognises that the market for Green Financing will continue to develop, not least due to the upcoming standard for Green Bonds within the EU, the European Green Bond Standard entering into force. Castellum will closely monitor the development of the market and update the Green Financing offering from time to time to reflect current best market practices.

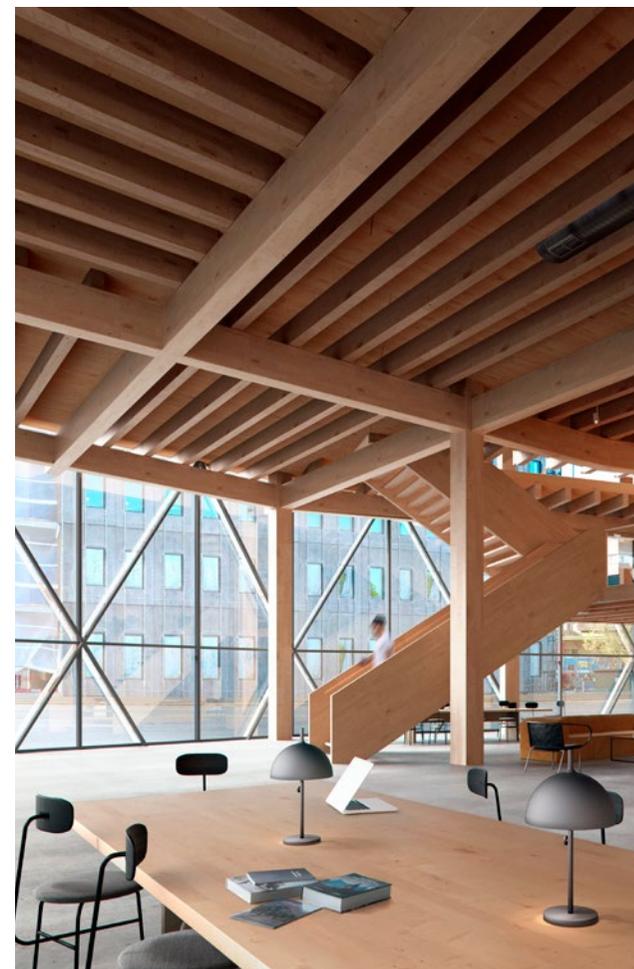
Use of proceeds

Allocation of net proceeds

An amount equal to the net proceeds from Green Financing will exclusively be used by Castellum to fully or partly finance or refinance assets and projects that promote the transition to low-carbon, climate resilient and sustainable economies. Such assets ("Eligible Green Assets" or "Green Assets") must comply with the categories and criteria's described below. Castellum operates in the Nordic market, the net proceeds will be used exclusively to finance or refinance assets in the Nordics in accordance with this Framework. The majority of the net proceeds are expected to be allocated to existing assets (defined as assets older than 12 months). The distribution of net proceeds between new and existing assets and projects will be disclosed in the annual reporting. The combined allocated amount to a specific Green Asset, by one or several sources of financing with specified use of proceeds, may not exceed its value.

Exclusions

The net proceeds will not be allocated or linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defence, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.



ELIGIBLE GREEN ASSETS

GBP Categories	Eligible Green Assets	EU Taxonomy Environmental Objectives	UN SDGs
<p>Clean transportation</p>	<p>Financing of supportive infrastructure and solutions for clean transportation such as:</p> <ul style="list-style-type: none"> • Charging stations for electric vehicles • Bicycle garages • Pedestrian walkways • Bicycle lanes 	<p>Climate change mitigation</p>	 
<p>Energy efficiency</p>	<p>Upgrades to the existing portfolio of buildings that target a lower overall energy use and an improved environmental footprint. This could include, for instance, the installation of geothermal heating/cooling, energy-efficient lighting, IT-technology (monitoring, efficiency management and remote operation), energy efficient windows or an upgraded ventilation system. Only directly associated expenditure (e.g. material, installation and labour) is eligible for financing.</p> <p>Castellum will ascertain the following:</p> <ul style="list-style-type: none"> • High estimated energy savings in the targeted area (minimum 20%). • Minimize long term negative climate impact and potential rebound effects. • Minimal negative climate impact from the technology used. 	<p>Climate change mitigation</p>	  
<p>Green buildings</p>	<p>New buildings (built after 31 December 2020)</p> <ul style="list-style-type: none"> • Primary energy demand is or will be, at least 30% lower than the threshold set for nearly zero-energy building (NZEB) requirements in national measures² • For buildings larger than 5,000 m² : <ul style="list-style-type: none"> - Upon completion, the building undergoes testing for air-tightness and thermal integrity. - The life-cycle Global Warming Potential (GWP) of the building has been calculated. • New buildings have or will receive (i) a design stage certification or (ii) a post-construction certification or (iii) an in-use certification of Miljøbyggnad "Guld", BREEAM "Excellent", LEED "Gold" or DGNB "Silver". • New logistics buildings have or will receive a (i) a design stage certificate or (ii) a post-construction certification or (iii) an in-use of Miljøbyggnad "Silver", BREEAM "Very Good", LEED "Gold" or DGNB "Silver"³. <p>Existing buildings (built before 31 December 2020)</p> <ul style="list-style-type: none"> • Existing buildings have an Energy Performance Certificate (EPC) demonstrating class A or the building is within the top 15% of the national or regional building stock, expressed as Primary Energy Demand (PED)⁴. • And the building have or will receive (i) a design stage certification or (ii) a post-construction certification or (iii) an in-use of Miljøbyggnad "Silver", BREEAM "Very Good", LEED "Silver" or DGNB "Silver". <p>Renovation of existing buildings</p> <p>Renovation of an existing building that either leads to a reduction of Primary Energy Demand (PED) of at least 30%, or where the building meets the applicable requirements for "major renovations"⁵.</p>	<p>Climate change mitigation</p>	   
<p>Renewable energy</p>	<p>Renewable energy production, such as on-site solar power installations or stand-alone solar farms, thermal solar panels, wind power installations, emission free geothermal heating and cooling installations, heat pumps as well as investment in related infrastructure for example grid connections, electric substations, networks or foundations.</p>	<p>Climate change mitigation</p>	 

2. Since NZEB is not yet defined in Norway this does not apply to Castellum's operations in Norway. Instead, the PED for new buildings in Norway will be at least 30% lower than required by regional building regulations

3. The certification system DGNB "Silver" will be used for new and existing buildings in Denmark

4. The top 15% PED applicable under this Framework will be updated continuously. Castellum will reference an external benchmark when determining the top 15%. Such a benchmark could be e.g. guidance by national governments or a specialist study

5. According to Directive 2010/31/EU



The Port of Gothenburg and Castellum have partnered to develop the Halvorsång district into a leading logistics hub in the Nordic region. Warehouses will be constructed here that can sustainably process cargo from around the world for further transport across Scandinavia by truck or train.

Process for project evaluation and selection

Projects and assets eligible for green financing will be identified by Castellum’s Sustainability Department as part of the ongoing operations. A decision to finance Eligible Projects and Assets with net proceeds will be made by the Green Business Council (“GBC”) consisting of members from the Group Finance Department and the Sustainability Department.

The GBC will review information about the assets and evaluate the overall environmental impact, which includes life cycle considerations, potential rebound effects, resilience considerations and adherence to at least one of the Environmental Objectives. The projects and assets must also be compliant with applicable

national laws and regulations, as well as policies and guidelines at Castellum. A decision to allocate net proceeds will require a consensus decision by the GBC. Decisions made by the GBC will be documented. Furthermore, the GBC is also responsible for signing off on the forthcoming reporting under the Framework as outlined under the section Reporting.

An updated list of all Green Assets will be kept by Castellum’s Finance Department. If a project or asset ceases to meet the Green Terms, it will be removed from the list (and the funds will be recycled). The list will also be used as a tool to determine if there is a current or expected capacity for additional Green Financing.

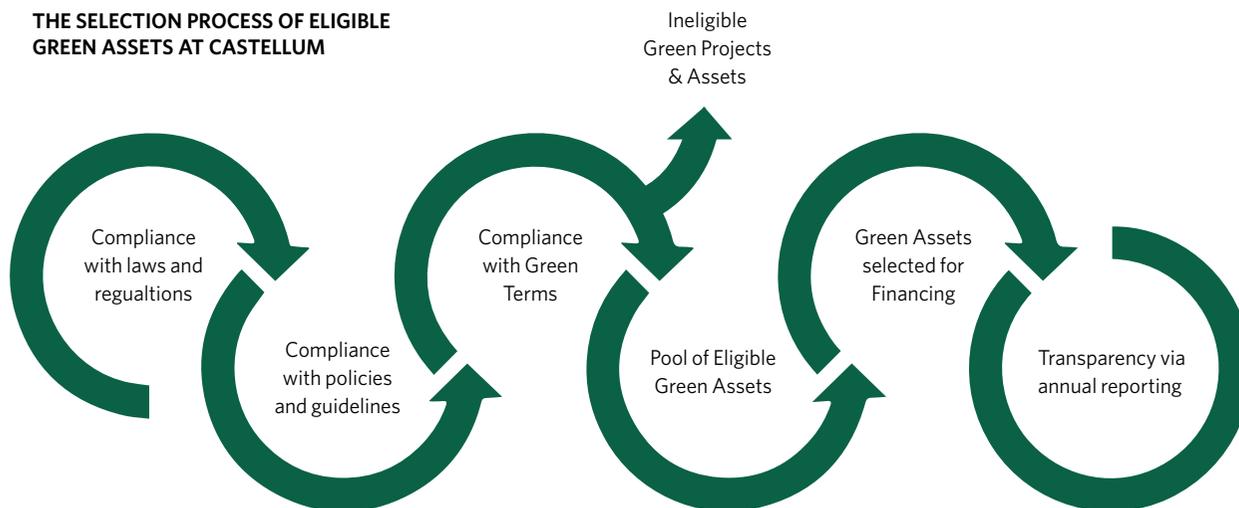
Management of proceeds

An amount equal to the net proceeds of any Green Financing will be credited to a dedicated account (“the Green Account”) or otherwise tracked by Castellum into a Green Portfolio (“the Green Portfolio”). Deductions will be made from the Green Account or the Green Portfolio by an equivalent amount corresponding to the financing, refinancing, investment or expenditure of Eligible Green Assets or at repayment of any Green Financing.

If an Eligible Green Asset no longer qualifies or if the underlying Project or Asset is divested or lost, an amount equal to the funds allocated towards it will be re-credited to the Green Account or the Green Portfolio. Funds may also be reallocated to other Green Assets during the term of any Green Financing. The Group Finance Department will keep a record of the purpose of any change in the Green Account or the Green Portfolio and ensure that the combined funds directed towards a specific Green Asset, by one or several sources of Green Financing, does not exceed its value. While the Green Account or the Green Portfolio has a positive balance, the net proceeds may be invested or utilised by the Group Finance Department in accordance with Castellum’s sustainability policy and investment criteria.

External Review

Castellum acknowledges the recommendation in the Green Bond Principles regarding transparency and verification of funds, hence verification will be sought from Castellum’s external auditor. Further information can be found in the Annual Review section under Reporting.



Reporting

Castellum will publish an annual report on its website ([Castellum.com](https://www.castellum.com)) that will include details on the allocation of green funds and adherence to the Green Terms (the "Reporting"). The Reporting will contain information on the Green Assets that have been financed with Green Financing, a summary of Castellum's activities in the past year as pertains to Green Financing as well as information, including examples, of the financed Green Asset's adherence to applicable criteria.

Allocation disclosure

- Castellum will provide allocation reporting where emphasis will be placed on providing examples to single projects based on their size.
- The sum of outstanding Green Financing and the sum of the Green Portfolio balance, including any short term investments or funds managed within Castellum's liquidity portfolio.
- The proportion of net proceeds allocated to new investments.
- All data is to be as of the end of the previous year.

Impact reporting

The Reporting will also include a disclosure of asset level performance indicators. The Reporting will strive to disclose the impact based on the Green Financing share of the total investment. For financed Green Assets that are not yet operational, Castellum will strive to provide estimates of future performance levels. Castellum will emphasise energy savings and greenhouse gas reductions as the most relevant performance metrics for most projects. The metrics below are examples of indicators that are likely to be used by Castellum in the forthcoming Reporting.

Annual review

The external auditor of Castellum, or a similar party appointed by Castellum with the relevant expertise and experience, will investigate and report whether an amount equal to the net proceeds have been allocated to the Eligible Green Assets that

IMPACT REPORTING

Green Bond Category	Indicative Impact Indicators
Clean Transportation	<ul style="list-style-type: none"> ▪ The number of installed charging stations for electric vehicles. ▪ The proportion of parking spaces that has access to charging stations. ▪ The number of bicycles that a bicycle garage can accommodate.
Energy Efficiency	<ul style="list-style-type: none"> ▪ Each yearly report will include an example of an energy efficiency investment that have been financed with green net proceeds (if such a project has been financed). Given the number of project types that qualify under the category, the KPI's will not be disclosed beforehand in the Framework. Castellum will emphasize energy and carbon savings, where applicable, as relevant performance metrics.
Green Buildings	<ul style="list-style-type: none"> ▪ Environmental certification (adherence to the applicable criteria). ▪ Primary Energy Demand (PED) compared to the requirement in the national implementation of NZEB. ▪ Existing buildings that qualifies according to an Energy Performance Certificate (EPC): the level of the EPC. ▪ Existing buildings that qualifies based on Primary Energy Demand (PED): confirm that the PED was within acceptable limits of the national or regional building stock (top 15%). ▪ Energy consumption disclosed by absolute consumption (kWh) and intensity (kWh per square meter). ▪ Water usage disclosed by absolute consumption (m³) and intensity (m³ per square meter). ▪ Calculated carbon footprint disclosed by absolute emissions (tonnes) and intensity (tonnes per square meter). The greenhouse gas emissions are monitored annually by Castellum in accordance with the Greenhouse Gas Protocol. ▪ Percentage of renewable energy of the total purchased energy. ▪ Main method of heating and cooling of the building.
Renewable Energy	<ul style="list-style-type: none"> ▪ Yearly production (MWh).

Castellum has communicated in the Reporting. The conclusions will be provided in a signed statement, which will be published on Castellum's website ([Castellum.com](https://www.castellum.com)).

Website for Green Financing

Castellum has a dedicated webpage for Green Financing at its website ([Castellum.com](https://www.castellum.com)) where investors, lenders and other interested parties can find information regarding Castellum's Green Financing, including:

- The Green Financing Framework
- The Second Opinion by CICERO Shades of Green
- The Reporting
- The Annual Review
- Investor Presentations

External review

Castellum acknowledges the recommendation in the Green Bond Principles to seek a Second Party Opinion on the Financing Framework from an independent external reviewer. This framework has been reviewed by CICERO Shades of Green and the Second Party Opinion is publicly available on our website.

Definitions

BREEAM Excellent means the rating Excellent within BREEAM, a grading scheme for the real estate sector developed by BRE Global, pursuant to its definition at the time of receipt of the relevant certification.

DGNB Silver means rating Silver within DGNB, a grade scheme for real estate sector developed by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport Building, and Urban Affairs, pursuant to its definition at the time of receipt of the relevant certification.

EU Taxonomy the EU Taxonomy is a part of the EU Action plan on Sustainable Finance. It is a classification system that defines sustainable economic activities with the purpose of facilitating capital aggregation for a green and sustainable transition. To be aligned with the EU Taxonomy an activity must contribute substantially to at least one of the six defined environmental objectives and “do no significant harm” to the other five.

LEED Gold means the rating Gold within LEED, a grading scheme for the real estate sector developed by the U.S. Green Building Council and administered in Sweden by the Sweden Green Building Council, pursuant to its definition at the time of receipt of the relevant certification.

Miljöbyggnad Guld means the rating Guld within the Miljöbyggnad building certification scheme administered by the Sweden Green Building Council (SGBC), pursuant to its definition at the time of receipt of the relevant certification.

Miljöbyggnad Silver means the rating Silver within the Miljöbyggnad building certification scheme administered by the Sweden Green Building Council (SGBC), pursuant to its definition at the time of receipt of the relevant certification.

NZEB means the EU Nearly Zero Energy Buildings requirement, to be implemented in Sweden in the coming years.

Taxonomy Aligned Economic Activity means an economic activity that complies with the requirements laid down in Article 3 of Regulation (EU) 2020/852; whereby an economic activity shall qualify as environmentally sustainable where that economic activity complies with Technical Screening Criteria, does not significantly harm any of the Environmental Objectives and is carried out in compliance with the Minimum Safeguards.

The Taxonomy Regulation (June, 2020) means EU Regulation 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

WELL Building Standard (WELL) is a performance-based system for measuring, certifying, and monitoring features of the built environment that impact human health and wellbeing, through air, water, nourishment, light, fitness, comfort, and mind.

Policy Documents and Information on Sustainable Commitments that Govern Castellum's Environmental and Sustainability Work

The following documents govern Castellum's Environmental and Sustainability work and can be found at [Castellum.com](https://www.castellum.com)

Policy Documents

- Annual and Sustainability Report 2021
- Sustainability Policy
- Code of Conduct
- Code of Conduct for Suppliers
- Tax Policy

External Laws and Guidelines

- The Swedish Companies Act
- The Swedish Annual Accounting Act
- The Swedish Environmental Code
- The Swedish Work Environment Act
- Building Regulations from the National Board of Housing, Building and Planning
- UN Guiding Principles on Business and Human Rights
- UN Convention on the Rights of the Child
- EU Taxonomy Regulation

External Initiatives

- GRI Standards
- UN Sustainable Development Goals
- Paris Agreement
- Sweden's road map to Fossil-Free Sweden
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- TCFD
- ISO 14001
- Science Based Targets
- Local sustainability programmes and climate adaptation plans

Appendix 1: EU Taxonomy Alignment

In the table below alignment with and deviations from the technical screening criteria for substantial contribution to the environmental objective “climate change mitigation” under the EU Taxonomy (December 2021) are commented.

GBP Categories	EU Taxonomy References	Comments on EU Taxonomy Alignment
Clean transportation	6.13. Infrastructure for personal mobility, cycle logistics 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	The eligible assets will on a best effort basis be aligned with the EU Taxonomy’s technical screening criteria for substantial contribution to “climate change mitigation” (December 2021).
Energy efficiency	7.3 Installation, maintenance and repair of energy efficiency equipment 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	The eligible assets will on a best effort basis be aligned with the EU Taxonomy’s technical screening criteria for substantial contribution to “climate change mitigation” (December 2021).
Green buildings	7.1 Construction of new buildings	The criteria for Eligible Green Assets in this Framework are aligned with the technical screening criteria for substantial contribution to the environmental objective “climate change mitigation” under the EU Taxonomy (December 2021). Additional comments: <ul style="list-style-type: none"> The Framework requires new buildings to have or receive an environmental certification in addition to the requirements on energy. This requirement ensures that additional aspects of a building’s environmental footprint such as material use, water and access to public transport are taken into consideration. Castellum follows the technical screening criteria for new buildings larger than 5000m². However, at the time of publishing this Framework, specific market practices for when and how to conduct a life cycle assessment (LCA) are lacking. Castellum will therefore monitor the development with the ambition to follow the technical screening criteria in the EU Taxonomy. This Framework requires the primary energy demand for new buildings to be at least 30% lower than the threshold set for nearly zero-energy building (NZEB) requirements in national measures. This requirement is more ambitious than the EU Taxonomy requirement of 10%.
	7.2 Renovation of existing buildings	The criteria for Eligible Green Assets in this Framework are aligned with the EU Taxonomy’s technical screening criteria for substantial contribution to “climate change mitigation” (December 2021).
	7.7 Acquisition and ownership of buildings	The criteria for Eligible Green Assets in this Framework are mostly aligned with the technical screening criteria for substantial contribution to the environmental objective “climate change mitigation” under the EU Taxonomy (December 2021). Additional comments: <ul style="list-style-type: none"> The criteria in this Framework require existing buildings to fulfil the EU’s technical screening criteria for substantial contribution to “climate change mitigation” (December 2021) and to have or receive an environmental certification that ensures additional aspects of a building’s environmental footprint such as material use, water and access to public transport are taken into consideration. The top 15% PED applicable under this Framework will be updated continuously. Castellum will reference an external benchmark when determining the top 15%. Preferably the external benchmark will be in the form of guidance by national governments but in cases where this is not possible an external benchmark could be e.g. a specialist study. For large non-residential buildings (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) the EU Taxonomy requires the building to be operated efficiently through energy performance monitoring and assessment. This is in line with how Castellum operates but it is not a criteria in this Framework.
Renewable energy	4.1 Electricity generation using solar photovoltaic technology 4.3 Electricity generation from wind power 4.6 Electricity generation from geothermal energy 4.21 Production of heat/cool from solar thermal heating 4.22 Production of heat/cool from geothermal energy 7.6 Installation, maintenance and repair of renewable energy technologies	The eligible assets will on a best effort basis be aligned with the EU Taxonomy’s technical screening criteria for substantial contribution to “climate change mitigation” (December 2021).

Appendix 2: Key Characteristics of the EU Taxonomy

EU Taxonomy

The Taxonomy Regulation (June, 2020) and associated legal Frameworks contain six Environmental Objectives (“Environmental Objectives”). In December 2021, the Climate Delegated Act, covering the first two Environmental Objectives was formally adopted by the European Council and entered into force on the 1st of January 2022. Any eligible activity must substantially contribute towards one or more of these six Environmental Objectives, while at the same time not significantly harming any other Environmental Objective. These objectives are fairly aligned with, but expand upon, the five objectives in the Green Bond Principles. Furthermore, the EU Taxonomy defines sustainable economic activities through categorization, Technical Screening Criteria (“TSC”), including Do-No-Significant-Harm criteria (“DNSH”) and Minimum Safeguards (“Minimum Safeguards”), with the purpose of facilitating capital aggregation for a green and sustainable transition.

Environmental Objectives

1. Climate change mitigation

Activities that contribute to the stabilization of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system by avoiding or reducing greenhouse gas emissions or enhancing greenhouse gas removals.

2. Climate change adaptation

Activities that contribute to reducing the negative effects of the current and expected future climate or preventing an increase or shifting of negative effects of climate change on location and context specific economic activities or natural and built environments.

3. Sustainable use and protection of water and marine resources

Activities that contribute to the good status of waters by limiting water discharges, decontaminating drinking water, improving water efficiency and ensuring the sustainable use of marine ecosystems and the good status of marine waters.

4. Transition to a circular economy

Activities that contribute to the transition to a circular economy, aimed at minimising and correctly managing waste, hazardous substances and making the most of resources, focusing on areas like design, systems, sharing economy, product life extension and recycling.

5. Pollution prevention and control

Activities that contribute to a high level of environmental protection from pollutants other than greenhouse gasses affecting air, water or soil whilst minimizing negative impact on human health and the environment.

6. Protection and restoration of biodiversity and ecosystems

Activities that protect, conserve and enhance biodiversity and ecosystem services via nature conservation or sustainable land management, agricultural practices and forest management.

Technical Screening Criteria

The TSC shall determine the conditions under which a specific economic activity within the European Union qualifies as contributing substantially to an Environmental Objective, while not causing significant harm to one or more of those objectives (see DNSH). In the Taxonomy Regulation (June, 2020) the TSC are defined as being based on conclusive scientific evidence, taking a life cycle perspective and emphasizing quantitative thresholds whenever feasible.

Do No Significant Harm

In order to avoid that investments qualify as sustainable in cases where the economic activities benefitting from those investments cause harm to the environment to an extent that outweighs their contribution to an Environmental Objective, the EU Taxonomy also requires that the economic activity demonstrates that it “do no significant harm” (“DNSH”) to the other Environmental Objectives. The EU Taxonomy therefore specifies the minimum requirements that need to be met to avoid significant harm, considering both the short- and long-term impact of a given economic activity.

Minimum Safeguards

For an economic activity to be considered environmentally sustainable, it must also comply with Minimum Safeguards. To be eligible under the EU Taxonomy the relevant activity must be aligned with the:

- i. OECD Guidelines for Multinational Enterprises
- ii. UN Guiding Principles on Business and Human Rights
- iii. International Labor Organization’s Fundamental Principles and Rights at Work (including the eight fundamental conventions of the ILO) and
- iv. The International Bill of Human Rights.



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