

SUSTAINABILITY-RELATED DISCLOSURES AT ENTITY LEVEL UNDER SFDR, 2023

1. Statement on principal adverse impacts of investment decisions on sustainability factors

Summary

Financial market participant: Slättö Förvaltning AB (LEI-nr 894500GBUVMFIJU64210).¹

Slättö Förvaltning AB (LEI-nr 894500GBUVMFIJU64210) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Slättö.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

Principal adverse impacts:

Adverse sustainability indicator		Metric	Impact 2023
Fossil fuels	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%
Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	44%
Energy consumption	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0,000132 GWh/m2

¹ This document has been compiled by Slättö Förvaltning AB reg. no 556920-6724 ("AIF-Manager" or "Slättö") to present information in accordance to the requirements set forth in Article 3, 4 and 5 of regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR") and Annex 1 of regulation (EU) 2022/1288.

Sammanfattning

Finansmarknadsaktör: Slättö Förvaltning AB (LEI-nr 894500GBUVMFIJU64210).

Slättö Förvaltning AB (LEI-nr 894500GBUVMFIJU64210) beaktar de huvudsakliga negativa konsekvenserna av sina investeringsbeslut för hållbarhetsfaktorer. Föreliggande redogörelse är den konsoliderade redogörelsen för huvudsakliga negativa konsekvenser för hållbarhetsfaktorer för Slättö.

Denna redogörelse för de huvudsakliga negativa konsekvenserna för hållbarhetsfaktorer omfattar referensperioden från 1 januari 2023 till den 31 december 2023.

Huvudsakliga negativa konsekvenser:

Indikator på negativa konsekvenser för hållbar utveckling		Mått	Konsekvenser 2023
Fossila bränslen	Exponering mot fossila bränslen genom fastigheter	Andel av investeringar i fastigheter som är involverade i utvinning, lagring, transport eller tillverkning av fossila bränslen	0%
Energieffektivitet	Exponering mot energi-ineffektiva fastigheter	Andel av investeringar i energi-ineffektiva fastigheter	44%
Energiförbrukning	Energiförbrukningsintensitet	Energiförbrukning i GWh av ägda fastigheter per kvadratmeter	0,000132 GWh/kvadratmeter

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, actions planned, and targets set for the next reference period
Fossil fuels	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	0%	0%	Slättö's Policy for Responsible Investments states that certain investments shall be excluded. According to this Policy, investments are not made in property assets that are intended for the extraction, storage, transport or sale of fossil fuels (assets where more than half of turnover is linked to one or more excluded activity).	Continue to apply exclusion in investment decisions.
Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets.	44% ²	44%	This figure includes both cash-flow assets and project developments in the portfolio owned by Slättö's funds. Forward-funding projects are excluded from the calculation. See footnote 2 for calculation method.	<p>Actions taken:</p> <ul style="list-style-type: none"> Carried out energy analysis of assets with third-party experts to assess opportunities for energy performance improvements. Gathered data on primary energy demand as measured by Energy Performance Certificates. Continued development of project assets to meet the NZEB criteria. <p>Actions planned:</p> <ul style="list-style-type: none"> Continue to implement actions above and submit Slättö's Science Based

² Inefficient real estate assets are calculated in accordance with the following formula: the sum of the value of real estate assets built before 31/12/2022 with EPC of or below (worse than) C and the value of real estate assets built after 31/12/2020 with PED below (worse than) NZEB in Directive 2010/31/EU; divided by the value of real estate assets required to above by EPC and NZEB rules.

<p>Targets for validation, including portfolio emissions (scope 3)</p> <ul style="list-style-type: none"> Execute energy improvement projects according to internal targets.

Other indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, actions planned, and targets set for the next reference period
Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter.	0,000 132 GWh/ m2	0,000 124 GWh/ m2	Impact from cash-flow assets in use. Measured using a “whole building” approach including tenant energy, with estimates where necessary. For data and calculations, see section (e).	See actions above under energy efficiency indicator. In addition, Slättö is increasing installations of solar panels in cash-flow assets and developing new assets with on-site geothermal and solar energy.

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

Slättö’s Policy for Responsible Investments states that Slättö shall take principal adverse impacts on sustainability factors into account when investing. Based on a materiality analysis, the prioritised principal adverse impacts are the climate impacts of real estate assets, from buildings in operation and new construction projects.

To ensure alignment to the Paris Agreement, Slättö has committed to setting Net Zero Science Based Targets as a Financial Institution investing in real estate, covering both operational and portfolio emissions across scopes 1, 2 and 3.

Slättö also has a Code of Conduct and Construction Supplier Code of Conduct to address potential adverse impacts related to practices from sub-contractors in construction projects.

(a) date of adoption of those policies

The Slättö Policy for Responsible Investments was adopted in February 2023 by Slättö’s Board of Directors. Before adoption, Slättö had a Sustainability Policy which stated similar principles to the current Policy for Responsible Investments. We review legislation regularly and update the Policy annually. In June 2023, Slättö committed to setting Net Zero Science Based Targets.

(b) responsibility for implementation

Slättö’s Board of Directors is ultimately responsible for the Policy for Responsible Investments and the framework it sets out and shall review, and amend when needed, the Policy at least annually. Slättö’s CEO is responsible for ensuring the implementation of the Policy in the business operations and its continuous monitoring as well as that

necessary amendments or changes to its practical application are made. Slättö's CEO has delegated the practical coordination and implementation of the Policy to Slättö's Head of ESG.

ESG due diligence is carried out ahead of every investment, using a checklist of sustainability aspects including principal adverse impacts. ESG factors are regularly reported to the Slättö management, and to the Board of Directors at least annually. A Sustainability Taskforce is in place at Slättö, including key professionals from the investment team, fund management and business segments as well as ESG experts. The ESG function is represented as adjunct to the Slättö Investment Committee.

(c) methodologies to select the indicators

The methodologies to select the indicators and assess the principal adverse impacts are based on applicable legislation and widely used international frameworks. Regarding energy and climate impact, Slättö uses Energy Performance Certificates (comparing the assets to the climate mitigation environmental screening criteria of the EU Taxonomy in activities 7.1 and 7.7) and the CRREM pathways. Regarding social impacts, Slättö has based the Construction Supplier Code of Conduct on the UN Global Compact principles.

We assess the probability of occurrence and severity by regularly reviewing the indicators internally. Slättö also participates in sustainability dialogues in industry associations we are a member of, for example the network HS30, the Swedish property owners' association and INREV, the European Association for Investors in Non-Listed Real Estate Vehicles. We also follow policy developments, for example draft legislation and policy proposals at national and EU level.

(d) any associated margin of error within the methodologies referred to in point (c) of this paragraph, with an explanation of that margin

See below (e) on data limitations.

(e) data sources used

- **Exposure to fossil fuels through real estate assets:** Ahead of any Investment Committee decision, the Slättö investment team with support from ESG experts sum up the results of the ESG Due Diligence based on a checklist of ESG aspects. One of the aspects on the checklist is whether assets are primarily intended for use in activities related to fossil fuel production or distribution. A summary of the ESG due diligence findings is included in the materials to the Investment Committee.
- **Exposure to energy-inefficient real estate assets:** Primary Energy Demand in Energy performance certificates (EPCs) and energy calculations for construction projects. Slättö considers the technical screening criteria established under the Taxonomy Regulation: energy class A-C or top 15-30% of the national building stock for assets built before 31/12/2020 and -10% nearly zero-energy building (NZEB) for assets built after 31/12/2020. Forward-funding projects are excluded from the calculation. See footnote 2 for calculation method.
- **Energy consumption intensity:** Asset-level data: energy consumption. Data is gathered using the energy monitoring system Mestro, which receives data directly from energy utility companies. Where invoices from energy companies are not available, we use information gathered by Slättö from tenants and construction suppliers; energy performance certificates (EPCs) as registered with the competent national authority (in Sweden, the National Board of Housing, Building and Planning); as well as calculations and estimates when full data is not available.

To improve data quality, we have engaged external experts to review existing EPCs for some of our assets and carry out an energy mapping of a part of our portfolio. Data is stored in the external energy monitoring system Mestro and is further processed by Slättö to calculate key indicators. A proportion of data will be estimated.

Limitations to methodologies and data include the following:

Several cash-flow real estate assets have energy performance certificates (EPCs) that are based on calculations instead of actual data for some aspects of energy consumption. Energy performance data for development projects is also based on calculations until the building is in use.

Slättö has taken a “whole building approach” to operational emissions from energy in buildings in use. However, there are gaps in energy consumption data for a part of the owned real estate assets, as regards scope 3, energy purchases by tenants. In some cases, Slättö does not have actual tenant energy consumption and we have estimated that data based on applicable industry averages.

We have gathered energy data based on the following order of priority:

1. Real-life energy consumption data collected through energy monitoring system Mestro.
2. Real data from Energy Performance Certificate – this data is not for the entire period of 2023, but data for 12 consecutive months in another period.
3. Real data from Energy Audit – this data is not for the entire period of 2023, but data for 12 consecutive months in another period.
4. Assumed data according to Energy Audit.
5. Assumed data according to BEN 3, STIL2, “Energistatistik för flerbostadshus 2021”.
6. Interpolated data based on asset statistics from similar assets.

We have used different sources for the assumed data because of the different kinds of assets and data needed. For example, BEN 3 has tenant data for residential, offices and schools while STIL2 has tenant and property data for most other commercial assets.

For assets that Slättö’s funds have owned for part of 2023 and not the entire year, we have only considered energy consumption for the months in Slättö’s ownership.

Engagement policies

Slättö’s funds mainly invest in real estate assets directly, not through investee companies. When Slättö establishes Joint Venture (JV) companies with partners to invest in real estate assets, we engage directly in the JV company by ensuring that Slättö is always represented on the board of directors. Slättö also engages in the management of the assets, for example by setting expectations on property managers and through engagement with tenants and with construction suppliers.

We consider the same indicators for real estate assets Slättö’s funds invest directly in and for assets invested in through JV companies. The same ESG due diligence applies for investments Slättö’s funds make directly as for investments made through JV companies.

References to international standards

Slättö adheres to:

- UN Principles for Responsible Investments
- UN Global Compact

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- Science Based Targets initiative: Slättö is aligning to the objectives of the Paris Agreement as the firm has committed to setting Net Zero Science Based Targets as a Financial Institution, covering both operational and portfolio emissions across scopes 1, 2 and 3. Slättö is using the forward-looking climate scenario of the Science Based Targets initiative, applying as a Financial Institution investing in real estate.

(a) indicators used that measure the adherence or alignment to international standards, (b) methodology and data used to measure the adherence and (c) forward-looking climate scenario used

International standard	Indicators measuring adherence	Methodology	Data used
Slättö's Policy for Responsible Investments is based on the UN Principles for Responsible Investments	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	ESG due diligence pre-investment	Investment Committee materials related to each investment include a summary of ESG due diligence
Energy Performance of Buildings Directive; Annex 1 of regulation (EU) 2022/1288 on PAI regulatory technical standards, supplementing SFDR	Share of investments in energy-inefficient real estate assets	Primary Energy Demand (PED) in Energy Performance Certificates (EPCs) for cash-flow assets, PED in energy calculations for development projects	See section (e)
GHG Protocol	Energy consumption in GWh of owned real estate assets per square meter	Asset-level data on energy consumption; estimates where there are gaps on tenant energy	See section (e)
GHG Protocol and Net Zero Science Based Targets initiative	GHG emissions (scopes 1, 2 and 3)	Slättö has committed to setting Net Zero Science Based Targets as a Financial Institution, covering both operational and portfolio emissions across scopes 1, 2 and 3	<ul style="list-style-type: none"> • Portfolio emissions: GHG emissions from operational energy in buildings in use and from upfront embodied carbon in construction • Slättö operational emissions: e.g. GHG related to business travel

Historical comparison

Slättö has measured and reported data on energy consumption and GHG emissions since 2021, however the scope of reporting was different, so a historical comparison is not possible. A historical comparison is available for 2022 and 2023, see page 3-4 above. Exposure to energy-inefficient real estate assets remained unchanged at 44%. Energy consumption intensity increased slightly from 0,000124 to 0,000132 GWh/m², but we have increased data coverage of tenant energy which has impacted the result.

2. Sustainability risks

Sustainability risks refer to an environmental, social or governance-related event or circumstance which, should it occur, would have an actual or potentially significant negative impact on the value of the investment or the profitability of the business.

Sustainability risks are managed in the Company's annual risk management process, which seeks to identify significant risks in the entire business and value chain, strengthen management, and take measures to manage exposure to risks. The Company's instructions for risk management are the internal control document that regulates risk management. The sustainability risks that are identified as significant for the Company are managed in the process of ESG due diligence. Ahead of any Investment Committee decision, the Slättö investment team with support from ESG experts sum up the results of the ESG Due Diligence based on a checklist of ESG aspects. A summary of the ESG due diligence findings is included in the materials to the Investment Committee.

Slättö has adopted a Policy for Responsible investments. The Company has decided that investments in property assets intended for activities that are not in line with the Company's sustainability ambitions and which thereby constitute a significant risk to that investment, shall be excluded. Slättö applies the following exclusions: assets that are primarily intended for use in activities related to fossil fuel production or distribution, unregulated alcohol, tobacco and gambling (assets where more than half of turnover is linked to one or more excluded activity); or assets that are used in activities related to controversial weapons.

Slättö's identified sustainability risks relate to compliance with regulations, climate change, lack of environmentally certified properties, working environment and safety, supply chain and pollution. Assessments are made in conjunction with every investment decision and measures are taken in the event that significant sustainability risks are identified. This helps Slättö ensure that risk exposure is kept within established guidelines for the Company and funds managed by the Company.

We have categorized sustainability risks as risks pre-investment and address these through ESG due diligence; and risks post-investment, which we address through the business plan for the asset.

3. Remuneration policy

The Company's remuneration policy promotes sound and efficient risk management, and counteracts risk-taking that is incompatible with alternative investment funds' risk profile, fund regulations, articles of association or equivalent regulations. Variable remuneration must not be based on actions that involve excessive risk exposure. The Company also follows the guidelines for sound remuneration policy published by the European Securities and Markets Authority (ESMA) and other applicable employment laws and regulations.