

SUSTAINABILITY-RELATED DISCLOSURES

SLÄTTÖ VALUE ADD I AB

This information relates to Slättö *Value Add I AB*, reg. no 556994-4464 (the "**AIF**", or the "**fund**"), an alternative investment fund pursuant to the Swedish Act (2013:561) on Alternative Investment Fund Managers. The following document has been compiled by Slättö Förvaltning AB ("**AIF-Manager**" or "**Slättö**") to present investor information in accordance to the requirements set forth in Article 10 of regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**").

(a) Summary

English

This fund promotes environmental or social characteristics and while it does not have as its objective a sustainable investment, it makes sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

The environmental or social characteristics promoted by this fund are:

1. Applying an exclusion list.
2. Reducing GHG emissions in real estate, by lowering energy demand across the financial product's portfolio where relevant.
3. Promoting responsible business conduct in the financial product's investments in real estate development.

The fund's investments meet the environmental or social characteristics provided by the product in accordance with the binding elements of the investment strategy. This excludes assets such as cash, deposits paid for properties where possession has not yet been taken, investment undertakings not yet paid in full and hedging instruments.

The fund's investments also take principal adverse impacts in consideration.

The sustainable investments with an environmental objective aligned with the EU Taxonomy the fund makes are mainly in economic activity 7.7, but may also be in other real estate economic activities.

Proportion of investments: The fund does not have a minimum commitment for sustainable investments.

Monitoring of environmental or social characteristics: Through the fund's life, Slättö monitors the characteristics and indicators. Slättö carries out through environmental and social due diligence ahead of investment decisions, and by following at asset level for example regarding energy consumption, where data is gathered at least yearly.

Methodologies: This consists of monitoring asset-level data, including: information from tenants on activities related to real estate assets; assets' Energy Performance Certificates; energy consumption data; project-level information.

Data sources and processes: Data sources used are Energy Performance Certificates; energy consumption data based on energy invoices for each real estate asset; information gathered by Slättö from tenants and construction suppliers; as well as calculations and estimates when full data is not available.

Limitations to methodologies and data: Gaps include energy consumption data for a part of the owned real estate assets, as regards scope 3, energy purchases by tenants.

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Due diligence: Before an investment, Slättö conducts due diligence to ensure alignment with the firm's exclusion list and to gather data on the asset's energy performance.

Engagement policies: Slättö engages with the companies we invest in, namely the Joint Venture companies the fund may establish or participate in, to ensure we achieve the environmental or social characteristics promoted by the product.

Swedish

Fonden främjar miljörelaterade eller sociala egenskaper och trots att den inte har hållbara investeringar som mål, gör den investeringar som uppfyller kraven för att vara miljömässigt hållbara enligt EU:s taxonomi.

De miljörelaterade eller sociala egenskaper som produkten främjar är:

1. Tillämpning av exkluderingslista.
2. Minskning av växthusgasutsläpp genom att minska energiförbrukningen i de ägda fastigheter där det anses vara relevant.
3. Främjar ansvarsfullt företagande i fondens fastighetsutvecklingsprojekt.

Fondens investeringar främjar miljörelaterade eller sociala egenskaper i enlighet med de bindande delar av fondens investeringsstrategi. Detta exkluderar tillgångar som kontanter, insatta belopp för egendomar där ägande ännu inte har övertagits, investeringar som ännu inte är fullt betalda och risksäkringsinstrument.

Huvudsakliga negativa konsekvenser för hållbarhetsfaktorer beaktas i alla investeringsbeslut.

De miljömässigt hållbara investeringarna i linje med EU:s taxonomi som fonden gör är vanligtvis inom ekonomisk verksamhet 7.7, men kan även finnas inom andra fastighetsrelaterade verksamheter.

Andel av investeringar: Fonden har ingen minimiandel hållbara investeringar.

Övervakning av miljörelaterade eller sociala egenskaper: Under fondens livslängd, följer Slättö upp miljömässiga och sociala indikationer. Innan en investering genomför Slättö due diligence för att säkerställa överensstämmelse med bolagets exklusionslista och för att samla in data om tillgångens energiprestanda.

Metoder: Detta innebär övervakning av data på tillgångsnivå, inklusive information från hyresgäster om aktiviteter relaterade till fastighetsresurser, fastigheternas energiprestanda-certifikat, energiförbrukningsdata, samt information på projektstyrningsnivå.

Datakällor och databehandling: De använda datakällorna är energiprestanda-certifikat, d.v.s. energiförbrukningsdata baserad på energifakturor för varje fastighetsenhet, information som samlas in av Slättö från hyresgäster och byggleverantörer samt beräkningar och uppskattningar när fullständig data inte är tillgänglig.

Begränsningar för metoder och data: Bristerna inkluderar energiförbrukningsdata för en del fastighetsinnehaven när det gäller scope 3 och energiinköp av hyresrätter.

Strategier för engagemang: Slättö involverar sig i Joint Venture-samarbeten som fonden investerar i, för att säkerställa att vi uppnår de miljömässiga eller sociala krav som produkten syftar till att uppnå.

(b) No sustainable investment objective

The fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The fund makes sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

- "Do no significant harm" under EU Taxonomy as regards the sustainable investments the financial product intends to make:

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Slättö assesses each sustainable investment that contributes to EU Taxonomy's environmental objectives 1 or 2 against the Do No Significant Harm criteria of the EU Taxonomy. The economic activity that is most relevant to this fund is 7.7, Acquisition and ownership of buildings.

- "Do no significant harm" under SFDR:

For all the fund's investments, including sustainable investments, Slättö gathers data regarding buildings' Primary Energy Demand based on energy performance certificates (EPCs) for all the assets in our portfolio. We also gather data regarding energy consumption of assets on an ongoing basis and work to reduce energy demand and increase renewable energy use wherever relevant.

Slättö follows up on the indicators for adverse impacts applicable to real estate in Table 1, Annex I of delegated regulation (EU) 2022/1288 ("RTS Regulation"), regarding exposure to fossil fuels through real estate assets and exposure to energy-inefficient real estate assets; and an additional indicator from Table 2, regarding energy consumption intensity in kWh of owned real estate assets per square meter.

- *Alignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the ILO Core Conventions and the International Bill of Human Rights:*

Considering the Platform on Sustainable Finance's Final Report on Minimum Safeguards, Slättö applies Minimum Safeguards, namely with respect to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Slättö's Code of Conduct states the firm's policies on human rights and workers' rights, bribery, taxation and fair competition. Slättö requires all new construction suppliers in real estate development projects to commit to following Slättö's Construction Supplier Code of Conduct. We follow up on our policies through a screening process of construction suppliers where they must answer questions about their commitment and practices with respect to the principles in the Construction Supplier Code of Conduct.

(c) Environmental or social characteristics of the financial product

The environmental or social characteristics promoted by the fund are:

- Characteristic 1: Apply exclusion list. In line with the Slättö Policy for Responsible Investments, the fund does not invest in assets that are primarily intended for use in activities related to fossil fuel production or distribution, unregulated alcohol, tobacco and gambling (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.
- Characteristic 2: Reduce GHG emissions in real estate, by reducing energy demand across the fund's portfolio where relevant.
- Characteristic 3: Promote responsible business conduct in the fund's investments in real estate development. The Code of Conduct promotes business ethics, good work environment and safety, among other aspects.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics.

(d) Investment strategy

The fund directly or indirectly invests in and manages real estate, including investing in companies driving real estate development projects in Sweden. The investments may be directly in real estate assets or in companies owning real estate.

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted are:

- Characteristic 1: Apply exclusion list.

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- As a binding element of the investment strategy, we apply the following exclusions: assets that are primarily intended for use in activities related to fossil fuel production or distribution, unregulated alcohol, tobacco, certain weapons and commercial gaming.
- Characteristic 2: Reduce GHG emissions in real estate, by reducing energy demand across the fund's portfolio where relevant.
 - As a binding element of the investment strategy, we require that the energy performance of the asset is measured before or after purchase (e.g. energy performance certificate, EPC, is made available). We work to improve energy performance wherever applicable, based on our ability to influence. We do the same for all our assets in our portfolio.
- Characteristic 3: Promote responsible business conduct in the fund's investments in real estate development.
 - As a binding element of the investment strategy, for all new real estate development projects we invest in, the construction supplier needs to sign the Slättö Construction Supplier Code of Conduct. The Code of Conduct promotes business ethics, good work environment and safety, among other aspects. The Code of Conduct promotes business ethics, good work environment and safety, among other aspects.

In all Joint Ventures where a Slättö fund is a participant, Slättö representatives (a member of the Investment Committee and/or partner at Slättö) are guaranteed representation on the board of directors of the Joint Venture company. This way Slättö has a continuous involvement in the overall strategic management of the Joint Venture and can exert influence over all key, strategic decisions, e.g. relating to operating and financing. Slättö uses its representation on the board of directors to monitor and evaluate the good governance practices and, when the need arises, ensure that relevant parts of Slättö's internal governance framework are sufficiently implemented in the Joint Venture company.

(e) Proportion of investments

The investments of the fund meet environmental and social characteristics in accordance with the binding elements of the investment strategy. This excludes assets such as cash, deposits paid for properties where possession has not yet been taken, investment undertakings not yet paid in full and hedging instruments.

The fund also makes sustainable investments in line with the environmental criteria of the EU Taxonomy, without a minimum commitment. The periodic reports will state the proportion of sustainable investments. All the remaining investments meet environmental and social characteristics and take principal adverse impacts in consideration, except for other assets such as cash and hedging instruments as described above.

The sustainable investments with an environmental objective aligned with the EU Taxonomy that the fund will make are mainly in economic activity 7.7 but may also be in other real estate economic activities.

(f) Monitoring of environmental or social characteristics

The sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted are:

| Characteristic | Indicator |
|--|---|
| Characteristic 1: Apply exclusion list. | Indicator 1.1: Exposure to fossil fuels through real estate assets (based on PAI indicator in Table 1, Annex I of RTS Regulation), and exposure to excluded sectors through real estate assets. |
| Characteristic 2: Reduce GHG emissions in real estate, by reducing energy demand across the fund's portfolio where applicable. | Indicator 2.1: Exposure to energy-inefficient real estate assets (based on energy performance certificates, EPC; PAI indicator in Table 1, Annex I of RTS Regulation and technical screen criteria from Taxonomy regulation). |

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|--|---|
| | Indicator 2.2: Energy consumption intensity (KWh of owned real estate assets per square meter; based on PAI indicator in Table 2, Annex I of RTS Regulation). |
| Characteristic 3: Promote responsible business conduct in the fund's investments in real estate development. | Indicator 3.1: Percentage of new construction suppliers who have signed the Construction Supplier Code of Conduct in new development projects that the fund invests in. |

Through the fund's life, Slättö monitors the characteristics and indicators. Slättö carries out through environmental and social due diligence ahead of investment decisions, and by following at asset level for example regarding energy consumption, where data is gathered at least yearly.

(g) Methodologies

The methodologies to measures the environmental or social characteristics through the indicators above are as follows:

| Indicator | Methodology |
|--|---|
| Indicator 1.1: Exposure to fossil fuels through real estate assets (based on PAI indicator in Table 1, Annex I of RTS Regulation), and exposure to excluded sectors through real estate assets. | Asset-level data: information from tenants on activities related to real estate assets. |
| Indicator 2.1: Exposure to energy-inefficient real estate assets (based on energy performance certificate, EPC; PAI indicator in Table 1, Annex I of RTS Regulation and technical screen criteria from Taxonomy regulation). | Asset-level data: Primary Energy Demand in Energy performance certificates (EPCs). 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 nearly zero-energy building (NZEB) for assets built after 31/12/2020. See section below on data limitations. |
| Indicator 2.2: Energy consumption intensity (KWh of owned real estate assets per square meter; based on PAI indicator in Table 2, Annex I of RTS Regulation). | Asset-level data: energy consumption. Data is gathered on a quarterly basis. See section below on data limitations. |
| Indicator 3.1: Percentage of new construction suppliers who have signed the Construction Supplier Code of Conduct in new development projects that the fund invests in. | Project-level data, for new real estate development projects the fund invests in: information about number of new construction suppliers who have signed the Construction Supplier Code of Conduct. |

(h) Data sources and processing

Data sources used are energy performance certificates (EPCs) as registered with the competent national authority (in Sweden, the National Board of Housing, Building and Planning); energy consumption data based on energy invoices for each real estate asset; information gathered by Slättö from tenants and construction suppliers; 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 investments.

Data is gathered by Slättö's asset management teams, using an external energy invoicing system, or by Joint Venture partners in case of assets managed externally. Data is stored in an external environmental database and is further processed by Slättö to calculate key indicators.

(i) Limitations to methodologies and data

Limitations to methodologies and data include the following:

- Several development projects and real estate assets have energy performance certificates (EPCs) that are based on calculations instead of actual data for some aspects of energy consumption.
- 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 needs to make qualitative assumptions regarding energy consumption data in scopes 1-2, where we lack complete data on all the purchased energy.
- There are substantial data gaps regarding scope 3 emissions in development projects, which we are working to address by conducting Life Cycle Analysis for representative projects.

Slättö has purchased an energy monitoring system in 2023 which will increase the availability of actual tenant energy consumption data.

(j) Due diligence

Before an investment, Slättö conducts due diligence to ensure alignment with the firm's exclusion list and to gather data on the asset's energy performance. If data is not available before an investment, we gather information after the investment, for example through an energy mapping of the asset carried out by internal or external experts. When investing in new real estate development projects, we screen construction suppliers using a self-assessment questionnaire.

(k) Engagement policies

Slättö engages with the companies we invest in, namely the Joint Venture companies the fund may establish or participate in, to ensure we achieve the environmental or social characteristics promoted by the product. Slättö is always represented on the board of directors of Joint Venture companies. Please see section (d) Investment Strategy for more information.