



COLONY

GREEN HYBRID OFFICES

GREEN FINANCE FRAMEWORK

JUNE 2025

ABOUT COLONY

Colony Real Estate AB (“Colony”) is a private real estate company offering modern, flexible and sustainable office facilities that support hybrid work with the ambition to provide next generation office experiences. We are currently operating in the Helsinki Metropolitan Area and actively evaluating expanding into other European cities which offer favourable office dynamics.

We aim to generate value for our shareholders through active property management, strong tenant relationships, and a strong commitment to sustainability enhancement initiatives. Our operations cover the entire value chain of real estate ownership and development, which includes acquisition, development, and property management. As a purpose driven company, our mission extends beyond financial returns to include creating positive social and environmental impact.

Colony is managed by Altaal, an investment firm acting as principal investor and asset manager. Altaal structures, invests, and provides external capital for green real estate, transition infrastructure, and sustainable credit opportunities. The investment style offers a unique and direct operational approach through knowledge platforms and niche strategies coupled with a bespoke ESG agenda.

OUR SUSTAINABILITY STRATEGY

We are committed to continuously develop our operations and explore new approaches to advance sustainable development in our real estate investments. Our vision is to provide tenants with modern, energy-efficient, full-service office facilities that support hybrid work. We employ a brown-to-green approach, focusing on developing existing properties while addressing the different aspects of sustainability.

In 2022, we established a sustainability programme, based on our most material topics, with corresponding targets for 2025 covering e.g. building certifications, Taxonomy alignment, energy consumption, transport, and waste. The programme is a robust action plan to ensure that the objectives of the sustainability strategy are achieved. The program is implemented in cooperation with the technical managers of the properties, and the progress of the sustainability work is reported annually in our public sustainability report. We are currently in the process of updating the programme with revised targets for the coming years. Our key focus areas remain the same, and in this Green Finance Framework, we highlight the aspects of the program that are of most relevance for green finance.



ENVIRONMENTAL RESPONSIBILITY

PROMOTION OF SUSTAINABLE TRANSPORTATION

We want to promote sustainable mobility and reduce carbon dioxide emissions from traffic by offering our customers shared electric cars. Shared cars reduce the environmental impact of traffic, offer our customers an easy and sustainable mobility option, and promote the circular economy. Additionally, we promote sustainable transportation by providing EV charging stations, bike storage spaces, and locker rooms in all our properties. Furthermore, our building lobbies feature displays with public transportation timetables to encourage the use of public transport.

SOLAR ENERGY PRODUCTION AT SITES

All of our current properties are equipped with solar panels. The adoption of solar panels reduces the need for purchased electricity, promotes sustainable development, and reduces our carbon footprint. The solar panels are connected to an energy management system provided by Enerkey, through which we monitor the panels' electricity production. Information boards in the lobbies display data produced by solar panels in an easy-to-understand format, offering our tenants the opportunity to follow what is happening on the rooftops in real time.

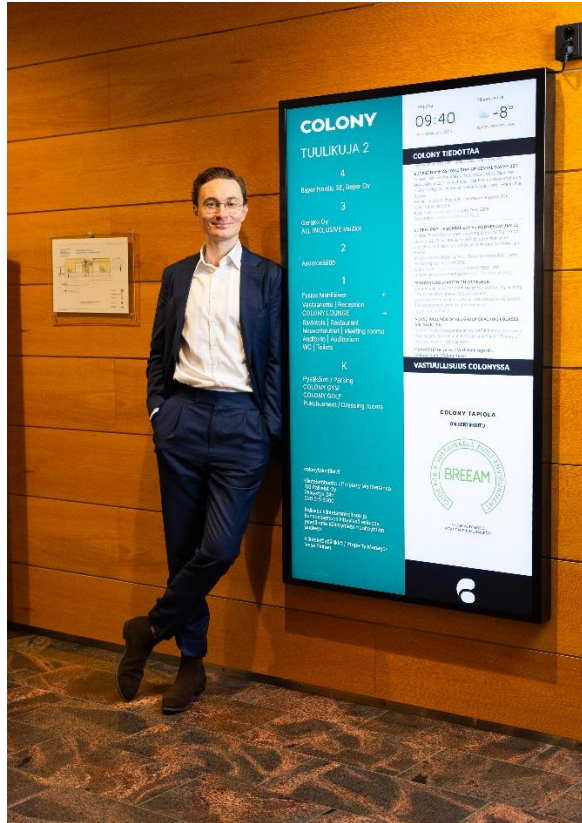
ENERGY CONSUMPTION MONITORING

With the Enerkey system, we are also able to monitor and analyse the energy use of our properties effectively and in real time, which also allows us to better respond to requests from our tenants in the future. Our largest tenants either ask us regularly for consumption data on electricity, heating and water, or measure these themselves. New tenants ask for this information at early stages of lease negotiations, some as early as in the first showing of the property. We are also committed to promoting sustainable practices together with our tenants, and as of 2022, all new lease agreements include green lease terms such as requirements for waste management, monitoring of energy and water consumption, and energy procurement practices. For our current portfolio, we have replaced all heating and electricity contracts with carbon neutral alternatives.

CARBON NEUTRAL WASTE MANAGEMENT

We also want to mitigate climate change through waste management, which is why we have engaged a carbon-neutral waste management service by Lassila & Tikanoja in all our current properties. Emissions from waste management are mainly caused by transport and waste treatment. In carbon-neutral waste management, greenhouse gas emissions caused by the transport

and treatment of waste are measured and compensated by sequestering an equivalent amount of carbon from the atmosphere by means of Gold Standard afforestation projects. Lassila & Tikanoja is also constantly working to reduce emissions from transport through optimised routing, economical driving and an energy-efficient fleet, among other means. In addition, we aim to support waste management practices at our properties by installing relevant sorting facilities.



GOOD GOVERNANCE

Our work within sustainability is governed and managed by Altaal, where the dedicated investment manager is responsible for target setting, strategy implementation, and reporting. ESG factors are also a key part of the due diligence process when analysing new acquisitions, where Altaal’s investment committee and board are ultimately responsible for investment decisions. Sustainability related strategy and policies have been approved at board level, and the board will also receive periodic updates on progress. In addition, sustainability is integrated in our overall budget process, where final approvals, including sustainability-related capex investments, are ultimately approved by the board.

SUSTAINABILITY REPORTING

Good governance is the starting point of everything we do. For us, this means complying with laws and regulations, combating the shadow economy, and ensuring the transparency of communications and operations.

We publish an annual sustainability report on our progress towards sustainability targets. We have assessed the alignment of our portfolio with the criteria of the EU Taxonomy, and we have performed a CRREM analysis to assess our alignment with the goals of the Paris Agreement.

ESG CRITERIA IN THE INVESTMENT PHASE

We are actively looking to acquire additional properties and have integrated ESG criteria throughout all phases of the investment process.

In the **evaluation and deal screening phase**, we use a simple sustainability checklist which covers risks and opportunities as well as topics such as energy efficiency of the property, social facilities, and EU taxonomy alignment. This includes checking for energy performance certificates, primary energy demand, potential environmental building certifications, and whether a CRREM analysis has been conducted. After screening the asset, we perform more **thorough due diligence** together with external advisors to identify material sustainability risks and opportunities in addition to financial, credit, liquidity, and regulatory risks. If a property does not meet our environmental targets, the work required to improve the property to the desired level will be taken into account in the investment decision.

Once the process moves forward, we form a **business plan** to include environmental, social, and governance considerations into the property’s overall strategy and operations. This plan ensures that properties are managed sustainably and engages tenants to promote sustainable practices. While we manage ESG issues and improve performance of our properties during the whole investment process, in the **final phase**, we concentrate on managing the most material ESG issues that can enhance asset value and reduce risk. We believe that good governance is an essential prerequisite for responsible economic development.

EU TAXONOMY ALIGNMENT

The EU Taxonomy states that to qualify as environmentally sustainable, an economic activity should 1) make a **Substantial Contribution** to the achievement of one or several of EU’s six environmental objectives, 2) **Do No Significant Harm** to the achievement of any of the other environmental objectives, and 3) meet **Minimum Social Safeguards**.

We actively contribute towards the EU Environmental Objectives of Mitigating Climate Change and Climate Change Adaptation, and we have therefore aligned our Green Project criteria with the EU Taxonomy technical screening criteria for Substantial Contribution, and the most relevant criteria for Do No Significant Harm.

In addition, Altaal’s and Colony’s ESG policies support ILO conventions and the UN Global Compact principles on human rights, labour, environment and anti-corruption. We also have processes in place for human rights due diligence, anti-bribery, and ethical tax conduct. This ensures a solid governance framework

which adheres to the Minimum Social Safeguards of the EU Taxonomy.

Our ambition is to have 100% Taxonomy-aligned properties over time, and we use external independent verifications to ensure integrity.

CRREM ANALYSIS

The Carbon Risk Real Estate Monitor (CRREM) is a tool developed for assessing climate risks in the real estate sector, showing whether climate emissions from properties are in line with the goal of the Paris Agreement. The analysis enables us to monitor our properties both at individual and portfolio level and is also used to monitor our transition risks. Our ambition is for our portfolio to follow a 1.5°C degree pathway to the extent possible. This will require implementing measures such as increasing the proportion of renewable energy, improving energy efficiency, automation

changes and repairs, renovations of thermostatic radiator valves, balancing of heating networks, roof renovations, sealing and repairing of windows and glazed walls, and renovation of water-cooling units. Please see our annual sustainability report for information on progress.

ENVIRONMENTAL CERTIFICATIONS

Environmental certificates measure the sustainability of a property and enable international comparisons between properties. We are developing the overall sustainability of our properties through certification and strive for ratings above average industry standards (LEED Gold or BREEAM Very Good). Acquired properties are certified in accordance with our sustainability programme within a year of acquisition. Currently, 100% of our properties are environmentally certified.

GREEN FINANCE FRAMEWORK

With our brown-to-green strategy, sustainability is at the core of our operations. We are actively looking to expand our portfolio, as well as develop the properties we currently own to ensure high sustainability standards. To fund and support this journey, we have established this **Green Finance Framework** (the “Framework”), enabling the issuance of debt instruments such as **Green Bonds** and **Green Loans** (hereafter collectively referred to as “**Green Finance Instruments**”).

The Framework is aligned with the 2021 ICMA Green Bond Principles (with 2022 appendix) and the 2025 LMA Green Loan Principles (the “ICMA/LMA Principles”). The Framework defines the assets and projects that can be financed by Green Finance Instruments (“Green Projects”), and it also outlines the process for evaluating, selecting, tracking, and reporting on such investments.

Each Green Finance Instrument issued hereunder should in their relevant transaction documentation refer to this Framework. Colony and any of its wholly owned subsidiaries may use this Framework to issue Green Finance Instruments.

This Framework may in the future be updated to harmonise with market and/or company developments. Any such future changes will not automatically apply to Green Finance Instruments issued under previous versions of the Framework.

In line with the ICMA/LMA Principles and best market practice, this Framework includes the following segments:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review

This Framework also serves as a foundation for issuing **European Green Bonds** in line with Regulation (EU) 2023/2631. For such purposes, we refer to the additional criteria outlined in our **European Green Bond Factsheet**, prepared in line with Annex I of the same regulation, available on our website.

For the avoidance of doubt, we may issue Green Bonds and/or Green Loans based on ICMA/LMA Principles as well as European Green Bonds aligned with Regulation (EU) 2023/2631.



USE OF PROCEEDS

An amount equal to the net proceeds from Green Finance Instruments issued under this Green Finance Framework will be allocated towards a portfolio of assets and projects, in whole or in part, that meet the Green Project criteria listed below. Green Projects may be fully or partly, directly or indirectly, owned by Colony or any of its subsidiaries and allocated proceeds will reflect Colony’s share of the investments.

Green Finance Instruments issued under this Framework will be used to finance new Green Projects as well as for refinancing purposes. New Green Projects are defined as ongoing projects or investments made within the reporting period, while refinancing represents projects and investments completed earlier. Green Finance Instruments may refinance existing debt as well as equity investments in Green Projects.

Refinancing of capital expenditures are applicable without lookback period. For operational expenditures, a lookback period of 24 months applies.

1. GREEN BUILDINGS

Capital and operational expenditures related to acquisition, development, renovation, and maintenance of buildings meeting the Green Project criteria under one of the following categories.

1.A Buildings built after 31 December 2020

- Primary Energy Demand (PED) at least 10% lower than the nearly zero-energy building (NZEB) threshold, as defined by local standards, or
- At least one of the following certifications: BREEAM Excellent, LEED Gold, or meeting equal or higher requirements via other certification schemes or contractual agreements.
- For buildings larger than 5,000 square meters, the building is expected to undergo testing for air-tightness and thermal integrity, and calculation of its life-cycle Global Warming Potential (GWP). As an alternative, where robust and traceable quality control processes have been in place during construction, this is acceptable as an alternative to thermal integrity testing.
- An analysis of material climate-related risks shall be performed. For new acquisitions, the analysis shall be performed within one year.

EU Environmental Objective: Climate Change Mitigation

EU Taxonomy economic activity: 'Acquisition and ownership of buildings'

1.B Buildings built before 31 December 2020

- Energy Performance Certificate (EPC) of A or within the top 15% of the national or regional building stock in terms of Primary Energy Demand (PED), as defined by local standards, or
- At least one of the following certifications: BREEAM Very Good, LEED Gold, or meeting equal or higher requirements via other certification schemes or contractual agreements.
- Where the building is a large non-residential building (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) it is efficiently operated through energy performance monitoring and assessment.
- An analysis of material climate-related risks shall be performed. For new acquisitions, the analysis shall be performed within one year.

EU Environmental Objective: Climate Change Mitigation

EU Taxonomy economic activity: 'Acquisition and ownership of buildings'

1.C. Buildings adapted to climate change

- Buildings where physical and non-physical adaptation solutions that substantially reduce the most important physical climate risks that are material to the building have been implemented, and where risks have been identified, assessed and managed in line with EU Taxonomy criteria for Substantial Contribution to Climate Change Adaptation.
- The building is not dedicated to extraction, storage, transport or manufacture of fossil fuels.
- For buildings built after 31 December 2020:
 - Primary Energy Demand (PED) does not exceed the nearly zero-energy building (NZEB) threshold, as defined by local standards.
- For buildings built before 31 December 2020:
 - Energy Performance Certificate (EPC) of C or within the top 30% of the national or regional building stock in terms of Primary Energy Demand (PED), as defined by local standards.

EU Environmental Objective: Climate Change Adaptation

EU Taxonomy economic activity: 'Acquisition and ownership of buildings'

2. ENERGY EFFICIENCY

Individual measures aimed at reducing energy consumption or increasing energy efficiency in buildings and non-fossil energy systems, targeting at least 20 percent improvement, or 20 percent better performance, compared to conventional methods, including:

- Energy efficiency equipment associated with insulation, windows, doors, façade, lighting, heating, cooling and ventilation.
- Systems, instruments and devices for measuring, analysing and controlling energy performance of buildings, such as zoned and smart thermostats, sensing equipment, light control systems and smart meters.
- The activity excludes use of hazardous substances in line with relevant EU regulations. Potentially hazardous work situations, such as asbestos-related work, will be performed by trained personnel with proper health monitoring and in compliance with relevant laws and regulations.

EU Environmental Objective: Climate Change Mitigation

EU Taxonomy economic activities: 'Installation, maintenance and repair of energy efficiency equipment', and 'Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings'

3. RENEWABLE ENERGY

Construction, development, acquisition, installation, maintenance and repair of renewable energy technologies, including:

- Solar PV systems, including rooftop solar panels.

EU Environmental Objective: Climate Change Mitigation

EU Taxonomy economic activities: 'Installation, maintenance and repair of renewable energy technologies'

4. CLEAN TRANSPORTATION

Construction, development, acquisition, installation, maintenance, and repair of infrastructure and supporting services for zero tailpipe emissions transport, including:

- Charging stations for electric vehicles
- Electric car sharing services for customers
- Bicycle parking

EU Environmental Objective: Climate Change Mitigation

EU Taxonomy economic activities: 'Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)', 'Transport by motorbikes, passenger cars and light commercial vehicles', and 'Infrastructure for personal mobility, cycle logistics'

EXCLUSIONS

For the avoidance of doubt, Green Finance Instruments will not be used to directly finance investments in fossil energy generation, research and/or development within controversial weapons, resource extraction causing grave harm to the environment, gambling, pornography or tobacco.

PROCESS FOR PROJECT EVALUATION AND SELECTION

To ensure the transparency and accountability around the selection of Green Projects, Colony has established an internal Green Finance Committee, responsible for evaluating assets and projects against the criteria of this Framework.

The Green Finance Committee consists of the CFO and responsible investment manager, with input from asset managers and technical property managers. Other company representatives with relevant expertise may from time to time be invited when deemed relevant.

Only such assets and projects that comply with the Green Project criteria defined in the Use of Proceeds section of this Framework are eligible to be financed with Green Finance Instruments. The Green Finance Committee is responsible for keeping a register of all Green Projects, which is to be updated at least on a quarterly basis.

The Green Finance Committee holds the right to, at their own discretion, exclude any Green Project already funded by Green Finance Instruments, whereby proceeds will be reallocated as further described under Management of Proceeds. It is our ambition to follow relevant developments in the green finance market, and our Green Finance Committee is further responsible for any future oversights and updates of this Framework.

As part of our overall risk management work in Colony, we identify and assess environmental and social risks related to our projects. This is further described in the introduction part of the framework.

MANAGEMENT OF PROCEEDS

An amount equal to net proceeds from issued Green Finance Instruments will be earmarked for financing and refinancing of Green Projects as defined in this Framework. Unallocated proceeds will be kept in a dedicated bank account until allocated towards financing or refinancing of Green Projects. We aim to fully allocate an amount equal to net proceeds from a Green Finance Instrument towards Green Projects within two years from its issue date.

As new Green Projects are initiated, and existing projects may be sold, the portfolio of Green Projects will be dynamic over time. After reaching full allocation, we aim to ensure that the aggregate amount invested in Green Projects is equal to or exceeds the outstanding volume of Green Finance Instruments.

If a Green Project already funded by Green Finance Instruments is sold or for other reasons is no longer considered eligible by the Green Finance Committee, we will strive to replace such project by another qualifying Green Project as soon as practically possible.

The Finance Department is responsible for managing the allocation of proceeds and keeping track of allocated amounts towards the Green Project portfolio.

In the event of unallocated proceeds, these will be placed in the liquidity reserves and managed accordingly. Unallocated proceeds cannot be used temporarily to finance any activity as defined by the exclusion criteria under Use of Proceeds.

REPORTING

To enable investors and other stakeholders to follow the developments of the Green Projects financed by Green Finance Instruments, we will publish a Green Finance Report. The report will be published annually for as long as there are Green Finance Instruments outstanding or until full allocation of net proceeds, and it will be made available on our website. The report will include an overview of allocation as well as environmental impact, based on the metrics provided below. For European Green Bonds, reporting will be based on the requirements and templates listed in Regulation (EU) 2023/2631.

ALLOCATION REPORT

The allocation report will include the following information:

- The nominal amount of Green Finance Instruments outstanding, divided by instrument type
- Amounts allocated to each of the Green Project categories
- The share of new financing versus refinancing
- Examples of Green Projects financed by Green Finance Instruments
- The amount of net proceeds awaiting allocation (if any)

IMPACT REPORT

Colony aims to disclose the environmental impact of the Green Projects financed under this Framework. Reporting of environmental impact will, to some extent, be aggregated for each Green Project category and, depending on data availability, calculations will be made on a best intention basis. The impact metrics will be measured where possible and otherwise estimated. Methods and assumptions used in calculations will be disclosed.

The impact assessment may, where applicable, be based on the following metrics:

- Share of properties with solar panels
- Share of properties with environmental certification (in line with this framework)
- Share of renewable energy in energy consumption
- Waste recycling rate
- Carbon footprint of energy consumption (kgCO₂/m², Scope 1 and 2), market and location based
- Primary Energy Demand

EXTERNAL REVIEW

PRE-ISSUANCE REVIEW

Colony has obtained a Second Party Opinion from Sustainable Fitch to confirm the alignment of our **Green Finance Framework** with the 2021 ICMA Green Bond Principles and the 2025 LMA Green Loan Principles, as well as the alignment of our **European Green Bond Factsheet** with Regulation (EU) 2023/2631. The Second Party Opinion will be made available on our website together with this Framework, the European Green Bond Factsheet, and any future Green Finance reports.

POST-ISSUANCE REVIEW

As part of our Green Finance Report, an independent auditor appointed by Colony will provide a limited assurance report confirming the amount of proceeds from issued Green Finance Instruments that have been allocated to Green Projects. For European Green Bonds, post-issuance review of allocation will be conducted in line with Regulation (EU) 2023/2631. Any post-issuance reviews will be made available on our website.

