

## SFDR Periodic Disclosure for Infranode I (No. 1)

**Product name:** Infranode I (No.1) AB

**Legal entity identifier:** 556982-5283 (corporate identity number)

**Product type:** Article 8 (1), (2), and (2a) of the Regulation (EU) 2019/2088 (SFDR)

**Reporting period:** Full Year 2022

**Regulatory reference:** This report contains a periodic report for the fund as required by Article 6 of Regulation (EU) 2019/2088 (SFDR) for Article 8 products. The report is based on the template provided in Annex III of the Commission Delegated Regulation (EU) 2023/363. The annex to this report contains the principal adverse impact indicators (PAIIs) based on Annex I of Commission Delegated Regulation (EU) 2022/1288 (corrigendum published 27 December 2022).

### Environmental and/or social characteristics

Figure 1: Fund’s environmental and/or social characteristics.

| Did this financial product have a sustainable investment objective?                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> Yes                                                                                                                                                                                                                                                                                                                                                                                           | <input type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <div><input type="checkbox"/> It made sustainable investments with an environmental objective: ____%</div> <div><div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div> <div><input type="checkbox"/> It made sustainable investments with a social objective: ____%</div> | <div><input checked="" type="checkbox"/> It promoted Environmental / Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of <b>73% of sustainable investments<sup>1</sup></b>.</div> <div><div><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<sup>2</sup></div><div><input type="checkbox"/> with a social objective</div></div> <div><input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b></div> |

<sup>1</sup> The indicated EU Taxonomy-alignment implies solely substantial contribution to climate change mitigation. The indicated share is based on turnover for the reporting period. The assessment was conducted by independent third party experts, and verified by portfolio companies for the respective reporting period.

<sup>2</sup> The assessment of business activities which are not EU Taxonomy-eligible was not conducted during the reporting period.

## To what extent were the environmental and/or social characteristics promoted by this financial product met?

The fund promotes environmental and social characteristics by investing in infrastructure assets and projects that enable sustainable and efficient functioning of the environments, economies, communities, and people that they serve. The fund manages a diverse portfolio of infrastructure companies, such as energy utilities, renewable power generation, transport, and digital infrastructure.

Sustainability in a broader sense – and climate considerations in particular – are integral to every stage of the fund's investment journey. During the investment phase, the Infranode team verifies that target companies do not operate in sectors that are subject to exclusion criteria, such as direct involvement in extraction of fossil fuels, or conducting a material share of operations based on the use of such fuels. Due diligence conducted by industry experts assesses exposure to sustainability risks, readiness to report in line with SFDR PAII, and a mapping of UN sustainable development goals (SDGs), as well as the target company's general sustainability governance. Due diligence findings then become an integral part of shareholder agreements.

During the active ownership phase, the team focuses on integrating the company into Infranode's ESG 'wheel'. This starts from ensuring that the company's sustainability governance complies with best practice at each level: the board, company management, and throughout the company's organisation. Sustainability factors are set as essential topics for regular follow-up by the board. According to Infranode best practice, sustainability KPIs are integral to management performance criteria. Furthermore, the company is onboarded to ESG reporting cycles, including SFDR PAI, as well as to the global real estate sustainability benchmark (GRESB) platform. During the onboarding, Infranode engages industry experts to conduct an EU Taxonomy assessment for the company's business activities. Once onboarded, the Infranode asset management team focuses on improving the sustainability performance of each portfolio company.

## How did the sustainability indicators perform?

In 2022, Infranode's priority has been to increase ESG data quality and coverage across the portfolio, with specific focus on GHG emissions within Scopes 2 and 3. Good data quality enables the setting of performance improvement targets in the future. SFDR PAII performance is presented as an annex to this report.

*Table 1: Selected sustainability indicators, presented considering share of investments in the fund.*

| Selected sustainability indicators                                     | FY 2022 | FY 2021 |
|------------------------------------------------------------------------|---------|---------|
| Overall SFDR PAI data coverage for this fund                           | 94%     | 88%     |
| ...including data coverage for GHG Scope 1 emissions                   | 97%     | 94%     |
| ...including data coverage for GHG Scope 2 emissions                   | 97%     | 81%     |
| ...including data coverage for GHG Scope 3 emissions                   | 97%     | 0%      |
| Proportion of investments subject to pre-investment ESG due diligence  | 100%    | 100%    |
| Proportion of assets with GHG emissions reduction targets <sup>3</sup> | 0%      | 0%      |
| Proportion of assets covered by a code of conduct                      | 100%    | 100%    |
| Investments seeking to contribute to the SDGs                          | 100%    | 100%    |

<sup>3</sup> In 2022, with focus on data quality, no targets for reduction of GHG emissions have been set.

*Table 2: Mapping of contribution to SDGs by the Infranode portfolio, verified by third party experts. Note that some assets contribute to more than one SDG, and each asset in the fund contributes to at least one SDG.*

| SDG    | Assets contributing                                                                                               | % of Fund AUM |
|--------|-------------------------------------------------------------------------------------------------------------------|---------------|
| SDG 4  | Velfra                                                                                                            | 12%           |
| SDG 7  | Oslo Fjord Varme, Vandel III, Loiste, Akershus Energi Varme, Alight, Skånska Energi, Varmalämnitys, Yilport Gävle | 88%           |
| SDG 9  | Oslo Fjord Varme, Vandel III, Loiste, Yilport Gävle, Akershus Energi Varme, Alight, Skånska Energi, Varmalämnitys | 88%           |
| SDG 11 | Oslo Fjord Varme, Loiste, Akershus Energi Varme, Velfra                                                           | 67%           |
| SDG 12 | Oslo Fjord Varme, Loiste, Akershus Energi Varme                                                                   | 54%           |
| SDG 13 | Oslo Fjord Varme, Vandel III, Loiste, Akershus Energi Varme, Alight                                               | 75%           |

### ... and compared to previous periods?

Compared to the previous year, the fund made substantial progress with regard to data quality, especially considering GHG Scope 2 and 3 – as presented in Table 1 above.

### What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The fund has not committed to any specific share of sustainable investments; however it conducts ESG monitoring and exercises transparency and reporting as required for SFDR Article 8 products. The investments which are verified as EU Taxonomy-aligned are thus making a substantial contribution to the objective of climate change mitigation. The assessment has been conducted by an independent third party and verified by the portfolio companies' management.

The fund's EU Taxonomy-alignment shares are presented in Figure 4 (on page 6 of this report).

### How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The business activities of the portfolio companies were subject to EU Taxonomy assessment by an independent third party. Eligible business activities were subject to assessment and verification against EU Taxonomy criteria on Do No Significant Harm. The verified EU Taxonomy-aligned investments are therefore considered to be not causing significant harm. The fund's EU Taxonomy-alignment shares are presented in Figure 4.

Non-eligible business activities have not undergone this assessment; however all Infranode investments are subject to extensive ESG due diligence which verifies no significant sustainability risks. The monitoring of performance in this area is also an integral part of board work at each portfolio company. It is therefore assessed that no investments in the portfolio are doing significant harm to any environmental objective.

### How were the indicators for adverse impacts on sustainability factors taken into account?

Consideration of principal adverse impacts on sustainability factors is an integrated part of the ESG due diligence and sustainability monitoring of the portfolio, and represents an integral part of the active ownership approach exercised by Infranode. The annex to this report presents SFDR PAII for the fund for the current reporting period.

## Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The business activities of the portfolio companies have been subject to EU Taxonomy assessment by an independent third party. Eligible business activities were subject to assessment and verification against EU Taxonomy criteria on Minimum Safeguards – which (among other things) are based on the OECD MNE Guidelines and the UNGP on Business and Human Rights. The verified EU Taxonomy-aligned investments are therefore considered to be aligned with the OECD MNE and the UNGP. Furthermore, portfolio companies participate in the GRESB benchmark, which (among other things) conducts an extensive assessment of companies' governance against best practice. It is therefore considered that all investments adhere to good governance as assessed in the due diligence and monitored during the holding period.

## How did this financial product consider principal adverse impacts on sustainability factors?

Consideration of principal adverse impacts on sustainability factors is an integrated part of the ESG due diligence and sustainability monitoring of the portfolio, and represents an integral part of the active ownership approach exercised by Infranode.

Infranode publishes the PAI indicators for this fund annually in this periodic report. The disclosure is solely based on the information reported by portfolio companies. Aggregation of the portfolio-level indicators to fund level SFDR PAII is conducted by independent third party experts, in strict compliance with SFDR regulation.

The annex to this report presents SFDR PAII for the fund for the reporting period.

## What were the top investments of this financial product?

Top investments of the fund are presented in Table 3.

*Table 3: Top investments of the fund.*

| Largest investments | Main sector(s)                       | % AUM  | Country |
|---------------------|--------------------------------------|--------|---------|
| Oslofjord Varme     | District heating/cooling             | 30.1 % | Norway  |
| Loiste Group        | Distribution of electricity          | 17.2%  | Finland |
| Vandel III          | Production of electricity (solar PV) | 15.7%  | Denmark |

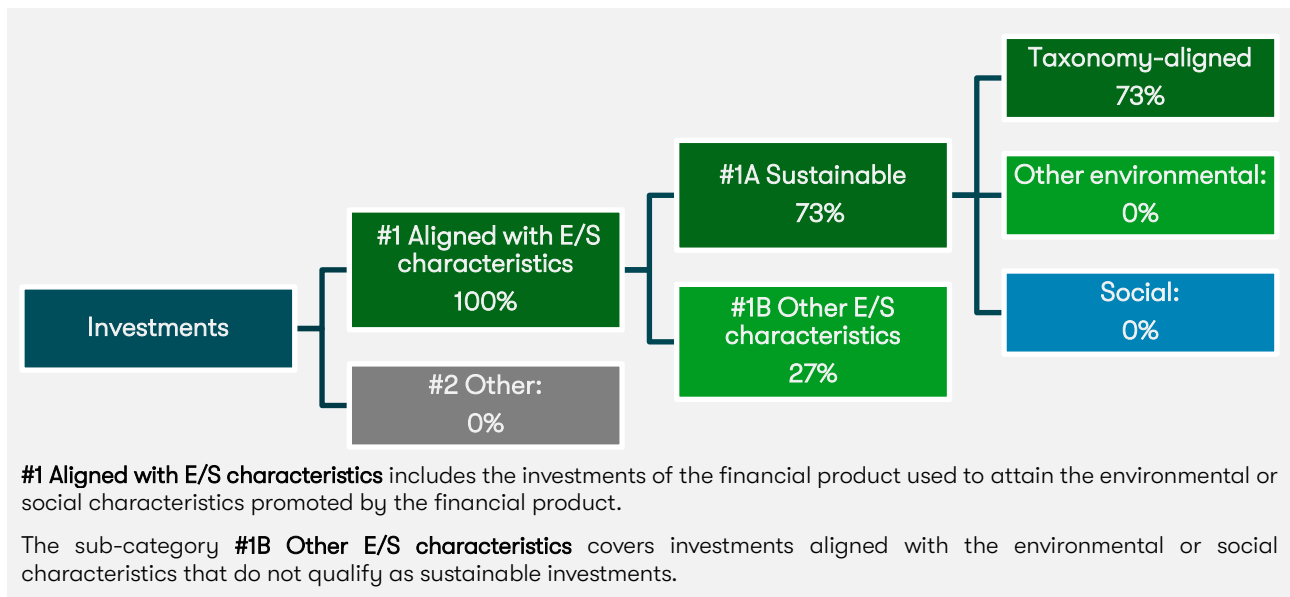
## What was the proportion of sustainability-related investments?

The EU Taxonomy assessment has been conducted by an independent third party and verified by the portfolio companies' management. The fund's EU Taxonomy alignment shares are presented in Figure 4 (on page 6 of this report). Infranode has not assessed whether any of the investments not aligned to the EU Taxonomy can be considered as sustainable investments under SFDR criteria.

## What was the asset allocation?

The asset allocation is presented in Figure 2 below.

Figure 2: SFDR asset allocation. All assets in the fund fall within category #1 Aligned with E/S characteristics.



### In which economic sectors were the investments made?

The investments in this fund were made in the following sectors:

- Steam and air conditioning supply (NACE: D35.30)
- Production of electricity (NACE: D35.11)
- Distribution of electricity (NACE: D35.13)
- Service activities incidental to water transportation (NACE: H52.22)
- Buying and selling of own real estate (NACE: L68.10)

The fund did not make any new investments during 2022.

### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Infranode conducted an assessment of the business activities of its portfolio companies regarding their alignment to the EU Taxonomy. The assessment of whether individual assets are classified as environmentally sustainable, in accordance with Article 3 of Regulation (EU) 2020/852, was conducted by a third party (Position Green) engaged during 2022. Each business activity conducted by the portfolio companies was assessed against EU Taxonomy criteria covering substantial contribution to the objective of climate change mitigation. The criteria Do No Significant Harm and Minimum Safeguards were also assessed by Position Green.

For FY 2022 reporting, the portfolio companies were required to verify the results of the assessment and report allocation of turnover, capex and opex among their respective business activities as at the identified reporting period. The fund level share was subsequently determined by Position Green in full compliance with SFDR methodologies based on the values of the assets reported by Infranode at the reporting period.

The fund's EU Taxonomy alignment shares are presented in Figure 4 below.

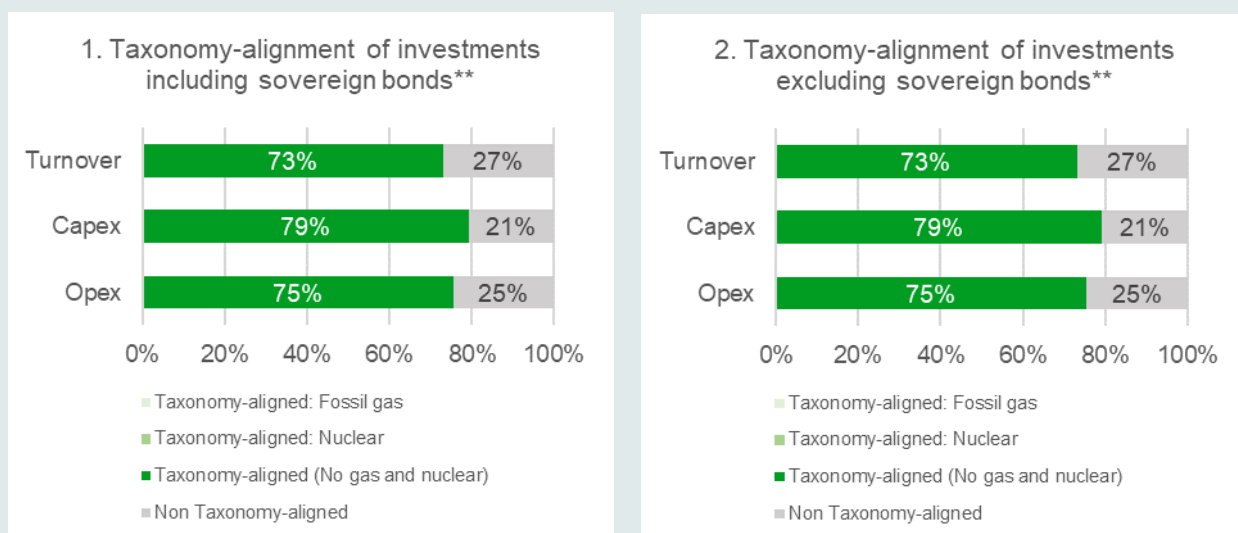
## Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?

Figure 3: Did the fund invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy.

|                                        |                                        |                                            |
|----------------------------------------|----------------------------------------|--------------------------------------------|
| <input type="checkbox"/> Yes           | <input type="checkbox"/> In fossil gas | <input type="checkbox"/> In nuclear energy |
| <input checked="" type="checkbox"/> No |                                        |                                            |

Figure 4: Fund's EU Taxonomy alignment for the reporting period.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\*The Taxonomy-alignment share only covers substantial contribution to climate change mitigation. Substantial contributions to other objectives of the EU Taxonomy are not included.

\*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

## What was the share of investments made in transitional and enabling activities?

Following classification established by the EU Taxonomy, 16% of investments was made in enabling activities, and 0% in transitional activities (based on turnover FY 2022 and respective asset value assuming that the classification requires these business activities to be also taxonomy-aligned).

## How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

No data is available for previous reference periods.

## **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The fund has not assessed whether any of the investments not aligned with the EU Taxonomy can be considered as sustainable investments under SFDR criteria. As such this share is 0%.

## **What was the share of socially sustainable investments?**

The fund has not assessed whether any of the investments not aligned with the EU Taxonomy can be considered as sustainable investments under SFDR criteria. As such this share is 0%.

## **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

No investments are classified as “other”.

## **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

During the reporting period, Infranode conducted the following actions:

- Engaged an independent third party ESG expert (Position Green) to conduct evidence-based assessment of the EU Taxonomy alignment of the business activities of portfolio companies. Assessment was conducted in close cooperation with the portfolio companies. The assessment was completed during 2022.
- Engaged an independent third party expert (Carbon 4) to conduct physical climate risk assessment of the portfolio. The assessment was conducted in full compliance with EU Taxonomy criteria. Any identified elevated risks were presented and discussed with related portfolio companies, and the physical readiness of the assets to meet future risks was verified.
- Engaged a legal advisor (MSA) for SFDR-related and EU Taxonomy advice.
- Engaged a technical advisor (Sweco) to assess DNSH criteria for EU Taxonomy business activity 4.15 (district heating). The assessment was necessary to complete the EU Taxonomy assessment of related fund assets.
- Further strengthen the ESG due diligence (DD) framework and Infranode's ESG DD tool.
- Developed an ESG ‘annual wheel’ for the existing portfolio based on ongoing dialogue with Infranode's investors, feedback from portfolio companies and SFDR requirements. The wheel covers a systematic approach to SFDR PAII reporting, GRESB benchmarking, analysis of performance and the identification of areas for improvement.
- Developed ESG goals for portfolio companies – based on GRESB performance, the results of EU Taxonomy assessment, and other sustainability indicators.

Actions planned for the next reporting period include analysis of the SFDR PAI performance of the portfolio, with the following aims: identification of performance targets, net zero assessment of the portfolio, improvement of GRESB performance, further systematization of ESG onboarding of the assets, and further tailoring of the ESG annual wheel. Alongside the portfolio companies, the Infranode asset management team continues to work on a range of concrete sustainability initiatives.

## **How did this financial product perform compared to the reference benchmark?**

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.