



SUSTAINABILITY REPORT

2020

INFRANODE AB

FOUNDING PARTNERS STATEMENT

June 2021

A successful 2020 for Infranode

The impact that the COVID-19 pandemic has had on our society, and the challenges it has brought to us as an investment organisation during 2020, should not be underestimated. This, however, only strengthens Infranode's commitment to sustainability and ESG practices. By staying focused on our long-term ambitions, we have been able to successfully continue our ESG journey. We persist in a dialogue with our portfolio companies on further improvement of ESG, continue refinement of our internal ESG due diligence practices to better capture status with new investments, while also assessing capabilities for its improvement.

Remaining true to our vision, in 2020 we continued strengthening our portfolio of responsible investments that create value to the society. In Finland, Infranode invested in Vantaan Energia Keski-Uusimaa (VEKU) that generates and supplies heating to the residents of Järvenpää and Tuusula – two urban centres located about 30 min north from Helsinki. VEKU has a sustainable generation profile: running on bio- and waste-based fuels, it produces 340 GWh of heat and 90 GWh of electricity annually. Swedish portfolio company Alight II completed several solar investments; both roof-top and solar park assets are backed by long-term PPAs. With this, the portfolio is set to generate 15 GWh of renewable energy annually. In Denmark, we have entered into a framework agreement with Port of Esbjerg to invest up to one billion Danish kroner into facilities required for the wind turbine industry of the port. The project may potentially create thousands of “green” jobs in Esbjerg and the rest of Denmark.

We remain committed to contribute to a more sustainable society through responsible investment practices. Despite the challenging year, Infranode made it through 2020 with stable results and with continued ability to keep this commitment. In the upcoming year together with our investors, co-shareholders and management teams, we continue to further develop and improve ESG practices at our portfolio companies. As a team, we remain dedicated to maintaining sustainable operations profile on asset level for its customers, for the entire fund portfolios and for the society in general.



Christian Doglia

*Founding Partner, CEO
Member of the Investment Committee
Member of the ESG Committee*



Philip Ajina

*Founding Partner, CIO
Member of the Investment Committee
Member of the ESG Committee*

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INFRANODE IN BRIEF

*Enabling responsible and credible capital
to be invested in infrastructure through a long-term model
that creates value for society, citizens and investors*

**Infrastructure investment
experience of over 200 years**



**Commitments of
c. SEK 17 billion**



**Sustainability is part
of our core strategy**



**Dynamic team
20 FTE**



Truly local with offices in:

Stockholm,
Helsinki, and Oslo

Gender ratio: target (current)

Company: 40 (30) / 60 (70)
Management: 40 (25) / 60 (75)
BoD: 40 (0) / 60 (100)
ESG Committee: 50 / 50

**Partnerships and industry
collaboration**



Long-term
Infrastructure
Investors
Association

**Fair trade gold standard
carbon offset
for internal operations**



Signatory of:



Principles for
Responsible
Investment



G R E S B[®]

INFRANODE'S APPROACH TO ESG INTEGRATION

Leading sustainable infrastructure investment platform in the Nordics

Infranode is a long-term infrastructure investment platform with sustainability in the core of our investment philosophy. We are convinced that incorporation of ESG into investment and asset management approaches lead to successful business. We do it through enhanced identification and risks management, combined with value creation for customers, society and investors. Infranode's approach constitutes an efficient way for institutional investors to access essential infrastructure assets with attractive long-term returns while offering the public sector a responsible and reliable business partner.

For Infranode, a responsible approach is to invest in infrastructure that promotes sustainable and efficient functioning of economies, communities and people that they serve. This implies infrastructure that has a low, zero or negative carbon footprint (*climate friendly*); can absorb disturbances like climate change or a financial crisis while maintaining its core function and structural capacity (*resilient*); provides cross-system complementarity (*connected*); and brings improved health, safety, education and social inclusiveness (*inclusive*). Our strong belief is that this approach has a beneficial impact on communities and markets where the assets are located while providing long-term, sustainable value to Infranode's investors.

ESG focus enhances Infranode's investment strategy: long-life assets delivering stable risk-adjusted returns and with low correlation to macroeconomic and capital markets cycles. Once in the Infranode portfolio, the assets become subject to continuous monitoring regarding their ESG performance, currently predominantly by using GRESB methodology and platform. GRESB assessment identifies areas for ESG improvement leading to an adjustment of the operational strategy and governance work on asset and fund levels. Long-term, this creates value for society, ultimately leading to an enhanced value for our portfolio and investors.

At Infranode, we continuously improve our approach towards ESG and monitor industry best practice through engagements with organizations such as Principles for Responsible Investment (PRI), Sweden's Sustainable Investment Forum (SWESIF), Long Term Infrastructure Investors Association (LTI/A) and Global Real Estate Sustainability Benchmark (GRESB).

The Infranode portfolio is assessed to contribute to society's broader sustainability objectives, namely to eight Sustainable Development Goals.



Signatory of:



Robust framework for ESG integration across the entire Infranode value chain

Infranode's framework for integrating ESG into the investment process and long-term asset management has three components:

1. Infranode's ESG policy, including principles and standards for responsible business conduct,
2. An experienced team with leading skills and knowledge across Infranode's sectorial focus,
3. Close cooperation and continuous value creation together with portfolio companies.

Infranode's investment process consists of five stages of ESG integration, with Investment Committee oversight at each stage. The objectives of the process are to enable sustainable long-term value creation; to identify, mitigate and manage ESG related risks; as well as achieve positive ESG impacts within each part of the business value chain.

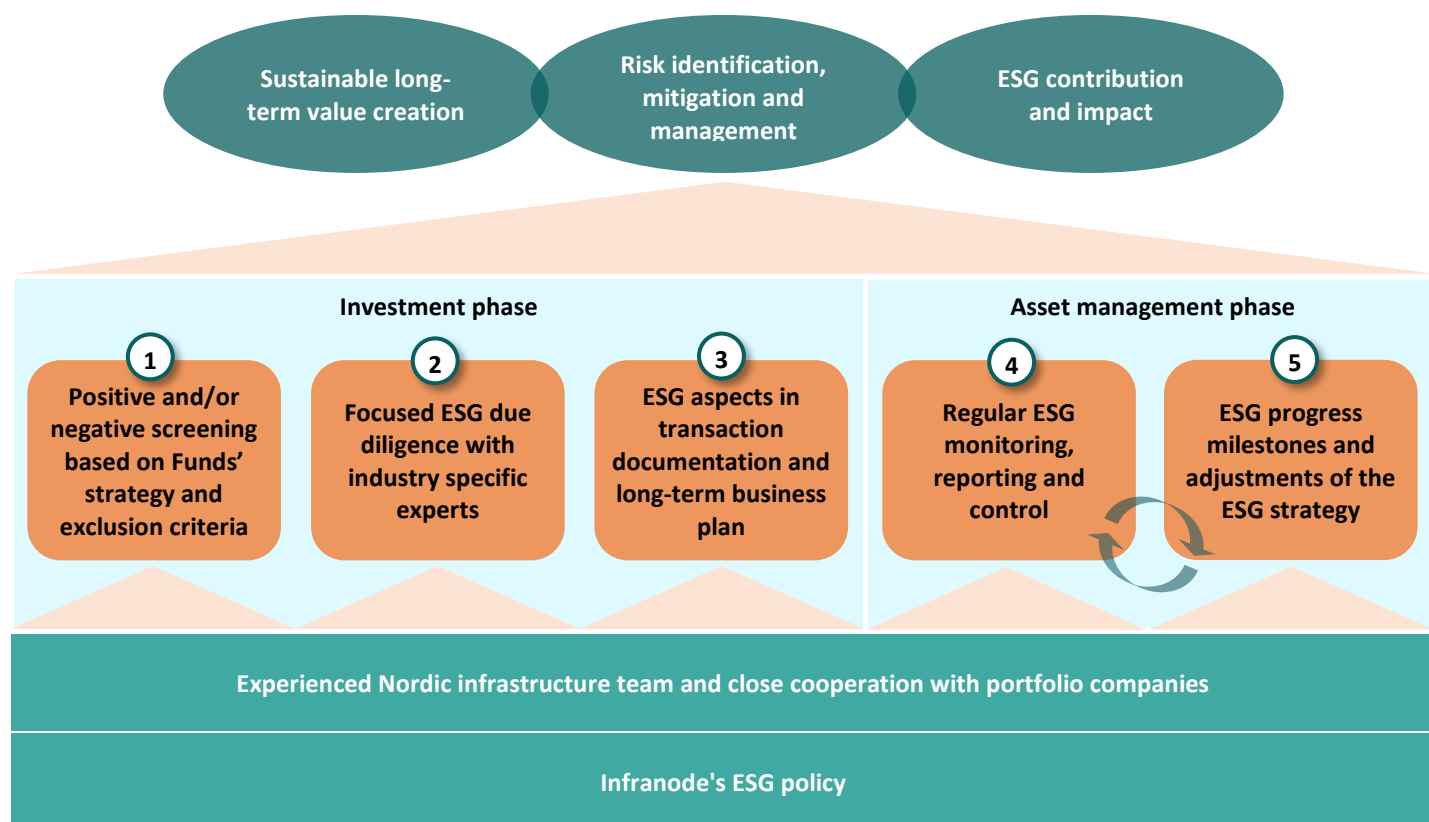


Illustration of Infranode's ESG framework

ESG MANAGEMENT AND RESPONSIBILITIES

Infranode's ESG Committee

Oversight of the ESG matters and their integration across the company is the responsibility of Infranode's Management Team. The Management Team appoints the Head of Sustainability and members to the ESG Committee to assist with implementation of the ESG policy and its integration within Infranode and investee companies.

The ESG Committee is led by the Head of Sustainability and comprises of several team members from all business functions within Infranode, namely investment, asset management, investor relations, legal and compliance, and finance. The ESG Committee meets at least quarterly and is responsible for:

- Strategy, policy and procedure matters
- Managing development of ESG due diligence frameworks and procedures for ESG integration in company valuations
- Managing ESG related improvement plans at Infranode and portfolio companies
- Monitoring and improving ESG KPIs
- Managing ad-hoc ESG matters at portfolio companies
- Reviewing ESG reporting to investors
- External compliance and reporting

ESG Committee



Johan Tiselius
Head of Sustainability and ESG



Christian Doglia
CEO



Philip Ajina
CIO



Evelina Radgren
Head of Investor Relations



Julia Kosulko
Operations Manager



Ann Halvarsson
Fund Controller



Carl-Emil Lindholm
Head of Sweden



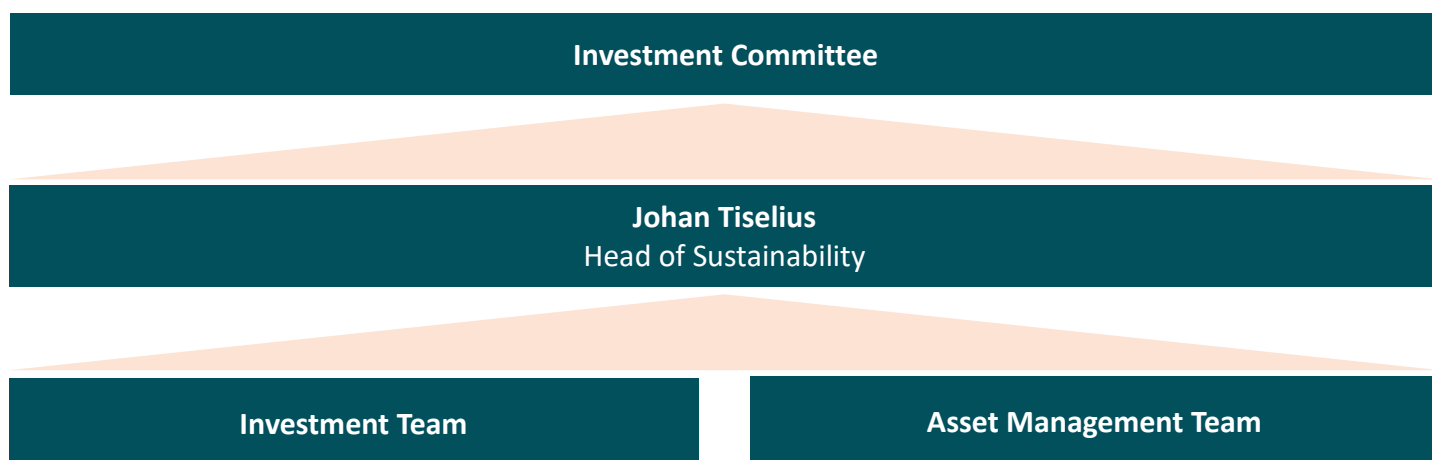
Ulrika Hasselgren
Senior Advisor

ESG oversight – Investment and Asset Management teams

For each new investment project, Infranode allocates the necessary resources to a dedicated Deal Team to ensure effective execution of the transaction. The Deal Team is responsible for scoping and conducting focused ESG due diligence in collaboration with sector specific experts and reflect the outcome of such assessment in the long-term business plan of the portfolio company. The Deal Team is also responsible for engagement of Asset Management Team to development of the business plan, as well as including ESG related aspects in transaction documentation to ensure effective ESG governance is possible during the ownership phase.

For each portfolio company, Infranode appoints an Operations Manager of the Asset management team with responsibility for the ongoing management of that investment. As part of that role, the Asset Manager is responsible for the implementation of the specific ESG objectives identified for the particular asset, as well as for identification and managing ESG-related risks and opportunities related to the portfolio company.

Investment professionals and asset managers within Infranode continuously develop their ESG expertise via annual training on ESG matters and participation in subject-related forums and expert discussions.



ESG key activities in 2020 and outline for 2021

In 2020, the ESG focus of Infranode has been on further harmonisation of the ESG approach within investment process and asset management. Portfolio assets have been introduced to the GRESB platform for a pilot review. This exercise has been within the grace period of GRESB methodology when the effort is focused on data quality more than the final score. With this completed, the assessment of 2021 shall reveal credible GRESB score on asset and fund levels.

In 2020, Infranode completed its third annual survey on Principles for Responsible Investment (PRI) and will during 2021 complete the survey in the new upgraded format. We continue to promote and act on PRI principles in our investment activity.

In 2021, the Infranode team, together with its portfolio companies, prioritise improvement of data quality to ensure adequate information structure and availability for upcoming SFDR and EU taxonomy purposes as well as 2021 GRESB score. Results of the GRESB assessment will be published on the Infranode website. Based on the GRESB assessment, the ESG Committee of Infranode will continue to improve and further develop ESG strategy on asset level. In parallel, the Infranode Asset Management team performs an upgrade of its asset follow-up system which, among other, includes a more tangible monitoring of relevant KPIs.

INFRANODE FUNDS

Infranode I

Sector	Estimated operational volume	Share of portfolio (%)
Solar power	175 GWh	30%
Sustainable heating and cooling	812 GWh	28%
Electricity distribution	79,000 customers	24%
Freight transport	220,000 containers	10%
Care and educational establishments	55 dedicated facilities	8%

Selected portfolio companies

OSLOFJORD VARME – DISTRICT HEATING IN THE OSLO REGION

Oslofjord Varme is a Norwegian district heating company that generates and supplies heating and cooling to customers in Fornebu, Lysaker and Sandvika areas of the Greater Oslo region. The company also holds joint-venture interests in Drammen (50%) and Fredrikstad district heating systems (57%).

Founded in 1989, Oslofjord Varme, including the joint ventures, has annual heating sales of 240 GWh and cooling sales of 67 GWh. The company operates cooling and heating network of a combined total length of 119 kilometres. Company's generation mix in 2020 is fully sustainable, predominantly based on secondary heat sources like heat pumps.



Oslofjord Varme's latest facility supplies thermal energy to Gardermoen Campus

GRESB participation: 2019, 2020 and 2021.



ALIGHT II – CAPITAL PARTNER TO ALIGHT AB IN THE SOLAR REVOLUTION



Eken solar park outside of Linköping, Sweden

Alight provides solar panels and geothermal heat pumps for real estate owners. The company's offering ranges from strategy development to subscription to an uncomplicated service of solar or geothermal energy. In 2020, the portfolio of existing Alight assets generated c. 15 GWh of fully renewable energy for its clients.

Alight was founded in 2013 and is partly owned by the founders. In addition to the investment in a portfolio of existing assets, Infranode and Alight have entered into a partnership to jointly develop and expand the Alight business over the coming years.

GRESB participation: 2020 and 2021



VELFRA – INVESTING IN NORWEGIAN SOCIAL INFRASTRUCTURE

Velfra is a portfolio of four rehabilitation, 42 specialist care, seven pre-school facilities and two elementary schools located predominantly in the growing Greater Oslo area of Norway. The facilities are operated by renowned private health and care service providers under public procurement service agreements with Norwegian municipalities and regional health authorities.

During 2020, Velfra's management team has conducted a full review of the portfolio from an ESG perspective to develop a dedicated ESG plan that includes key focus areas and measures that will enable Velfra to deliver on its purpose of being the preferred sustainable and long-term partner for public and private operators of social infrastructure.

GRESB participation: 2021



International School



Unicare rehabilitation centre

VANDEL III – THE LARGEST SOLAR PARK IN THE NORDICS



Vandel Solar Park

Vandel III is a solar photovoltaic (PV) park under construction on central Jutland in Denmark. The project converts an obsolete NATO airfield to what is currently expected to be the largest solar park in the Nordics, and seventh largest in Europe.

While being 100% subsidy free, the solar PV park is expected to generate c. 160 GWh of green electricity each year. This is equivalent to powering c. 36,000 households.

The construction of the solar park started in early 2020 with expected commissioning in 2021.



YILPORT – CRITICAL NATIONAL TRANSPORTATION INFRASTRUCTURE IN SWEDEN

Port of Gävle Concession (Yilport Sweden) operates Sweden's third largest container port, as well as a large dry bulk terminal for general cargo. The port is strategically located just north of Stockholm next to Sweden's industrial region and handle circa 220,000 TEU in 2020.

The municipality of Gävle, together with Infranode and Yilport co-invest to meet the increasing demand for container transportations. A new container terminal is scheduled to be opened in 2021 – which will increase the capacity up to 600,000 TEU.



GRESB participation: 2020 and 2021

New container terminal



Infranode II

Sector	Estimated operational volume	Share of portfolio (%)
Sustainable heating and cooling	430 GWh	100%
Fund’s portfolio continues to grow as the Fund is still open for new investments		

Portfolio companies

Fund’s portfolio continues to grow as the Fund is still open for new investments.

VEKU – SUSTAINABLE DISTRICT HEATING IN SOUTHERN FINLAND



Vantaan Energia Keski-Uusimaa (VEKU) generates and supplies heating to the residents of Järvenpää and Tuusula – two urban centres located about 30 minutes north of Helsinki. VEKU is co-owned with Vantaan Energia and Keva.

VEKU has a sustainable generation profile: running on bio- and waste-based fuels, it produces 340 GWh of heat and 90 GWh of electricity annually. VEKU undergoes optimization of its fuel mix.

GRESB participant: 2021

Energy plant



ENGAGEMENT AND DATA

Portfolio company	ESG profile	tCO2e		Lost time injuries (#)	Diversity (% W/M)	
		Absolute	Avoided		BoD	Organisation
Infranode I portfolio – 2020FY						
Alight	Provides renewable energy for real estate from solar panels and geothermal heat pumps	233	2,400	0	17 / 83	NM
Akershus Energi Varme	Provides 197 GWh heating and 11 GWh cooling generated from 99% renewable energy sources	1,659	3,179	0	33 / 67	27 / 73
Varmalämmitys	Provides back-to-back heating solutions by installation of biomass boilers	N/A	N/A	N/A	0 / 100	NM
Oslofjord Varme	Provides 240 GWh heating and 67 GWh cooling generated from sustainable energy sources	N/A	N/A	N/A	40 / 60	22 / 78
Velfra	Portfolio of 55 dedicated social infrastructure facilities	200	N/A	0	20 / 80	0 / 100 (1 employee)
Skånska Energi	Electricity distribution to 20 000 customers in Southern Sweden	N/A	N/A	N/A	40 / 60	22 / 78
Yilport	Sweden’s third largest container port with commitment to nearly triple its capacity	3,474	0	15	17 / 83	18 / 82
Loiste	Electricity distribution to 59 000 customers and 287 GWh district heating system	49,000	0	0	22 / 78	31 / 69
Vandel III	Expected largest solar PV park in the Nordics (under construction)	N/A	N/A	N/A	0 / 100	NM
Infranode II portfolio – 2020FY						
VEKU	Provides 340 GWh heating and 90 GWh electricity generated from biomass and waste fuels	9,599	57,645	1	20 / 80	NM

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