infranode

SUSTAINABILITY REPORT

2021 | Empowering transparency

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

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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

Founding partners' statement

A successful 2021 for Infranode

Resurgence. To avoid repeating ourselves and labelling 2021 as "unusual" (as we did in 2020), we see 2021 as a year of resurgence. While still an abnormal year – with the Covid-19 pandemic and its variants the prevalent worry, on a global scale – 2021 was a year when humanity fought back. A strong world-wide vaccination effort allowed many businesses to re-open and return to normal (at least for part of the year) and a sense of "life with an endemic coronavirus" started to emerge.

Remaining true to our vision, in 2021 we continued to strengthen our portfolio of responsible investments that create value for society. This has been realised through hard, focused work alongside the management teams at our portfolio companies; and by maintaining high standards of integrity throughout the investment process. Our investment into Yilport Oslo supports the green transition in the largest container port in Norway, which serves 80% of the Oslo region and over half of the total Norwegian population. Yilport Oslo stands out in terms of its modern infrastructure and equipment, high productivity and quality of services, and its aim is to become the first fossil-free port in the world.

2021 was also the year when EU introduced a more systematic and holistic approach to promoting sustainable development. The introduced Sustainable Finance Disclosures Regulation (SFDR) enhances transparency and comparability of financial products with regards to their contribution to sustainable development. We are convinced that it will become a powerful framework for investors and stakeholders when deciding on capital allocation.

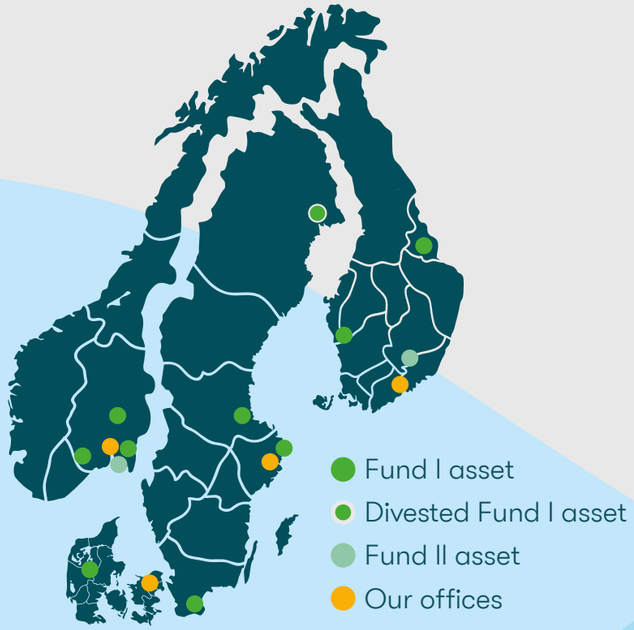
During 2021, Infranode worked on improving our readiness to meet the requirements of the new regulation on disclosure of sustainability performance. We are proud of the work conducted by the management teams at our portfolio companies, and strongly appreciate the support and guidance we have received from our partners and industry experts. This joint effort allowed us to report the SFDR principal adverse impacts (PAI) already in this report – at a level of detail above expectations for a newly imposed regulation.

We consider both our funds as SFDR Article 8 products because they promote environmental characteristics. With this in mind, and remaining true to our commitment to responsible investment bringing value to society, we initiated a project on assessing taxonomy-alignment of our portfolio. The work is ongoing, and we are looking forward to sharing further details as soon as they become available.

In 2021 the ESG Committee, led by our Head of Sustainability, continued its leadership role and oversight regarding the implementation of our ESG policy and strategy. Supported by hard work and strong engagement from all corners of the Infranode organisation, this oversight resulted in a marked improvement in the GRESB score for our assets, achieving the maximum score of 30/30 on the management component and 79/100 and 86/100 respectively for Fund I and Fund II. Furthermore, we were happy to add one of the leading Swedish sustainability pioneers, Ulrika Hasselgren, as a key external member of our ESG Committee. Our commitments to be an equal opportunity employer and to strive to ensure diversity in our workforce have also been high on the agenda this year, taking us closer to our rolling 40/60 target.

Finally, we are extremely proud to say that the Infranode family continues to grow. Change is driven by people, hence it is imperative that we continue to develop and nurture our strong corporate culture; enabling us to deliver long-term and responsible infrastructure investments that support a stronger society now and in the future.

Infranode highlights



11 portfolio companies, **two** funds

EUR 1.7bn

in commitments

PRI result[2]:

Strategy & Governance: A

Infrastructure: B

In **2021** we compensated for **200%** of our[1] annual emissions equalling **78 tonnes of CO2**

GRESB TCFD Alignment Level:

Fund I: B

Fund II: A

[1] Infranode AB

[2] 2020 data, 2021 result not available yet since PRI has delayed the release of the reporting outputs until Q3 2022

GRESB results:

Fund I

79/100

GRESB results:

Management component

30/30

(Fund I and II)

GRESB results:

Fund II

86/100

Selected Principal Adverse Impacts 2021 of Infranode portfolio[3]:

28 tonnes CO2e/EURm invested per year

256 tonnes CO2e/EURm revenue per year

93% share of renewable energy consumed or produced

Gender balance:

Company: 33 / 67 (target: 40/60)

ESG Committee: 44 / 56

[3] For full disclosure on PAI please refer to page 21 of this report

The Infranode way

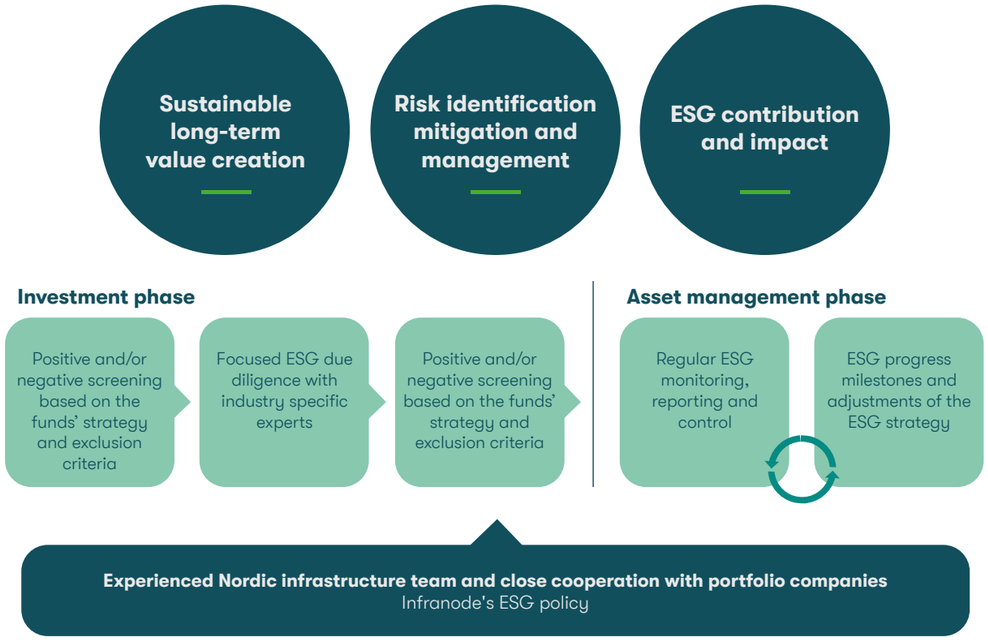
For Infranode, the responsible investment approach is to invest in infrastructure that promotes sustainable and efficient functioning of the economies, communities and people that they serve.

We are convinced that incorporating ESG directly into our investment strategy and asset management approach have led to business success and the creation of value for customers and investors, and for society at large.

During the investment phase, a dedicated deal team is responsible for scoping and conducting focused ESG due diligence in collaboration with sector-specific experts. The outcome of this assessment is reflected in the long-term business plan of the respective portfolio company. The deal team is also responsible for including ESG-related aspects in the transaction documentation, to ensure that efficient governance is possible during the ownership phase.

Once in the portfolio, a dedicated operations manager from the asset management team is responsible for building a continuous relationship with the portfolio company on ESG matters (among other topics). This relationship implies risk monitoring, reporting and collaborative goal setting. We systematically include ESG in the governance structure, including annual board wheels, reoccurring meetings, and performance reviews. Infranode's asset management team is continuously working on further strengthening of the approaches on integration of ESG to active ownership that we exercise.

At Infranode, we aim to continuously improve our approach to ESG through engagement with organisations such as Principles for Responsible Investment (PRI), Sweden's Sustainable Investment Forum (SWESIF), the Long-Term Infrastructure Investors Association (LTIIA) and Global Real Estate Sustainability Benchmark (GRESB). Investment professionals and asset managers within Infranode are constantly developing their ESG expertise, via annual training on ESG matters and participation in subject-related forums and expert discussions. We also collaborate with industry experts who support Infranode's fierce determination to continuously improve our ESG process. The Infranode policy package addresses key governance aspects such as (among other things) respect for human rights, ethics and corruption.



Infranode's ESG Committee

The Infranode senior management team (CEO, CIO, CFO, Head of Asset Management and Deputy CIO) is responsible for the oversight of ESG matters.

Together they appoint the Head of Sustainability and members of the ESG Committee, to implement the ESG policy and integrate sustainability throughout Infranode's operations.

The ESG Committee is led by the Head of Sustainability, who is joined by leading team members from all business functions to enable the effective integration of ESG angles in every single aspect of our work. In 2021, the Committee had six official meetings.

The ESG Committee meets regularly and is responsible for:

- Strategy, policy and procedure on ESG matters
- Managing ESG frameworks
- Development of ESG-related improvement plans for Infranode
- Development and monitoring of ESG KPIs for Infranode
- Sustainability training and development of the Infranode team
- Reconciliation of sustainability-related dilemmas

ESG Committee

Ulrika Hasselgren
Senior Advisor

Christian Doglia
CEO

Philip Ajina
CIO

Johan Tiselius
Head of Sustainability

Evelina Radgren
Head of Investor Relations

Carl-Emil Lindholm
Deputy CIO

Julia Kosulko
Operations Manager

Ann Halvarsson
Fund Controller

Martin Ekström
Head of Asset Management

Our portfolio

When we invest, we both strengthen our investment portfolio at the same time as we contribute with value creation to the wider society. This section presents the Infranode portfolio from an ESG perspective.

Fund I

Infranode Fund I is fully invested, and as of 31 December 2021 comprised nine portfolio companies.

Vandel III

One of the largest solar parks in the Nordics
Vandel III is a solar photovoltaic (PV) park in Denmark. The project is converting an obsolete NATO airfield into what is currently expected to be one of the largest solar parks in the Nordics and in the top ten largest solar parks in Europe. The park has been under construction since 2020 and is approaching its commissioning.

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

Loiste

Integrated energy utility in Finland
Loiste Oy is an integrated energy utility that provides electricity distribution services, heating and renewable generation in central and northern Finland.

Loiste offers c. 59,000 customers access to reliable and sustainable electricity supply via 13,500 km of DSO grid. In addition, Loiste maintains a green generation profile for district heating services provided to c. 1,700 customers in Kajaani. Finally, Loiste owns and leases c. 128 MW of renewable power generation capacity (hydro / multi-fuel CHP). These facilities generate c. 270 GWh renewable electricity every year, equivalent to powering c. **15,000 households.**

Loiste is a lean, expert organisation with some 50 professionals and a strong partnership network, which enables it to focus on its core operations, digitalisation and growth opportunities.

Oslofjord Varme

One of the cleanest district heating companies in Norway
Oslofjord Varme is a Norwegian district heating company that generates and supplies heating and cooling to c. **21,000 households** in the Fornebu, Lysaker and Sandvika areas of Greater Oslo. The company also holds joint venture interests in the Drammen (50%) and Fredrikstad district heating systems (57%).

The annual sales of Oslofjord Varme, including its joint ventures, are c. 240 GWh heating and c. 70 GWh cooling. The combined length of the heating and cooling network amounts to 120 kilometres.

Oslofjord Varme is unique in its generation mix. In fact, it barely uses any generation facilities in the traditional sense, as it operates mainly heat pumps to produce heating. This means that it uses clean Nordic electricity to uplift the thermal potential of ambient heat sources, such as sea water and city sewage system. So Oslofjord Varme is making use of heat sources that would otherwise have been wasted, in a way that is almost emission-free.

Alight II

Capital partner to Alight AB in the solar revolution
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 providing solar or geothermal energy. 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.

Alight II is the second geothermal and solar asset operated by the group. Alight II has no employees and is managed via operation and maintenance and administration agreements with Alight.

To date, Alight II has secured customer contracts or tenders comprising 53 energy facilities: 46 solar and 7 geothermal facilities. Total installed capacity is 43 MW, which generates c. 44 GWh of renewable energy each year. This is equivalent to **powering c. 36,000 households** while reducing carbon footprint by 14,000 tons every year.

Yilport Sweden

Critical national transportation infrastructure in Sweden
Yilport 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 handled c. 220,000 twenty-foot equivalent units (TEUs) in 2021. In addition, Yilport operates several logistics terminals in connection with the port as well as an intermodal terminal south of Arlanda airport, near Stockholm.

Yilport is currently undertaking a significant development project. The municipality of Gävle, together with Infranode and Yilport, are co-investing to meet increasing demand for container transportation. A new container terminal is opening in early summer 2022 – which will increase the capacity up to 600,000 TEUs.

Yilport Sweden is essential for the Swedish society as it ensures sustainable export of core Swedish goods such as pulp and paper products.

Velfra

Essential social infrastructure in the Oslo region
Velfra is a portfolio of buildings that provide comfortable conditions for the education of c. **800 pupils** and the rehabilitation of c. **3,000 patients**. It comprises 4 rehabilitation facilities, 40 specialist care units, 7 pre-school facilities and 2 elementary schools located predominantly in the Oslo region. The portfolio has a weighted average contract length of around 12 years, 100% CPI protection and a 100% occupancy rate. The operator base comprises renowned counterparties with a solid track record of providing publicly financed welfare services.

Velfra undertakes energy efficiency projects at its rehabilitation centres, aiming to reduce its energy demand while maintaining a high standard of indoor climate.

Akershus Engergi Varme

The most renewable district heating asset in Infranode's portfolio
Akershus Energi Varme delivers heating and cooling to c. **13,500 households** and public customers in Viken County, near Oslo. With c. 250 GWh of annual heat sales, the company is the sixth largest district heating provider in Norway, and it keeps growing.

The generation mix at Akershus is truly unique as it is 99.5% renewable. In addition to essentially traditional renewable energy sources, Akershus is using solar energy for the generation of district heating – which is unique, especially for Nordics. Akershus operates a solar park located over 30 acres of sheep pasture, the largest heat-generating solar park in the Nordics. When the sun heats the water in the copper pipes connected to c. 13,000 square metres of solar panels, the heat is transferred first to the district heating plant, then on to customers from there.

Skånska Energi

Over hundred years of DSO experience
Skånska Energi was founded in 1906 and includes four business divisions: Distribution System Operator (DSO), small-scale hydro power, electricity retail sales, and distributed energy solutions such as heat pumps. It is located in Skåne County in the southern part of Sweden.

Skånska Energi offers c. **19,000 customers** stable, reliable access to electricity and provides c. **16,000 customers** with electricity retail services. 100% of the electricity Skånska sells in the retail business is renewable as it is generated by Swedish hydropower plants.

Varmalämmitys

Local heating solutions in Finland
Together with KPA Unicon Oy, Infranode has formed a heating solutions joint venture (JV), Varmalämmitys Oy. The JV aims to provide heat-only boilers and combined heat and power plants to energy utilities and industrial companies in Finland through 10- to 25-year availability-based contracts. Infranode's main role in the partnership is to provide equity financing to the JV, while KPA Unicon designs, builds, operates and maintains the heat plants over the initial contract period.

As of 2021, Varmalämmitys is operating a boiler house in City of Kokkola with installed capacity of 4 MW. The boiler runs on locally sourced biomass, and generates c. **10.5 GWh of sustainable heat** each year. The heat is sold to Kokkolan Energia district heating company, which in turns sells it to citizens of Kokkola.

Fund II

Infranode Fund II is actively investing, and as of 31 December 2021 comprised two portfolio companies.

Yilport Oslo

One of the most sustainable ports in the world
The Port of Oslo is **Norway's largest container port, serving half of the population** by providing reliable and sustainable infrastructure for the shipment of imported goods.

Yilport Oslo holds a 30-year concession with the Port of Oslo, the municipality-owned port authority, giving Yilport Oslo the right to operate the container terminal. Its total capacity is 300,000 twenty-foot equivalent units (TEUs). Yilport Oslo stands out with its modern infrastructure and equipment, its high productivity and quality of services. The port shares group services with Yilport Sweden.
Yilport Oslo plays an important role in the Port of Oslo's ambition to become the first fossil-free port in the world. A substantial part of the port is already electrified, and the aim is to further support the transformation towards fully fossil-free operations.

VEKU

Sustainable district heating provider in the greater Helsinki area
Vantaan Energia Keski-Uusimaa (VEKU) is a district heating company that operates near Helsinki. The heart of VEKU's operation is its combined heat and power (CHP) plant – which is the most efficient way of producing heat and power. VEKU annually generates c. 350 GWh of heat and c. 90 GWh electricity by incinerating local biomass and waste fuels. VEKU maintains a green fuel mix. In 2021, the share of renewable energy in the fuel mix accounted for c. 85%, and c. 12% of the fuel mix is refuse-derived fuel (RDF), a fuel produced from local municipal solid waste.

VEKU also makes a notable contribution to the local community by supplying **sustainable heating to c. 40,000 end-customers**. These are homes, schools and commercial buildings that receive the benefit of indoor comfort and thereby allow their users – the citizens of Järvenpää and Tuusula – to focus on what really matters in their lives.

Portfolio assessments

We continuously work with our portfolio companies to support them in strengthening their ESG performance. This section presents results of assessments conducted in 2021.

GRESB

Since 2020 Infranode has been participating in the GRESB fund assessment with a view to tracking and improving the sustainability performance of our activities.

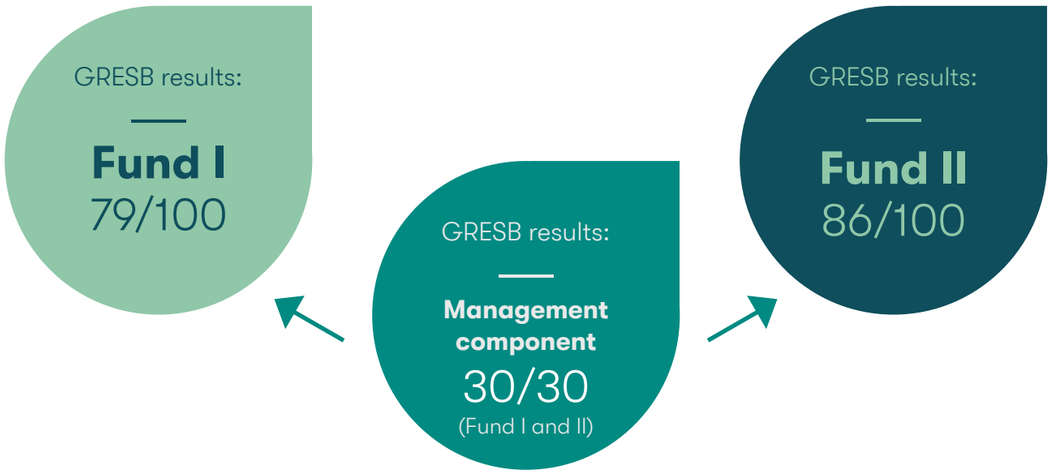
The GRESB assessment identifies areas for ESG improvement which can lead to adjustments in both operational strategy and governance work at an asset and fund level. Longer-term this creates value for our portfolio, ultimately leading to enhanced value for society and investors.

The data used for the GRESB assessment is collected directly from the portfolio companies, with the help from expert ESG consultants, who assist in obtaining the highest data quality possible.

Funds' results

Infranode is delighted to report a year of strong performance in the 2021 GRESB assessment, with scores of 79/100 and 86/100 respectively for Fund I and Fund II. Furthermore, the management component of the assessment scored 30/30, which further underlines the robustness of Infranode's approach as well as our commitment to be one of the leading sustainability-focused infrastructure investors in the Nordics.

We appreciate the effort by everyone who was involved in the hard work leading up to this great result; we are looking forward to continuing our GRESB-related work together.



Portfolio results

The strength of our portfolio companies' dedication to ESG is reflected in the GRESB scores achieved in 2021. Seven assets from the Infranode portfolio participated in the assessment, scoring between 70 and 81 out of 100. This was a great achievement, both for the portfolio companies management teams' themselves and for the Infranode asset management team, who supported them in the process.

We are particularly proud of our Finnish district heating company VEKU, which scored first in its peer group of Nordic district heating companies. This underlines the strength and quality of ESG practice throughout VEKU's operations, and the strong partnership we have with our co-owner and partner Vantaan Energia.

The asset management team is continuously working on integrating all our portfolio companies into the GRESB framework, and in 2022 we expect two additional companies to complete their GRESB assessments: Yilport Oslo, acquired during 2021, and Vandel III, our solar PV park which was excluded from previous GRESB assessments as it was under construction.

From Infranode's standpoint, GRESB assessment is not only a certification tool. We use the comprehensive framework provided by GRESB to identify areas of improvement where we can further strengthen the ESG performance of our portfolio. On this basis, we strongly encourage all Infranode portfolio companies to participate in GRESB.

Table 1: GRESB results of the portfolio companies in 2021

Asset	GRSB 2021 results	Ranking	Peer group
Loiste	79/100	5/7	Network Utilities: Electicity Distribution Companies
Oslofjord Varme	73/100	3/12	Network Utilities: District Cooling/ Heating Companies
Yilport Sweden	76/100	3/6	Europe | Port Companies | Maintenance and operation
Velfra	70/100	2/6	Europe | Social Infrastructure | Provision only
Akershus EV	73/100	7/12	Network Utilities: District Cooling/ Heating Companies
Alight II	81/100	2/41	Renewable Power: Solar Power Generation
VEKU	81/100	1/8	Northern Europe | District Cooling/ Heating Network

EU Taxonomy

The EU Taxonomy[4], a classification system of economic activities, was introduced as an effort to establish a common language and a clear definition of what 'environmentally sustainable' is. It is seen as a vital step for meeting the EU's climate and energy targets for 2030 and reaching the objectives of the European Green Deal. The EU Taxonomy is intended to provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. In this way, it shall create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation and help shift investments where they are most needed.

The taxonomy regulation establishes six environmental objectives. To be classified as environmentally sustainable, or taxonomy-aligned, a business activity shall substantially contribute to one of the objectives, while not causing significant harm to any other objective and being conducted with minimum safeguards for human and labour rights and other social minimum safeguards. Assessment of taxonomy-alignment is evidence-based and shall be conducted for each business activity of a company.

We consider both Infranode funds as Article 8 products of SFDR[5] that promote environmental and social characteristics. The primary environmental and social characteristics of the funds are that they seek to invest in companies providing essential and long-term sustainable services within the transportation, digital infrastructure, energy and utilities, and social infrastructure sectors.

Moreover, the promoted characteristics are defined by the fact that Infranode employs an ESG integration strategy throughout the life of investments, including pre-investment due diligence and during active asset management. Therefore, it is our understanding of Article 6 in the EU Taxonomy[4], based on guidance provided by the EU Commission[6], that both Fund I and Fund II are required to report on the share of investments that are aligned with the Taxonomy, i.e., meet the criteria under Article 3 of the EU Taxonomy[7].

For the reference period FY 2021, we have not been able to verify that any of our investments meet the criteria under Article 3 of the EU Taxonomy for being taxonomy-aligned or under Article 2(17) of SFDR for being sustainable investments. The taxonomy-alignment of this fund is therefore 0% for the reference period. After the reference period, Infranode engaged an industry expert, Klinkby Enge, with a task to assess documented evidence provided by our portfolio companies to assess taxonomy-alignment of their business activities. As of the date of publishing this report, the work is ongoing. For the avoidance of doubt, this does not imply that the taxonomy-alignment for the reference period is higher than 0%.

Infranode remains committed to transparency and accountability of our reporting, including ESG reporting.

[4] Regulation (EU) 2020/852
[5] Regulation (EU) 2019/2088
[6] EC Q&A, published 25 May 2022
[7] Regulation (EU) 2020/852

Principal adverse impacts (PAI)

The Sustainable Finance Disclosure Regulation (SFDR) of the EU enhances transparency and comparability of financial products regarding their sustainability performance. To achieve this, SFDR establishes a set of metrics, principal adverse impact (PAI) indicators, that are intended to cover the most essential performance indicators from a sustainability point of view. They measure if and to what extent the investee companies cause adverse social or environmental impacts. The PAI indicators are defined in the Regulatory technical standard (RTS)[8] supplementing the SFDR.

The information presented below offers PAI indicators for the Infranode portfolio covering the reporting period of the full year 2021. It is the first time that Infranode reports these indicators. The data collection was conducted in collaboration with ESG consulting firm Klinkby Enge[9] before the EU Commission adopted the RTS. Therefore, the disclosure is based on the final draft RTS provided by the European Supervisory Authorities (ESA's)[10] on 22 October 2021.

The data collection was facilitated by the Infranode asset management team, following the template developed by Klinkby Enge. Portfolio companies provided data on a "best effort basis", due the ambiguity of the requirements and a challenging set of KPIs. The data was not verified by Klinkby Enge.

The collected data shows room for improvement for both response rate and quality of data. Therefore, comparisons with PAI indicators of other financial products should be done with extreme care to avoid inadequate comparisons. Infranode's asset management team and portfolio companies continuously work on improvement of data quality for future reports.

PAI indicators for Infranode as regulated by SFDR Art. 4

The tables below provide the Principal Adverse Impact (PAI) indicators for Infranode as manager of two funds. The columns "Impact [year n-1]" and "Actions taken, and actions planned, and targets set for the next reference period" from the RTS template are not included, due to the lack of data.

PAIs for Fund I and Fund II separately can be found in Annex 2 to this report (page 38).

[8] Commission Delegated Regulation (EU) .../... of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards [...] relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic report
[9] Klinkby Enge is an independent advisory firm specialized in ESG due diligence, ESG data for private assets and consulting on sustainable investing. www.klinkbyenge.com
[10] Final Report on draft Regulatory Technical Standards (JC 2021 03)

PAI disclosure for Infranode

Indicators applicable to investments in investee companies

Principal adverse impacts statement

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[11]
Climate and other environment-related indicators						
Greenhouse gas emissions	**1.** GHG emissions	Scope 1 GHG em+D6: D19issions	16,250	Tonnes CO2e/year		96%
		Scope 2 GHG emissions	992	Tonnes CO2e/year		87%
		Scope 3 GHG emissions	No data	Tonnes CO2e/year	Data not disclosed due to quality issues.	N/A
		Total GHG emissions	17,243	Tonnes CO2e/year	Includes scope 1 and scope 2.	N/A
	2. Carbon footprint	Carbon footprint	28	Tonnes CO2e/EURm invested/ year	Includes scope 1 and scope 2.	96%
	3. GHG intensity of investee companies	GHG intensity of investee companies	256	Tonnes CO2e/EURm revenue/ year	Includes scope 1 and scope 2.	96%
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.0%	%	This includes the real estate assets, and thereby also covers PAI metric 17.	100%
	5. Share of nonrenewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from nonrenewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	6.7%	%	Share of non-renewable energy production for production assets and energy consumption for non-production assets	96%
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Sector D: 1.5 Sector H: N.D. Sector L: N.D.	GWh/EURm revenue/ year	Energy consumption for energy production assets are calculated as ("Energy imported" + "energy that originates on-site" - "Energy exported" in line with GRESB EN1. N.D: Not disclosed.	96%
Biodiversity	**7.** Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/ operations located in or near to biodiversitysensitive areas where activities of those investee companies negatively affect those areas	0.0%	%		96%
Water	**8.** Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.01	Tonnes/ EURm invested/ year		96%
Waste	**9.** Hazardous waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	2.85	Tonnes/ EURm invested/ year		89%

[11] Response rate % is calculated as the sum of portfolio weights from holdings that have values for all required datapoints.

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[11]
Social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	**10.** Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0%	%		96%
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	21.4%	%	Based on the assessment of the minimum safeguards criteria in the EU Taxonomy performed by third party experts. The asset management team is working on improvement of this KPI.	96%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.5%	%	Weighted by the individual size of each investment. In one company, the average hourly earnings is higher for female employees. If this company is excluded from the calculation the average is 22.8% for the entity. Companies without direct employees are excluded.	36%
	13. Board gender diversity	Average ratio of female to male board members in investee companies	16.7%	%	Weighted by the individual size of each investment	96%
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	%		100%
Energy efficiency	**18.** Exposure to energy-inefficient real estate assets	Share of investments in energy inefficient real estate assets	N/A	%	Not calculated at entity level since there is only one real estate asset.	

Additional climate and other environment-related indicators

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[11]
Climate and other environment-related indicators						
Water, waste and material emissions	**13.** Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	3.05	Tonnes/EURm invested/year		82%

[11] Response rate % is calculated as the sum of portfolio weights from holdings that have values for all required datapoints.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[11]
Social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	**2.** Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	4.1	Rate of accidents per million hour worked/ year	Data from direct employees. Companies without direct employees are excluded. No fatalities and no serious injuries were reported. Only recordable work related injuries.	60%
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	0.0%	%		96%

[11] Response rate % is calculated as the sum of portfolio weights from holdings that have values for all required datapoints.

Annexes

Periodic reporting for Fund I as regulated by SFDR Art. 11
Periodic reporting for Fund II as regulated by SFDR Art. 11
PAI indicators for Fund I as regulated by SFDR Art. 7
PAI indicators for Fund II as regulated by SFDR Art. 7

Annex 1. SFDR periodic reporting for Infranode funds

The sections below provide periodic disclosure for Fund I and II of Infranode as financial products referred to in Article 8(1), (2), and (2a) of the Sustainable Finance Disclosure Regulation (SFDR)[12]. The information is developed in compliance with Regulatory Technical Standard (RTS)[13] supplementing the SFDR.

The data collection was conducted before the EU Commission adopted the RTS and is based on the final draft RTS provided by the European Supervisory Authorities (ESA's)[14].

SFDR periodic disclosure for Fund I as regulated by SFDR Art. 11

Product name: Infranode I AB
Legal entity identifier: N/A; Corporate identity number: 556851-2817
Regulatory reference: The disclosure is developed in accordance with the periodic reporting template, Annex IV, provided in the regulatory technical standard (RTS)[15] for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852. It follows the format and requirements set out in this regulation.

Environmental and/or social characteristics

The primary environmental and social characteristics of this fund are that it seeks to invest in companies providing essential and long-term sustainable services within the transportation, digital infrastructure, energy and utilities, and social infrastructure sectors. Moreover, the promoted characteristics are defined by the fact that Infranode employs an ESG integration strategy throughout the life of investments, including pre-investment due diligence and during active asset management.

For the reference period FY 2021, we have not been able to verify that any of our investments meet the criteria under Article 3 of the EU Taxonomy[16] for being taxonomy-aligned or under Article 2(17) of SFDR[12] for being sustainable investments. The taxonomy-alignment of this fund is therefore 0% for the reference period[17]. After the reference period, Infranode initiated a project on reviewing taxonomy alignment of our portfolio. This implies verification of documented practices of our portfolio companies by third party ESG experts with the purpose of assessing taxonomy alignment of their business activities. As of the date of publishing this report, the work is ongoing. For the avoidance of doubt, this does not imply that the taxonomy-alignment for the reference period is higher than 0%. As such this fund "promoted E/S characteristics but did not make any sustainable investments" (see box below).

It shall be noted that this fund was closed for further capital commitments before the regulatory technical standard (RTS) supplementing SFDR were published. Therefore, pre-contractual disclosure for this fund was not developed according to the RTS requirements. As such, this fund has not committed to any specific level of sustainable investments as defined in SFDR Article 2(17).

[12] Regulation (EU) 2019/2088
[13] Commission Delegated Regulation (EU) .../... of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation [...] in precontractual documents, on websites and in periodic report
[14] Final Report on draft Regulatory. Technical Standards (JC 2021 03)
[15] Commission Delegated Regulation (EU) .../... of 6 April 2022 supplementing Regulation (EU) 2019/2088
[16] Regulation (EU) 2020/852
[17] As such we have not included the sections related to the taxonomy in the RTS in this report.

Does this financial product have a sustainable investment objective?

● ● ☐ Yes ● ● ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective:__%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective:** _ %

☐ **It promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

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

Proportion of investments subject to pre-investment ESG due diligence: 100%. All assets in this fund were subject to pre-investment ESG due diligence.

Proportion of assets (weighted by investment value) with emissions reduction targets: 0%

Proportion of assets (weighted by investment) covered by a code of conduct: 100%. All assets in this fund are covered by a code of conduct.

Investments seeking to contribute to the SDGs: 100%.
The SDGs are central to Infranode's investment strategy, and the potential contribution to the SDGs is evaluated as part of the pre-investment screening. Below we have listed the SDGs which Infranode seeks to contribute to through the investments in this fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

SDG 4: Velfra (9.3%)
Through Infranode's investment in Velfra and through the active asset management of the asset, Infranode seeks to make a positive contribution to particularly targets 4.1 *By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes; 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education; and 4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.*

SDG 7: Oslo Fjord Varme, Vandell III, Loiste, Akershus Energi Varme, Alight, Skånska Energi, Varmalämmitys, Yilport Gävle (90.6%)
The assets mentioned above support SDG 7. *Ensure access to affordable, reliable, sustainable and modern energy for all* by producing energy from solar, geothermal, bioenergy and other waste-based fuels. Oslo Fjord Varme, Vandell III, Loiste, Akershus Energi Varme, Alight, Skånska Energi, and Varmalämmitys support target 7.1 *By 2030, ensure universal access to affordable, reliable and modern energy service.* Oslo Fjord Varme, Vandell III, Loiste, Akershus Energi Varme, Alight, Skånska Energi, and Varmalämmitys support target 7.2 *By 2030, increase substantially the share of renewable energy in the global energy mix.* Oslo Fjord Varme, Loiste, Akershus Energi Varme, Skånska Energi, and Varmalämmitys support target 7.3 *By 2030, double the global rate of improvement in energy efficiency.* Yilport Gävle supports target 7.3 *through partaking in energy efficiency efforts in the Port of Gävle, e.g. by installing electric cranes.*

SDG 9: Oslo Fjord Varme, Vandell III, Loiste, Yilport Gävle, Akershus Energi Varme, Alight, Skånska Energi, Varmalämmitys (90.6%)
The assets support SDG 9 particularly through target 9.4 *By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities. Yilport Gävle, which is a container port moreover specifically supports target 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder.*

SDG 11: Oslo Fjord Varme, Loiste, Akershus Energi Varme, Velfra (60.2%)
Oslo Fjord Varme, Loiste, Akershus Energi Varme support SDG 11 *by supplying district heating which typically has lower total emissions compared to the same amount of locally produced heating*, hence particularly supporting target 11.6 *By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.* Velfra seeks to supports target 11.1 *By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums by providing residential care homes for people in need of support in carrying out everyday life*, amongst other things.

SDG 12: Oslo Fjord Varme, Loiste, Akershus Energi Varme (50.9%)
By producing bio- and waste-based district heating Oslo Fjord Varme, Loiste, Akershus Energi Varme supports SDG 12, particularly targets 12.2 *By 2030, achieve the sustainable management and efficient use of natural resources, and 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.*

SDG 13: Oslo Fjord Varme, Vandell III, Loiste, Akershus Energi Varme, Alight (73.9%)
The energy producing companies support SDG 13 particularly through sub-target 13.2.2 *Total greenhouse gas emissions per year by producing energy from solar, geothermal, bioenergy and other waste-based fuels.*

In addition to these sustainability indicators, Infranode will be publishing the PAI indicators for this fund each year in the annual report. See more details below.

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

Infranode considers sustainability factors at all stages of our investment process. During origination and screening, the investment team checks the exclusion and restriction lists that among other include ESG factors. The exclusion and restriction lists are developed in compliance with Infranode's ESG Policy and agreements with Infranode's investors. Projects that pass to the next step are subject to ESG due diligence. Consideration of principal adverse impacts on sustainability factors is integrated part of the ESG due diligence framework.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

In 2021, we updated our due diligence tool to cover the PAI KPIs defined in the RTS. The framework includes identification and prioritisation of principal adverse impacts and assessment of sustainability risks on financial returns and seeks to identify and explain to what extent target investments are mitigating the ESG risks or capitalising on existing ESG opportunities.

The fund did not make any investments during 2021.
Considerations of principal adverse impacts are also an integrated part of our asset management. We pursue active ownership on all investments and require regular ESG reporting from the investee companies to Infranode, which also covers principal adverse impacts.

Infranode publishes the PAI indicators for this fund annually in this periodic report, to the extent possible. We have asked our investee companies to collect the data on the PAI indicators in accordance with the requirements in the available SFDR regulation, to the extent possible.

Annex 2 of this report (page 38) presents PAI indicators for Fund I covering FY 2021.

What were the top investments of this financial product?

Largest investments	Main sector(s)	NACE code[18]	% AUM	Country
Oslo Fjord Varme	District heating/cooling	D35.30	28.8 %	Norway
Vandel III	Production of electricity (Solar PV)	D35.11	15.5%	Denmark
Loiste Group	Distribution of electricity	D35.13	13.4%	Finland
	District heating/cooling	D35.30		
	Production of electricity (Hydro, wind)	D35.11		
Yilport Gävle	Cargo port	H52.22	11.1%	Sweden
Velfra	Real estate	L68.10	9.3%	Norway
Akershus Energi Varme	District heating/cooling	D35.30	8.7%	Norway
Alight II	Production of electricity (solar PV)	D35.11	7.5%	Sweden
Skånska Energi	Distribution of electricity	D35.13	5.0%	Sweden
	Retail sale of energy solutions	G47.54		
	Installation of energy solutions	M71.12		
Varmalämmitys	Heating solutions	D35.30	0.6%	Finland

The list includes the investments constituting the **greatest proportion of** investments of the financial product during the reference period which is: 2021

[18] Complete list of all NACE Codes is accessible here: https://nacev².com/en

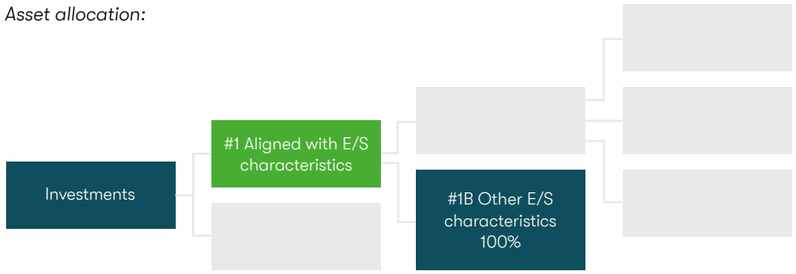
What was the proportion of sustainability-related investments?

What was the asset allocation?

All assets currently in the fund fall within #1 Aligned with E/S characteristics.
See also page 1 of this disclosure.

Asset allocation describes the share of investments in specific assets.

Asset allocation:



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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), Retail sale of electrical household appliances in specialised stores (NACE: G47.54), Engineering activities and related technical consultancy (NACE: 71.12).

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

No investments fall under the “other” category.

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

Infranode actively engages with all assets in its portfolios to assess and improve societal and environmental impacts. To do it, we apply the Infranode ownership approach which among other implies board representation and active asset management. Read more about our engagement policies in section 3.4 on page 10 in our Sustainability-related disclosure (which can be found on our website)[19].

ESG is integral to our ownership practices. This can be exemplified by the following:

- ESG is included to annual board wheels and board meetings as standard agenda point
- Infranode employees (who are also Board members at portfolio companies) have ESG factors included in performance evaluation
- ESG is included in regular reporting by portfolio companies
- ESG risks are included in risk management practices
- Portfolio companies participate in a comprehensive ESG benchmarking (GRESB), which provides a comprehensive comparable score, as well as supports identification of improvement areas.
- ESG is part of status cards of portfolio companies developed by the asset management team
- Short-and long-term ESG goals are defined by asset management team of Infranode for portfolio companies
- Annual collection of ESG data for portfolio companies for both reporting according SFDR as well as for tracing the ESG performance

The asset management team works on improvement of the above-described approaches, and on integration to the portfolio companies to every subject of the described practices.

In addition, we have taken a number of specific actions. These include:

- EU SFDR and Taxonomy readiness project, during which experts from Klinkby Enge supported the ESG team of Infranode in being ready for SFDR and Taxonomy reporting
- EU Sustainability Taxonomy assessments conducted by consulting company Klinkby Enge. This effort among other included a review of human- and labour rights considerations in governance documents of portfolio companies
- Screening for physical climate risks of the portfolio conducted by the consulting company Carbon 4

Based on the outcome of the above initiatives, including PAI, the Infranode asset management team together with the ESG team aims to identify concrete improvement actions for each portfolio company.

Where can I find more product specific information online?
More product-specific information can be found on the website:
infranode.eu/sustainability-2

[19] Accessible at infranode.eu/sustainability-2

SFDR periodic disclosure for Fund II as regulated by SFDR Art. 11

Product name: Infranode II AB
Legal entity identifier: 6367002PKRO18L4X9919
Regulatory reference: The disclosure is developed in accordance with the periodic reporting template, Annex IV, provided in the regulatory technical standard (RTS)[20] for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852. It follows the format and requirements set out in this regulation.

Environmental and/or social characteristics

The primary environmental and social characteristics of this fund are that it seeks to invest in companies providing essential and long-term sustainable services within the transportation, digital infrastructure, energy and utilities, and social infrastructure sectors. Moreover, the promoted characteristics are defined by the fact that Infranode employs an ESG integration strategy throughout the life of investments, including pre-investment due diligence and during active asset management.

For the reference period FY 2021, we have not been able to verify that any of our investments meet the criteria under Article 3 of the EU Taxonomy[21] for being taxonomy-aligned or under Article 2(17) of SFDR[22] for being sustainable investments. The taxonomy-alignment of this fund is therefore 0% for the reference period[23]. After the reference period, Infranode initiated a project on reviewing taxonomy alignment of our portfolio. This implies verification of documented practices of our portfolio companies by third party ESG experts with the purpose of assessing taxonomy alignment of their business activities. As of the date of publishing this report, the work is ongoing. For the avoidance of doubt, this does not imply that the taxonomy-alignment for the reference period is higher than 0%. As such this fund "promoted E/S characteristics, but did not make any sustainable investments" (see box below).

It shall be noted that this fund was closed for further capital commitments before the regulatory technical standard (RTS) supplementing SFDR were published. Therefore, pre-contractual disclosure for this fund was not developed according to the RTS requirements. As such, this fund has not committed to any specific level of sustainable investments as defined in SFDR Article 2 (17).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities.** For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

[20] Commission Delegated Regulation (EU) .../... of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation [...] in precontractual documents, on websites and in periodic report
[21] Regulation (EU) 2020/852
[22] Regulation (EU) 2019/2088
[23] As such we have not included the sections related to the taxonomy in the RTS in this report

Does this financial product have a sustainable investment objective?

● ● ☐ Yes ● ● ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective:__%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective:** _ %

☐ **It promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☒ It promoted E/S characteristics, but **did not make any sustainable investments**

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

All assets in this fund (as of ultimo 2021 there were two assets) were subject to pre-investment ESG due diligence. None of the exclusions defined in Infranode's ESG policy have been violated.

How did the sustainability indicators perform?

Proportion of investments subject to pre-investment ESG due diligence: 100%
All assets in this fund were subject to pre-investment ESG due diligence.

Proportion of assets (weighted by investment value) with emissions reduction targets:
100% of the portfolio companies have set GHG emission reduction targets.

Both assets are working towards carbon reductions:
Yilport Oslo (operator of the container terminal in Port of Oslo) have electrified much of their operations already[24] and are part of the ambition of Port of Oslo to become carbon neutral, with a stated target of reducing total CO2 by 85% by 2030[25].

Vantaan Energia Keski-Uusimaa (VEKU) (district heating provider in Finland) are already using around 85% renewable fuels and a target have been set to achieve 90% in 2026[26]. VEKU are also part of Vantaan Energia's commitments to have a fossil free energy production by 2026, and to become carbon negative in 2030[27].

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities.** For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

[24] Oslo Havn - Yilport Oslo – vision for an emissions-free container terminal
[25] Oslo Havn - Climate and environmental policy
[26] Vantaan Energia Keski-Uusimaa: report on corporate social responsibility 2021
[27] Vantaa Energy's climate commitment: Fossil-free energy production by 2026

Proportion of assets (weighted by investment) covered by a code of conduct: 100%
Both assets are covered by a code of conduct.

Investments seeking to contribute to the SDGs: 100%.
Below is a map of SDGs which Infranode seeks to contribute to through the investments in this fund.

SDG 7: Yilport Oslo and VEKU (100%)
VEKU supports SDG 7 *Ensure access to affordable, reliable, sustainable and modern energy for all*, by providing district heating for the residents of Järvenpää and Tuusula, two regional urban centres located just north from Helsinki. The company uses bio- and waste-based fuels, producing around 340 GWh of heat and around 90 GWh of electricity annually. VEKU especially supports targets 7.1 *By 2030, ensure universal access to affordable, reliable and modern energy services*, 7.2 *By 2030, increase substantially the share of renewable energy in the global energy mix, and* 7.3 *By 2030, double the global rate of improvement in energy efficiency. Yilport Oslo supports target 7.3 through partaking in energy efficiency efforts in the Port of Oslo.*

SDG 9: Yilport Oslo and VEKU (100%)
Yilport Oslo supports SDG 9 *Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation* as an investment in long term infrastructure. Yilport Oslo operates the largest container port in Norway. Through this investment Infranode is supporting the green transition of the port industry. Yilport Oslo stands out with its modern infrastructure and equipment, its high productivity and quality services. With Yilport's operational excellence and know-how, Yilport Oslo continues to lead the way with streamlined digitalized and automated processes. The operations of Yilport Oslo are almost fully electrified and automated. The port has the goal of becoming the world's first zero emission container port.

The investment particularly supports targets 9.1 *Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder* and 9.4 *By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.*

VEKU supports SDG 9, in particular target 9.4 (above) by working towards fossil free production of district heating and electricity, with the target of becoming carbon negative in 2030.

SDG 11: VEKU (91.8%)
VEKU supports SDG 11 *Make cities and human settlements inclusive, safe, resilient and sustainable* by providing clean energy in district heating and electricity. The investment particularly supports target 11.6 *By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management by centrally producing energy and using a proportion of waste-based fuels.*

SDG 12: VEKU (91.8%)
VEKU supports SDG 12, in particular target 12.2 By 2030, *achieve the sustainable management and efficient use of natural resources* and 12.4 *By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.*

SDG 13: VEKU (91.8%)
VEKU supports SDG 13, in particular 13.2 *Integrate climate change measures into national policies, strategies and planning* (the indicator for this target is: 13.2.2 *Total greenhouse gas emissions per year*).

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

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Infranode considers sustainability factors at all stages of our investment process. During origination and screening, the investment team checks the exclusion and restriction lists that among other include ESG factors. The exclusion and restriction lists are developed in compliance with Infranode's ESG Policy and agreements with Infranode's investors. Projects that pass to the next step are subject to ESG due diligence. Consideration of principal adverse impacts on sustainability factors is integrated part of the ESG due diligence framework.

In 2021, we updated our due diligence tool to cover the PAI KPIs defined in the RTS. The framework includes identification and prioritisation of principal adverse impacts and assessment of sustainability risks on financial returns and seeks to identify and explain to what extent target investments are mitigating the ESG risks or capitalising on existing ESG opportunities.

During the reference period (2021) Infranode invested in Yilport Oslo. The due diligence conducted for this investment included considerations of principal adverse impacts on sustainability factors, in accordance with our policy. The due diligence process had a particular focus on evaluating policy set-up and performance related to GHG and other emissions, energy performance, water use/withdrawal, waste management, biodiversity, environmental risks, code of conduct, stakeholders, supply chain, and policy on social and governance issues.

Considerations of principal adverse impacts are also an integrated part of our asset management. We pursue active ownership on all investments and require regular ESG reporting from the investee companies to Infranode, which also covers principal adverse impacts.

Infranode publishes the PAI indicators for this fund annually in this periodic report, to the extent possible. We have asked our investee companies to collect the data on the PAI indicators in accordance with the requirements in the available SFDR regulation, to the extent possible.

Annex 2 of this report (page 38) presents PAI indicators for Fund II covering FY 2021.

What were the top investments of this financial product?

Largest investments	Main sector(s)	NACE code[28]	% AUM	Country
VEKU	District heating/cooling & Electricity generation	D35.30 D35.11	91.8 %	Finland
Yilport	Cargo port	D52.22	8.2%	Norway

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2021

[28] Complete list of all NACE Codes is accessible here: https://nacev2.com/en

What was the proportion of sustainability-related investments?

What was the asset allocation?

All assets currently in the fund fall within #1 Aligned with E/S characteristics.
See also page 1 of this disclosure.

Asset allocation:

Asset allocation describes the share of investments in specific assets.

#1 Aligned with E/S characteristics iincludes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

VEKU
District heating (NACE code D.35.30): 77.4%
Electricity generation (NACE code D35.11): 21.9%

Yilport Oslo:
Container port operations (NACE code H52.22): 100%

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

No investments were included under “other”.

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

Infranode actively engages with all assets in its portfolios to assess and improve societal and environmental impacts. To do it, we apply the Infranode ownership approach which among other implies board representation and active asset management. Read more about our engagement policies in section 3.4 on page 10 in our Sustainability-related disclosure (which can be found on our website)[29].

ESG is integral to our ownership practices. This can be exemplified by the following:

- ESG is included to annual board wheels and board meetings as standard agenda point
- Infranode employees (who are also Board members at portfolio companies) have ESG factors included in performance evaluation
- ESG is included in regular reporting by portfolio companies
- ESG risks are included in risk management practices
- Portfolio companies participate in a comprehensive ESG benchmarking (GRESB), which provides a comprehensive comparable score, as well as supports identification of improvement areas.
- ESG is part of status cards of portfolio companies developed by the asset management team
- Short-and long-term ESG goals are defined by asset management team of Infranode for portfolio companies.
- Annual collection of ESG data for portfolio companies for both reporting according SFDR as well as for tracing the ESG performance

The asset management team works on improvement of the above-described approaches, and on integration to the portfolio companies to every subject of the described practices.

In addition, we have taken a number of specific actions. These include:

- EU SFDR and Taxonomy readiness project, during which experts from Klinkby Enge supported the ESG team of Infranode in being ready for SFDR and Taxonomy reporting
- EU Sustainability Taxonomy assessments conducted by consulting company Klinkby Enge. This effort among other included a review of human- and labour rights considerations in governance documents of portfolio companies
- Screening for physical climate risks of the portfolio conducted by the consulting company Carbon 4

Based on the outcome of the above initiatives, including PAI, the Infranode asset management team together with the ESG team aims to identify concrete improvement actions for each portfolio company.

Where can I find more product specific information online?

More product-specific information can be found on the website:
infranode.eu/sustainability-2

[29] Accessible at infranode.eu/sustainability-2

Annex 2. PAI disclosure for funds

Tables below provide the Principal Adverse Impact (PAI) indicators for Fund I and Fund II managed by Infranode. The PAIs are presented in compliance with the Regulatory Technical Standard (RTS)[30] supplementing the Sustainable Finance Disclosure Regulation (SFDR)[31].

The data collection was conducted before the EU Commission adopted the RTS and is based on the final draft RTS provided by the European Supervisory Authorities (ESA's)[32].

PAI disclosure for Fund I

Indicators applicable to investments in investee companies

Principal adverse impacts statement

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[33]
Climate and other environment-related indicators						
Greenhouse gas emissions	**1.** GHG emissions	Scope 1 GHG emissions	7,914	Tonnes CO2e/year		94%
		Scope 2 GHG emissions	936	Tonnes CO2e/year		81%
		Scope 3 GHG emissions	No data	Tonnes CO2e/year	Data not disclosed due to quality issues.	N/A
		Total GHG emissions	8,850	Tonnes CO2e/year	Includes scope 1 and scope 2	N/A
	2. Carbon footprint	Carbon footprint	21	Tonnes CO2e/ EURm invested/ year	Includes scope 1 and scope 2.	94%
	3. GHG intensity of investee companies	GHG intensity of investee companies	132	Tonnes CO2e/ EURm revenue year	Includes scope 1 and scope 2.	94%
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.0%	%	This includes the real estate assets, and thereby also covers PAI metric 17.	94%
	5. Share of nonrenewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	2.7%	%	Share of non-renewable energy production for production assets and energy consumption for non-production assets	94%
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Sector D 0.6 Sector H N.D. Sector L N.D.	GWh/EURm of turnover/year	Energy consumption for energy production assets are calculated as ("Energy imported" + "energy that originates on-site" - "Energy exported" in line with GRESB EN1. N.D: Not disclosed.	94%
Biodiversity	**7.** Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.0%	%		94%
Water	**8.** Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.02	Tonnes/EURm invested/year	There is an increased level of uncertainty to the accuracy of this metric. This is due to the definitions used and the ability of the assets to collect this data.	94%
Waste	**9.** Hazardous waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.16	Tonnes/EURm invested/year		94%

[30] C (2022) 1931 final
[31] Regulation (EU) 2019/2088
[32] Final Report on draft Regulatory. Technical Standards (JC 2021 03)
[33] Response rate % is calculated as the sum of portfolio weights from holdings that have values for all required datapoints.

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[33]
Social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	**10.** Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0%	%		94%
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	31.4%	%	Based on the assessment of the minimum safeguards criteria in the EU Taxonomy performed by third party experts. The asset management team is working on improvement of this KPI.	94%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.5%	%	Weighted by the individual size of each investment. In one company, the average hourly earnings is higher for female employees. If this company is excluded from the calculation the average is 22.8% for the entity. Companies without direct employees are excluded.	52%
	13. Board gender diversity	Average ratio of female to male board members in investee companies	22.5%	%	Weighted by the individual size of each investment.	94%
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	%		100%
Energy efficiency	**18.** Exposure to energy-inefficient real estate assets	Share of investments in energy inefficient real estate assets	N.A.	%	There is only one real estate asset.	100%

Additional climate and other environment-related indicators

Adverse sustainability indicator	Metric	Impact 2021	Unit	Explanation	Response rate[33]
Climate and other environment-related indicators					
Water, waste and material emissions	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	0.01	Tonnes/ EURm invested/ year		74%

[33] Response rate % is calculated as the sum of portfolio weights from holdings that have values for all required datapoints.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[33]
Social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	**2.** Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	4.6	Rate of accidents per million hour worked/ year	Data from direct employees. Companies without direct employees are excluded. No fatalities and no serious injuries were reported. Only recordable work related injuries.	43%
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	0.0%	%		94%

PAI disclosure for Fund II

Indicators applicable to investments in investee companies

Principal adverse impacts statement

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[33]
Climate and other environment-related indicators						
Greenhouse gas emissions	**1.** GHG emissions	Scope 1 GHG emissions	8,130	Tonnes CO2e/year		100%
		Scope 2 GHG emissions	104	Tonnes CO2e/year		100%
		Scope 3 GHG emissions	No data	Tonnes CO2e/year	Data not disclosed due to quality issues.	N/A
		Total GHG emissions	8,233	Tonnes CO2e/year	Includes scope 1 and scope 2.	N/A
	2. Carbon footprint	Carbon footprint	45	Tonnes CO2e/EURm invested/year	Includes scope 1 and scope 2.	100%
	3. GHG intensity of investee companies	GHG intensity of investee companies	521	Tonnes CO2e/EURm revenue/year	Includes scope 1 and scope 2.	100%
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.0%	%	Some of our district heating assets use a minor share of fossil fuels in their energy production. We do not	100%
	5. Share of nonrenewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	15.6%	%	Share of non-renewable energy production for production assets and energy consumption for non-production assets	100%
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Sector D: N.A. Sector H: N.A. Sector L: N.A.	GWh/EURm of turnover/ year	Only one asset in sector D and H and zero in L.	100%
Biodiversity	**7.** Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.0%	%		100%

[33] Response rate % is calculated as the sum of portfolio weights from holdings that have values for all required datapoints.

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[33]
Climate and other environment-related indicators						
Water	**8.** Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00	Tonnes/EURm invested/year		100%
Waste	**9.** Hazardous waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	8.0	Tonnes/EURm invested/year		100%

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[33]
Social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	**10.** Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0%	%		100%
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0%	%	Based on the assessment of the minimum safeguards criteria in the EU Taxonomy performed by third party experts. The asset management team is working on improvement of this KPI.	100%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	No data	%	No data	0%
	13. Board gender diversity	Average ratio of female to male board members in investee companies	4.3%	%	Weighted by the individual size of each investment.	100%
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	%		100%
Energy efficiency	**18.** Exposure to energy-inefficient real estate assets	Share of investments in energy inefficient real estate assets	N/A	%	Not calculated for fund II since there is no real estate asset.	

Additional climate and other environment-related indicators

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[33]
Climate and other environment-related indicators						
Water, waste and material emissions	**13.** Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	8.2	Tonnes/ EURm inve-sted/year		100%

[33] Response rate % is calculated as the sum of portfolio weights from holdings that have values for all required datapoints.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Impact 2021	Unit	Explanation	Response rate[33]
Social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	**2.** Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	3.6	Rate of accidents per million hour worked/year	Data from direct employees. Companies without direct employees are excluded. No fatalities and no serious injuries were reported. Only recordable work related injuries.	100%
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	0.0%	%		100%

[33] Response rate % is calculated as the sum of portfolio weights from holdings that have values for all required datapoints.

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