

Bridging the Nordic gap

Sustainability Report 2022



**"Delivering essential
infrastructure investments
that support society now
and in the future."**

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1 We close gaps

For Infranode, the responsible investment approach is to invest in infrastructure that promotes sustainable and efficient functioning of our economies and communities today, and for the next generation.

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We are gap closers

Infranode's strategy is to invest in essential infrastructure in the Nordics within energy and transport as well as digital and social infrastructure. We invest through partnerships with the private and public sector to close the gap between investment needs and allocation of capital.

Nordic infrastructure investment¹
needs 2030 (EUR)

630 billion →

Nordic infrastructure investment¹
needs 2050 (EUR)

1.9 trillion

We believe that infrastructure is an enabler that allows society to function and transform. Our investments are made considering their long-term value to society; by how important the service is to the community; and whether the asset will survive the test of time. We partner with public and private actors to address infrastructure needs across the Nordics.

Increasing cost pressures and lack of resources continue. The total need for investments in infrastructure is estimated to be EUR 630 billion by 2030 and circa EUR 1.9 trillion by 2050¹. With an ageing population, increased urbanization, and an ambition to reach net zero, the Nordic region is expected to rely on new and improved infrastructure to solve these challenges.

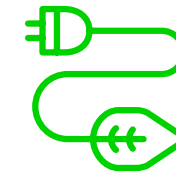
¹ Infranode estimate based on market research publications. Investment needs in infrastructure renovation in Finland are not included.



Infrastructure financing gap

Supporting constrained public finances across the Nordics

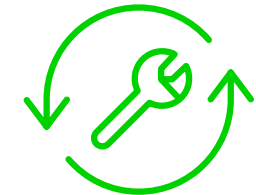
Through our partnership-based investment model we can contribute to financing essential infrastructure in local communities and on a national level through co-ownership with public and private actors.



Transition gap

Contributing to reaching net zero

Infrastructure is an essential enabler for society to decarbonize and eventually reach net zero. We want to contribute to reaching a net zero society by investing in renewable energy capacity, electricity grids, and other infrastructure that enables further integration of renewables, efficient heating systems, infrastructure for fossil-free transport, and digital infrastructure supporting increased connectivity.



Renovation gap

Strengthen existing infrastructure for the needs of tomorrow

Updating, enhancing, and strengthening existing infrastructure of all kinds, from electricity distribution grids and heating plants to existing transport systems and social infrastructure is crucial to future-proofing society. This allows communities to rely on robust infrastructure that enables further equitable economic development.

Investments in infrastructure enable Nordic countries to adapt to the future

Bridging the Nordic infrastructure gap means future-proofing the Nordics for future generations. With our long-term view, we make responsible investments that contribute to that process.



Founding partners statement

We founded Infranode with a conviction that it's a win-win when Nordic society's need for infrastructure investments can be linked with the desire of local pension funds to invest their capital in Nordic infrastructure assets, bridging the infrastructure gap not only today but also for the next generation.

We aspire to be the node, the gap closer, that contributes to creating the base for stronger society in partnership with private and public stakeholders. Infrastructure plays that role – as the enabler – and we want to contribute by investing for tomorrow.

A year for supporting resilience

2022 demonstrated the value of a strong and resilient society. With Russia's full-scale invasion of Ukraine in February, the security landscape in Europe has changed profoundly. It also showed the importance of critical infrastructure and how the interdependence of national energy markets is a risk today. When our global value chains are threatened, there is a need for actors like us – local Nordic experts – to play a key role in supporting society where we act. Our investments in Nordic essential infrastructure are about more than delivering returns to our investors and their beneficiaries; they are part

of a global security agenda. In times when society faces challenges, we want to continue to do our part.

"We believe that change is driven by people ..."

Our business rests on four pillars: we act responsibly in all aspects of our business; we are experienced local experts in the Nordic infrastructure markets; we collaborate through partnership with private and public actors; and we take a long-term view in our investments.

Acting responsibly more fundamental than ever

We want to contribute to a movement in our industry whereby each investment decision is

based on responsible and long-term fundamentals. By integrating aspects related to asset essentiality together with long-term factors such as transition risks into our investment strategy and throughout our active ownership, we help future-proof the businesses we invest in, mitigate risks, and provide the best value-delivery to investors.

Ultimately, we believe that a responsible and long-term investment approach based on experience and collaboration is key to driving the transition towards a low-carbon economy, creating long-term value for all stakeholders, and ultimately building a stronger society.

Leading the change

We believe that change is driven by people and our team continues to be a great example of that. From building one culture in four different countries to

welcoming new team members to our engagement for humanitarian relief in the Ukraine, we are proud of our corporate culture. We recognize that we can do more to improve diversity, and we have a 40/60 rolling gender ambition based on our belief that diverse teams perform better. Our greatest contribution will always be in our core business – a commitment to active ownership in our portfolio companies.

Finally, as a leading Nordic infrastructure team, we remain confident in our ability to continue making substantial contributions to closing the infrastructure financing, transition, and renovation gaps during 2023 and beyond by delivering essential infrastructure investments that support society now and in the future.



Christian Doglia
Founding Partner, CEO



Philip Ajina
Founding Partner, CIO

Highlights 2022



600,000

people across the Nordics
directly impacted by
our investments²

² Infranode estimate based on nature of
businesses of portfolio companies and
reported customer base



182

tonnes CO₂e
per EURm invested³

³ Scope 1, 2 and 3

56

tonnes CO₂e
per EURm invested⁴

⁴ Scope 1 and 2



73%

EU Taxonomy alignment
for Fund I⁵

53%

EU Taxonomy alignment
for Fund II⁵

⁵ Based on revenues FY 2022



87/100

GRESB score for
Fund I and II

30/30

GRESB management
component score



4 new

companies entered
Fund II

A truly local partner

To be a relevant and attractive partner to public sector and private sector infrastructure owners as well as investors and other stakeholders in the Nordics, our approach is to be truly local. Our license to operate is built on the capital we manage and our teams' experience and local expertise

As a local Nordic investment fund, we invest mainly local capital from local institutions into local essential infrastructure in the region. Our local approach also means that our investors are primarily Nordic pension funds, and the capital we invest supports current and future pensioners while strengthening the resilience of our local markets and societies today.

Our team members are experts in local Nordic infrastructure sectors and their commercial and regulatory conditions. With offices in Helsinki, Oslo, Stockholm, and Copenhagen, we build strong local relationships with both public and private partners. In 2022, we have had 439 dialogues with relevant asset owners.

Nordic assets

15

Dialogues with
asset owners

439



- Fund I asset
- Fund II asset
- Our offices

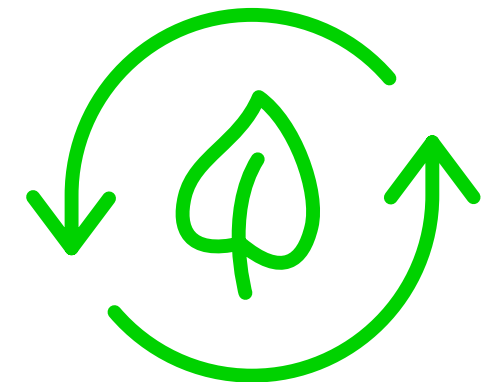


Tafjord Connect (Fund II)

How we invest and manage our assets

Investing in infrastructure means contributing to building the foundations of society. That insight has guided our investment approach since we started: to be responsible investors and long-term owners of essential infrastructure in partnership with public and private actors in the Nordics.

Through flexible and innovative partnership models with the public and private sectors, we create investment opportunities that strengthen society and deliver returns to our investors. The foundation for our investment and ownership model is a strong value-driven and sustainability-proofing agenda that integrates responsible and long-term considerations into the core of our business model.



Infrastructure investments that create value

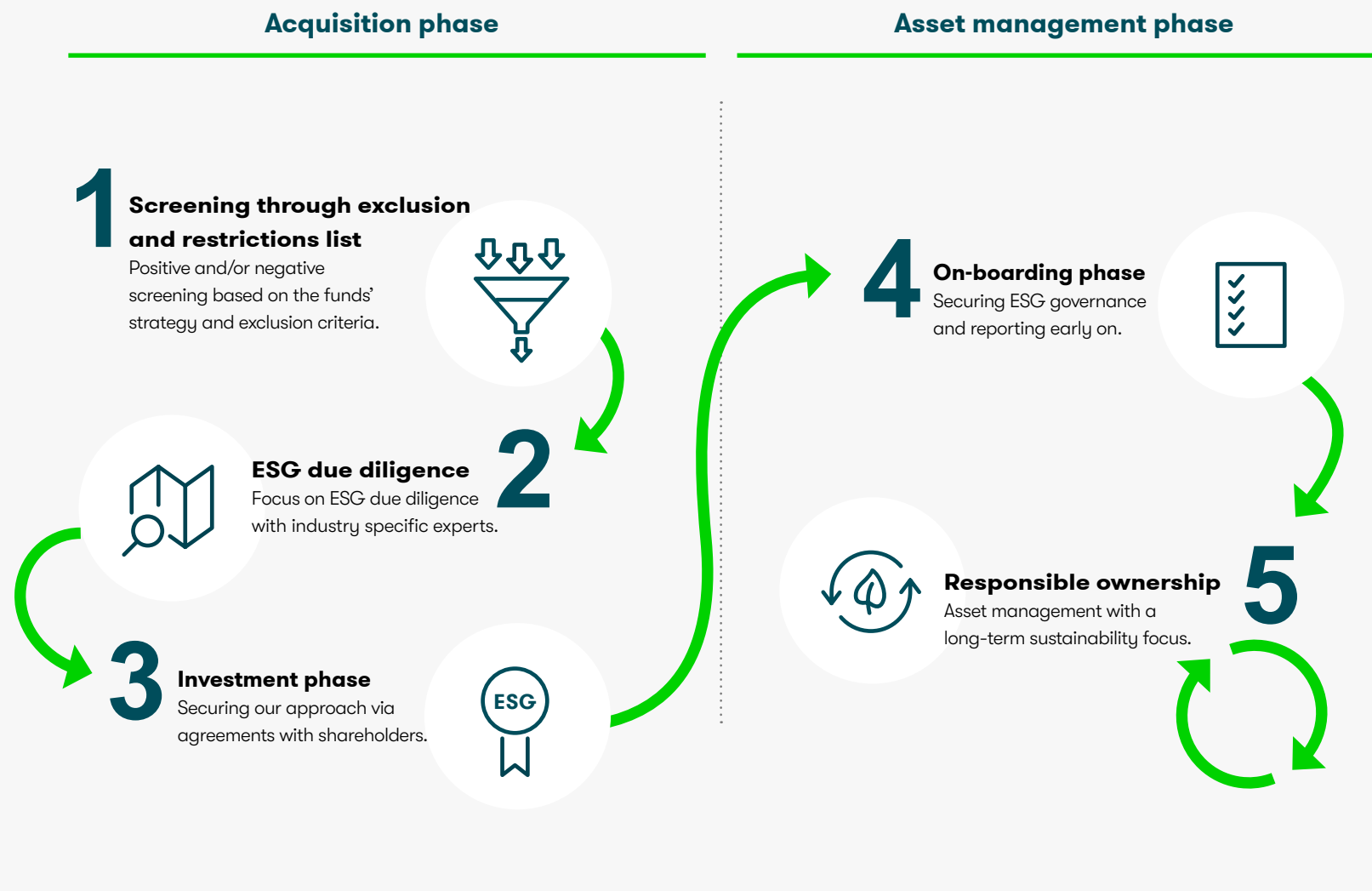
Our approach gives investors access to local Nordic infrastructure investments. We invest in infrastructure that can be clustered into the sectors of transportation, energy, digital infrastructure, and social infrastructure. The investments we make are chosen through a rigorous screening and due diligence process, ensuring alignment with our principles for responsible investments.

The initial screening is based on the respective funds' strategy, portfolio composition, and exclusion criterion before then entering a focused due diligence process. Our responsible approach ensures that the infrastructure we invest in and manage is essential not only today, but also tomorrow and long into the future.

Active ownership

Our investment model is based on an active ownership approach established via agreements with shareholders. Board representation allows us to impact the strategic and tactical development of our portfolio companies. Together with management and co-owners, we define sustainability goals, actions ahead, and KPIs that are monitored at the board. Collaboration between our own team and local experts creates value for our investors and society. During our ownership, we conduct regular monitoring and benchmarking to define priorities ahead. Our active ownership is always guided by social, environmental, and governance considerations.

Sustainable long-term value creation process



Experienced Nordic infrastructure team and close cooperation with portfolio companies

Interview with Johan Tiselius, Head of Sustainability

"As fund managers, we need to ask ourselves what will impact assets and companies the most over the next three decades. My answer is climate change."



How would you describe investor attitudes towards decarbonization?

Our investors are long-term by nature as their beneficiaries are Nordic pensioners. They will look 25 years down the line and ask: what's going to happen to our invested capital over that time horizon? They will either hold on to their investments or divest if someone is willing to pay the cash flows generated over those 25 years. As fund managers, we need to ask ourselves what will impact assets and companies the most over the next three decades. My answer is climate change.

We have been through, and are still in, a series of challenges posed by energy shocks, supply chain disruption, and elevated inflation. As a long-term investor, how do you

respond to such unexpected – and hopefully short-term – events?

Infranode was founded on the conviction that long-term investing can only be achieved by assessing an infrastructure asset's essentiality and ability to stand the test of time. In these challenging times, it is key to stay focused on the analysis of the long-term essential characteristics of the portfolio companies we manage, and when looking to new investment opportunities. As active owners, we take action to protect value for our investors, while keeping a strategic focus on the horizon. These shocks have reinforced the need for long-term thinking.

What would you say is the largest challenge for asset owners and managers seeking

to future-proof their portfolios?

Baseline data, data reliability and standardization for non-financial numbers. Without these, it will be impossible for investors to understand and assess current and future exposure of assets. How do you future-proof something you do not fully understand? The answer here is data. Data quality will also be crucial for responsible investing of the unprecedented amount of capital needed for the transition. In the coming 30 years, an estimated 1 trillion euro in transition investments is needed across the Nordics. Investing that capital will bring new risks and opportunities. Our focus as fund managers must be to ensure that we build knowledge and expertise to better understand risks and opportunities for the benefit of our investors and society at large.

Finally, the transition to a low-carbon economy is becoming a global mega-trend. How are you engaging in it?

Being focused on the Nordic market the transition trend has been an essential part of our investment strategy from the beginning. We see our role as responsible infrastructure investors to go beyond working only with our existing portfolio. Our team is ready to take on greater responsibility as investors and have an even more active role in driving long-term transition investments. We are currently working hard to develop our plans for achieving net zero emissions across the portfolio where CCS (carbon capture and storage) and CCU (carbon capture and utilization) solutions for district heating will be focus areas.

2 Closing the gaps

We are active and long-term investors, enabling returns for investors and closing existing gaps in public infrastructure funding.

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Value-adding investments

Our business model addresses the gap between allocated pension capital and infrastructure investments required to close the existing needs for renovation, transition to net zero, and new essential infrastructure.

By investing responsibly in essential infrastructure, the gaps in society are closing while creating value for our investors and future pensioners in the Nordics, and society as a whole.

Infrastructure financing gap – addressing the needs for society

The Nordic's infrastructure renovation need is estimated to be at least EUR 270 billion over the next ten years⁶. This is driven by the renovation needs within the transport sector, fiber, telecom towers, social infrastructure, and key regional development projects. There is a large and growing gap between infrastructure investment needs and public sector resource constraints. We call this the financing gap. Our investment strategy aims to bridge that gap by partnering with public actors and enabling our investors to meet their commitments. As active partners to municipalities and other public or private actors, we want to create

shared value in bringing our experience into our portfolio companies. When investing through partnerships together with municipalities and regions, our investments release resources and investment budgets for them, enabling them to transfer funding into other investments. Our business model also allows for shared risk and reward in already existing investments through partnerships.



⁶ Infranode estimate based on market research publications. Investment needs in infrastructure renovation in Finland are not included.

**Interview with Rebecka Elkert,
Head of Alternative Investments at Folksam**

Closing the gaps together with our investors



What does sustainability mean to Folksam and how does it govern your investment decisions?

At Folksam we have ambitious sustainability goals. Our vision is that our clients should feel safe in a sustainable world. We believe that a sustainable investment combines a solid return to our clients with a measurable positive impact for society and the environment. As one of the founders of Net-Zero Asset Owners Alliance, one of our investment criteria includes investments that support our target of net-zero emissions in our investment portfolios by 2050.

Why does Folksam invest in Nordic infrastructure?

Investing in Nordic infrastructure is a way to secure long-term stable returns for our clients,

while investing in essential infrastructure close to them, in their own local context. The competent team at Infranode with their insight in the Nordic market, combined with shared core values for both our companies, is a good foundation for our partnership.

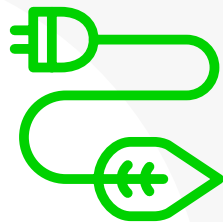
How does investments in Infranode contribute to your sustainability agenda?

Together with Infranode we invest in infrastructure contributing to the green transition. Combined with the transparency at Infranode, and their sustainability governance covering each portfolio company, we can track and review the performance of our investments, making sure they are contributing to our sustainability goals.

Transition gap – contributing to reaching net zero

By 2050, it is estimated that 130 million tonnes of CO₂ needs to be reduced or captured in the Nordics, based on the respective countries' ambitions⁷. Investments to support the transition in the Nordic region, and to lower climate impact in line with national goals of reaching net zero, is estimated to be approximately EUR 360 billion⁸.

Investments to support the transition to net zero are required in green buildings, industry decarbonization, electricity and heat, fossil-free transportation, agriculture, and other industries such as waste management. Infranode's investments in infrastructure support bridging the transition gap, by investing in assets and companies that reinforce the transition.



⁷International Energy Agency (2022, 2020 figures).

⁸Infranode estimate based on market research publications.

Case

Infranode fuels Sweden's solar revolution with financing for largest solar-plus-storage plant

In recent years, the Nordic countries have seen a growing interest in solar energy investments as a means of promoting renewable energy.

The Nordic green transition requires significant investments in renewable energy to achieve the region's ambitious climate goals. An increased number of solar power installations makes it difficult to maintain a balance in the electricity grid. Battery energy storage systems serve as a source of flexibility that can contribute to balancing the grid and thereby become a key enabler of gigawatt-scale deployment of renewable energy to the grid. In this context, the need for energy storage

solutions is therefore growing as demand for electricity becomes increasingly more reliant on renewable energy sources. In 2022, Infranode's portfolio company Alight announced together with Tekniska verken that they are adding battery storage to Alight's 12 megawatt solar park in Linköping. In this investment, Infranode is the main financier of both the battery storage and the solar park.

The solar park is currently one of the largest in the country and was commissioned in 2020. By adding battery storage, the site is now the largest co-located solar-plus-storage plant in Sweden. The battery storage started operating in

December 2022, and its 2 megawatt capacity will help balance the national electricity grid through frequency regulation, ancillary services, and optimization of solar energy production.

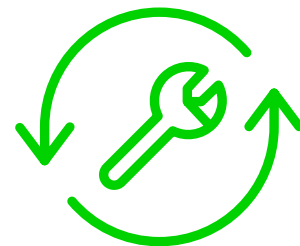
12 MW
production

2 MW
storage

Renovation gap – transforming infrastructure

Enhancing and renovating existing

infrastructure is central to creating the conditions for a well-functioning society in the future. From strengthening electrical grids and updating water and sewage systems to renovating buildings, existing infrastructure will play a role in enabling a low-carbon economy. With the existing investment gap, private financing will keep playing a key role for developing and maintaining infrastructure and social infrastructure. Funding through collaboration between private and public partners allows for the transformation of existing infrastructure into well-functioning, affordable infrastructure that meets the needs of tomorrow and contributes to resilient and cohesive communities.



Case

Strengthening social infrastructure for the future

In 2022, Infranode invested in 13 social and healthcare service facilities in the city of Jyväskylä, Finland. The essential portfolio consists of two healthcare centres, five disability care units, five youth and child protection facilities, and one elderly care unit. Offering nearly 80,000 bed days yearly, the facilities will continue to support the public sector through a long-term partnership with Infranode.

Social and healthcare services are undergoing an extensive reform in Finland. As a responsible owner, we are committed to providing mission-critical social infrastructure that serves the public sector and

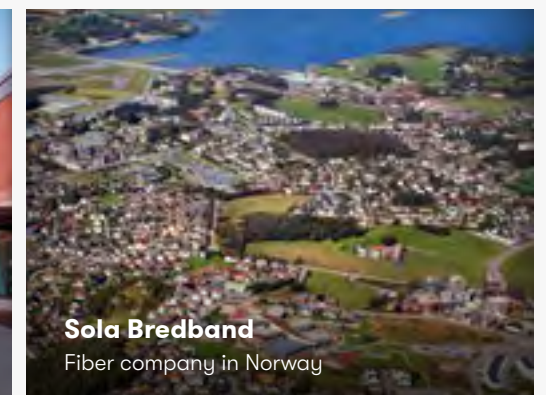
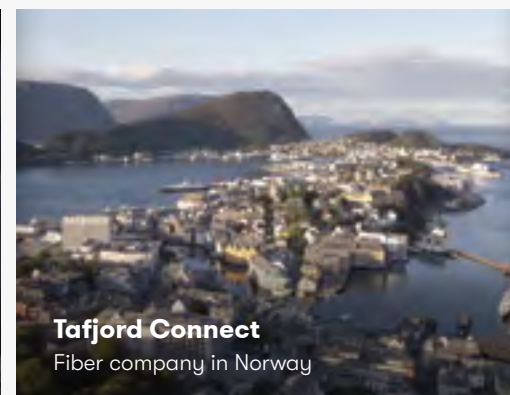
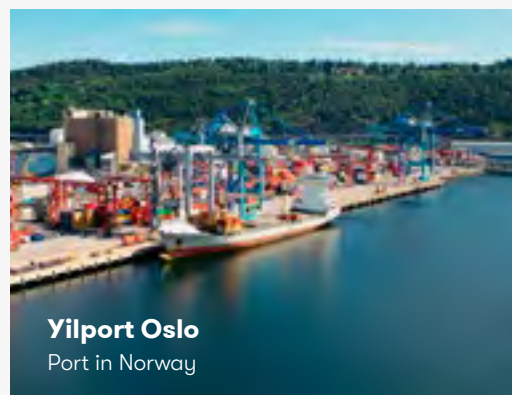
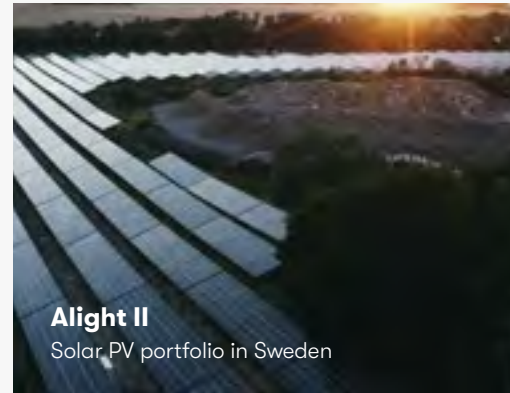
benefits the community. With this acquisition, Infranode not only strengthens its position in the Nordic social infrastructure market, but also contributes to the ongoing transformation of the healthcare sector in Finland. We will continue to leverage our expertise and investment capital to support the development of critical social infrastructure, ensuring that communities have access to essential care services for years to come.

80,000

bed days



Our assets



3 Governance

We are guided by a responsible approach throughout our entire investment cycle secured by sound governing policies, procedures, and control mechanisms.

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Responsible approach

– from investment to ownership

Our impact on society depends on how we invest, what we invest in, and how we manage those investments. That is why our responsible investment approach starts before the investment decision, through the investment phase, and governs our asset management phase.

1.

Screening through exclusion and restrictions

Ensures that we only invest in assets that are expected to be essential and value creating over the long-term. We assess and exclude assets that have difficulties managing physical- and transition-related risks such as high exposure to fossil fuels.



2.

Due diligence

For investments aligned with our responsible investment approach, a due diligence process is initiated where environmental, social, governance, technical, commercial, and legal aspects are analysed. The due diligence process identifies and assesses relevant risks and opportunities as well as the governance model to make sure the asset can deliver on the business plan during our ownership. The assessment is usually conducted by industry experts, with Infranode taking overall responsibility.



3.

Investment phase

For assets in line with our overall investment strategy, the preparation of the investment decision starts. Relevant aspects related to environmental and social factors are part of both the shareholders' agreement and the associated business plan. Including provisions regarding environmental and social aspects, in addition to other important content, in the transaction documents allows for governance of key aspects during the ownership phase and is a key pre-condition for our active ownership model.



4.

On-boarding phase

When an asset enters our portfolio, the on-boarding process begins, and continues for about a year, ensuring appropriate governance considering the nature of business. Infranode offers portfolio companies a governance package to share best practice and integrate the company into our reporting and benchmarking processes. During this phase, regular reporting from the management is established, and board work is formalised – which includes, among other things, monitoring of sustainability performance. This phase also includes initiating activities identified during the due diligence phase.



5.

Active ownership

We are active owners, offering our expertise in infrastructure to all our portfolio companies. Representation on the boards of our portfolio companies allows us to manage our assets in a way that is in line with best industry practice from a long-term perspective, and in the interest of our investors. Portfolio companies report regularly on their performance, including on sustainability.





Internal governance

Sustainability is an integral part at each management level of Infranode. Through policies and procedures, responsibility is channelled from the board of Infranode AB, to the CEO and Head of Sustainability. The board has overall ESG responsibility at Infranode and is responsible for ESG follow up and reporting. The responsibility of the board is delegated to the CEO. The investment committee at Infranode has the responsibility to make investment and asset management decisions in adherence with sustainability aspects material to Infranode.

Sustainability is integrated in performance indicators and targets, and subject to performance reviews of Infranode employees. For heads of departments,

sustainability is part of their performance KPIs; for employees, ESG is part of their performance review. To ensure that sustainability is integrated throughout our operations, the senior management team has established an ESG Committee. The committee is led by the Head of Sustainability and consists of leading team members from all business functions. The committee is responsible for strategies, policies, and procedures on ESG matters; managing of ESG frameworks; developing and monitoring key performance indicators for Infranode and portfolio companies; as well as sustainability training for the Infranode team.

Promoting equality in our industry

Within the investment industry as well as in the infrastructure industry, there are challenges regarding gender representation. At Infranode, we track gender balance for Infranode AB on the management level and for the entire organisation, on boards of our portfolio companies, as well as for advisory teams working for us. In line with current regulations⁹

we measure the unadjusted gender pay gap at portfolio companies. At Infranode AB our gender diversity target for the management team, employees, and boards at portfolio companies is 40/60. To ensure a diverse environment, we include our target as a part of our procurement process for external advisors.

Gender diversity, female ratio

Per 31/12/22



⁹ Sustainable Finance Disclosure Regulation

¹⁰ Measured in line with SFDR, Table 1, PAI 13.



Policies and control mechanisms

At Infranode all employees must comply with our Code of Conduct. The Code of Conduct covers topics such as business ethics, anti-bribery, and anti-corruption. All employees are trained in our Code of Conduct annually. Our employees as well as our business partners can report any suspicious behaviour to our third-party whistleblower service.

All portfolio companies in our funds have supplier Code of Conducts or similar Code of Conduct framework in place.

Working at Infranode

By making the health and well-being of our employees our priority, we want to demonstrate that people are our most important asset. We want to allow our employees to use and develop their professional competence so they can flourish in a sustainable manner.

Values at the center of our business

Our four values guide us in our daily operations and the way we treat each other at Infranode:

Responsible

Without trust, we will not win any new business. And in our world, trust always starts with responsibility.

We are responsible in all dimensions. If we see a problem, we address it. We choose our investors with care, and our incentives create responsibility in our ownership and in how we generate returns. Our business plans are long-term and based on the fact that we have a responsibility for the infrastructure — for both the current and the next generation.

We are responsible in our analysis and we always focus on the stakeholders — our investors, citizens, infrastructure, and the environment. We are responsible for how we collaborate and we always take responsibility for what we deliver.

Collaborative

Since every case and situation is unique, there is no such thing as best practice. That's why we always cooperate and design a customized procedure for every asset we invest in. It may be about ownership, joint management, or the blueprint for a new business plan.

Collaboration is the only thing that creates value for everybody involved in the investment. It also guides the way we work together at Infranode. We understand that building teams with different types of knowledge is the best method for creating valuable investment cases.

Experienced

Infrastructure and long-term thinking are in our DNA. It's where we put all our focus, always seeking to develop the strongest knowledge possible in a specific area with thorough, data-driven research.

We focus on the Nordic market to understand the specific challenges of each investment. That's why

we have built a network of experts to support us in every project.

Long-term

Infrastructure is a very special type of asset class. Infrastructure represents the long-term backbone of the economy. Therefore, our investments in infrastructure must be able to deliver long-term, sustainable value.

We are long-term in our relationships with our investors, and we have a long-term perspective in the return we generate for them. We must be able to deliver value over 20 years — which requires long-term planning when we design our business plans.

In 2022, we were certified as a Great Place To Work. The certification is based on a survey where our employees answers questions related to credibility, fairness, respect, pride, and camaraderie. 100% of our employees participated in the survey, rewarding us with the compiled trust index of 86 of 100.

A culture of health and well-being

We want to create an environment that encourages our employees to prioritise their health and personal life as much as their career. Work-life balance and a learning organisation that build competence and experience is promoted through a bonus policy stating that the full bonus pot is only achievable if employees take all holiday days during a year and attend agreed training programs. We monitor sick days, number of holiday days taken, and number of training days per employee yearly. This is reported to the Board of Directors. Additionally, we have health care, preventative health care, and parental leave plans for all employees.



Average number
of training days 2022

10

Our partnerships



PRI is the world's leading advocate for responsible investments. The independent organization is working to analyse how environmental and social factors together with governance impact investments while supporting its international network of investors to implement these factors in their investment and ownership decisions. Infranode Head of Sustainability Johan Tiselius is a member of the Infrastructure Advisory Committee.



Long-term Infrastructure Investors Association was founded in 2014 by investors for investors and works with a wide range of stakeholders—including infrastructure investors, decision makers, and academics—to support long-term and responsible allocation of private capital to public infrastructure around the world. LTIIA is a non-profit international organization.



After Russia's full scale invasion of Ukraine, we have made SEK 400,000 in donations to **UNHCR** and their continuous work providing humanitarian support, such as sending generators to Ukraine to help address their loss of essential infrastructure. Through internal fundraising, the team made private donations totaling SEK 176,0000 to Ukraine. The funds were, among other things, used to support the people in Mykolaiv after the local water supply was destroyed by financing a water machine that produces drinkable water.



Swesif is an independent network forum for organizations working for, or with, sustainable investments in Sweden. The long-term goal is to increase knowledge of sustainable investments; to be a network and meeting place for knowledge and experience; contribute to relevant statistics on sustainable investments in Sweden; and contribute to the public debate through active participation.



In cooperation with **Zero Mission**, we compensate for our carbon emissions originating from air travel and own business operations within Infranode AB. All offsets are made in Gold Standard and Fairtrade certified projects. In 2022, we compensated for 60 tonnes of CO₂e, equal to all Infranode AB's total emissions during the year. We supported the tree planting project Trees for Global Benefits in Uganda.



In 2022, we initiated a collaboration with **Tom Tits Experiment** in Södertälje, Sweden, with the aim of spreading knowledge and demonstrating commitment to sustainable development and renewable energy among children and young people, as well as adults in the children's vicinity, through experience-based and joyful learning. We have also organized educational programs for children in fifth grade.

4 Portfolio assessments

To measure the impact of our portfolios we regularly assess and benchmark them through different frameworks. The assessments guide us in priorities for improvements.

26 Measuring sustainability impact



Vandel III (Fund II)

Measuring sustainability impact

We continuously work with our portfolio companies to strengthen their sustainability performance. To measure impact and identify areas of improvement, each year we conduct assessments and benchmark against best industry practices. Results of the assessments determine priorities for improvement for the next period.

EU Taxonomy

The EU Taxonomy, a classification system of economic activities by the EU, was introduced as an effort to establish a common terminology and a clear definition of what ‘environmentally sustainable’ is. By defining which economic activities are considered environmentally sustainable, the taxonomy can help investors transferring capital into those activities.

The EU Taxonomy regulation establishes six environmental objectives. To be classified as environmentally sustainable, or 'taxonomy aligned', a business activity must substantially contribute to one of the objectives, while not causing significant harm to any other objective, and be conducted with minimum safeguards for human and labour rights.

Our taxonomy alignment

During 2022, Infranode initiated an EU Taxonomy assessment of business activities for all portfolio companies. The assessment was conducted

by independent industry experts together with legal and technical experts. For the assessment, documented evidence provided by the portfolio companies was used. The result of the assessment was presented as a report for each portfolio company with a breakdown of business activities and corresponding taxonomy alignment. For 2022 reporting, the companies confirmed allocations of revenues, capex, and opex as of FY 2022. Non-aligned shares of business activities is mainly associated with business activities not yet covered by EU taxonomy (non-eligible business activities), and not yet verified taxonomy-alignment of newly invested companies in Fund II.

			Taxonomy alignment		
			Revenue	CapEx	OpEx
Fund I	Diversified infrastructure fund, AUM 0.5 EURm (Fully invested)	SFDR Article 8 product ¹¹	73%	79%	75%
Fund II	Diversified infrastructure fund, AUM 1.2 EURm (in deployment phase)	SFDR Article 8 product	53%	51%	49%

¹¹ During 2021, EU introduced the Sustainable Finance Disclosures Regulation (SFDR). We consider both Infranode funds as Article 8 products of SFDR that promote environmental and social characteristics.

GRESB

Since 2020, Infranode has participated in global real estate sustainability benchmark (GRESB) assessments. GRESB is a global ESG benchmark that measures ESG performance of individual assets and portfolios based on the reported data.

The assessment helps us track and improve the sustainability performance of our portfolio as well as identifies areas for ESG improvements, creating long-term value on both asset and fund level.

Each portfolio company is responsible for submitting data for their individual assessments – which is then reviewed, verified, and benchmarked by the GRESB team. Individual portfolio assessments are combined with the management score of Infranode as a fund manager. In 2022, the result in the Infrastructure Fund Benchmark Report for Fund I improved compared to 2021, now scoring 87/100 (LY 79/100). For Fund II the result was 87/100 (LY 86/100). For the management component, both funds maintained the top score from last year (30/30). A high GRESB score is considered as proof of the robustness of Infranode's ESG commitment, from early screening of investment opportunities to our active ownership and portfolio engagement.

Physical climate risk assessment






























In 2022, we performed a physical climate risk assessment for all portfolio companies. The assessment disclosed exposure to 20 physical risks due to climate change in line with the requirements in the EU Taxonomy. Identified material risks from the assessment have been the subject to more comprehensive work with affected portfolio companies, after which we could confirm that these risks are already being handled.



Our investments

Infranode Fund I

Performance financial year 2022
















Portfolio company	Taxonomy alignment			GRESB	GHG intensity ¹²		Sustainable Development Goals
	Revenue	CapEx	OpEx		Scopes 1+2	Scopes 1+2+3	
Akershus Energi Varme District heating company in Norway	100%	100%	100%	87/100	57	128	    
Alight II Solar PV portfolio in Sweden	76%	60%	65%	87/100	5	8,369	  
Loiste Energy utility in Finland	94%	100%	100%	92/100	42	928	    
Oslofjord Varme District heating company in Norway	70%	89%	76%	91/100	965	1,804	    
Skånska Energi Power distribution company in Sweden	0% ¹³			–	n/a	n/a	 
Vandel III Solar PV park in Denmark	100%	100%	100%	81/100	0	92	  
Varmalämmitys Heating company in Finland	0% ¹³			–	424	485	 
Velfra Portfolio of social infrastructure in Norway	1%	1%	1%	70/100	0.003	56	 
Yilport Gävle Port in Sweden	100%	100%	100%	80/100	88	1,243	 
Infranode I	73%	79%	75%	87/100	321	1,325	

¹² Tons CO₂e / EURm revenue

¹³ EU Taxonomy assessment of some portfolio companies was not conducted during the reporting period. In such cases, the companies are considered 0% aligned according to the EU's guidelines

Infranode Fund II

Performance financial year 2022

Portfolio company	Taxonomy alignment			GRESB	GHG intensity ¹²		Sustainable Development Goals
	Revenue	CapEx	OpEx		Scopes 1+2	Scopes 1+2+3	
VEKU District heating company in Finland	64%	96%	81%	82/100	594	1,964	    
Yilport Oslo Port in Norway	100%	100%	100%	78/100	37	1,174	 
Hafslund Oslo Celsio District heating company in Norway	78%	49%	54%	Planned for 2023	777	1,181	   
Tafjord Connect Fiber company in Norway		0% ¹⁴		Planned for 2023	1.3	2,524	
YKK Portfolio of social infrastructure in Finland		0% ¹³		Planned for 2023	97	202	 
Sola Bredband Fiber company in Norway		0% ¹⁴		Planned for 2023	0	1,650	
Infranode II	53%	51%	49%	87/100	586	1,636	

¹² Tons CO₂e / EURm revenue

¹³ EU Taxonomy assessment of some portfolio companies was not conducted during the reporting period. In such cases, the companies are considered 0% aligned according to the EU's guidelines

¹⁴ Business activities of this company are not taxonomy-eligible

5 Data report

Disclosure of SFDR PAlI for flagship
funds on full year 2022



An aerial photograph of a lush green field, possibly a vineyard or agricultural land, with long shadows of trees cast across it. A road runs along the top edge of the field.

Data report

The disclosure of data in this chapter is based solely on data reported by portfolio companies for the reporting period and aggregated to fund level by independent experts following related SFDR methodologies. No third party ESG data has been used for the purpose of this reporting.

SFDR 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) supplementing the SFDR.

During 2022, Infranode collected PAI indicators

for the second time, allowing for the measurement of progress in portfolio companies. Portfolio companies supply data which is then aggregated at the fund level, in line with SFDR methodology. Infranode does not use any third party data suppliers for PAI purposes. In 2022, portfolio companies achieved an overall 94% of data coverage, giving us a solid foundation for tracing sustainability performance. The data has not been subject to verification by a third party. PAI disclosure for Infranode AB, Fund I, and Fund II can be found in the Data report chapter, and has also been reported to investors in line with our SFDR periodic reporting for each product.

PAI disclosure for Infranode part 1

NN	SFDR reference	Metric [unit]	Impact FY 2022			Data coverage*	Comment
			Infranode AB (entity)	Infranode I AB (fully invested)	Infranode II AB (under investment)		
1.1.1.	Table 1, PAI 1.1, mandatory	Scope 1 GHG emissions [Tonnes CO2e/year]	50,733	5,244	36,598	98%	
1.1.2.	Table 1, PAI 1.2, mandatory	Scope 2 GHG emissions [Tonnes CO2e/year]	18,407	17,602	645	98%	
1.1.3.	Table 1, PAI 1.3, mandatory	Scope 3 GHG emissions [Tonnes CO2e/year]	150,634	78,704	67,220	98%	
1.1.4.	Table 1, PAI 1.4, mandatory	Total GHG emissions [Tonnes CO2e/year]	219,774	101,549	104,463	n/a	
1.2.A.	Table 1, PAI 2, mandatory	Carbon footprint [Tonnes CO2e/EURm invested/year]	182	166	210	98%	Including scope 3
1.2.B.	Table 1, PAI 2, mandatory	Carbon footprint [Tonnes CO2e/EURm invested/year]	56	37	73	98%	Excluding scope 3
1.3.A.	Table 1, PAI 3, mandatory	GHG intensity of investee companies [Tonnes CO2e/EURm revenue/year]	1,429	1,325	1,636	98%	Including scope 3
1.3.B.	Table 1, PAI 3, mandatory	GHG intensity of investee companies [Tonnes CO2e/EURm revenue/year]	457	321	586	98%	Excluding scope 3
1.4.	Table 1, PAI 4, mandatory	Share of investments in companies active in the fossil fuel sector [%]	0%	0%	0%	100%	This includes real estate assets, and thereby also covers PAI metric 17
1.5.	Table 1, PAI 5, mandatory	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 [%]	7.3%	7.5%	8.5%	96%	
1.6.	Table 1, PAI 6, mandatory	Energy consumption in GWh per EURm of revenue of investee companies, per high impact climate sector [GWh/EURm revenue/year]	All D H L	0.7 0.6 0.4 1.1	0.6 0.6 0.5 1.1	0.9 0.9 0.2 0.4	94%
1.7.	Table 1, PAI 7, mandatory	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%	0%	98%	

The disclosure is based on Annex I of Commission Delegated Regulation (EU) 2022/1288. The column “Impact [year n-1]” from the RTS template is not included, due to the lack of comparable data.

During 2022, actions have focused on conducting evidence-based assessment of the EU Taxonomy alignments of the business activities in our portfolio companies, and a third-party assessment of physical climate risks in our portfolio. We have also updated and strengthened our ESG framework and the corresponding ESG Due diligence tool described in chapter 3. Individual ESG Goals based on GRESB performance and the results of the EU Taxonomy assessment have been developed for our portfolio companies as a way to measure sustainability performance and progress ahead. During 2023, we will identify performance targets for our portfolio companies based on SFDR PAI results for 2022 and conduct a net zero assessment of our portfolio. Full disclosure of our actions taken and planned, and targets set for the next reference period are made available to our investors.

¹⁵ Coverage is calculated as the sum of portfolio weights from holdings that have values for all required data points and presented here on entity level

PAI disclosure for Infranode part 2

NN	SFDR reference	Metric [unit]	Impact FY 2022			Data coverage*	Comment
			Infranode AB (entity)	Infranode I AB (fully invested)	Infranode II AB (under investment)		
1.8.	Table 1, PAI 8, mandatory	Tonnes of emissions to water generated by investee companies per EURm invested, expressed as a weighted average [Tonnes/EURm invested/year]	0.000001	0.000000	0.000002	76%	
1.9.	Table 1, PAI 9, mandatory	Tonnes of hazardous waste and radioactive waste generated by investee companies per EURm invested, expressed as a weighted average [Tonnes/EURm invested/year]	4.4	0.1	9.7	97%	
1.10.	Table 1, PAI 10, mandatory	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises [%]	0%	0%	0%	98%	
1.11.	Table 1, PAI 11, mandatory	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 [%]	1%	0%	2%	98%	Based on the assessment of the minimum safeguards criteria in the EU Taxonomy performed by third party experts.If not available, the PAI is based on the responses from underlying assets of the entity.
1.12.	Table 1, PAI 12, mandatory	Average unadjusted gender pay gap of investee companies [%]	-1%	9%	-12%	59%	Negative numbers indicate that female employees are on average paid more than male employees. Companies without direct employees are excluded.
1.13.	Table 1, PAI 13, mandatory	Average ratio of female to male board members in investee companies [%]	25%	28%	18%	98%	
1.14.	Table 1, PAI 14, mandatory	Share of investments in investee companies involved in the manufacture or selling of controversial weapons [%]	0%	0%	0%	100%	
1.18.	Table 1, PAI 18, mandatory	Share of investments in energy inefficient real estate assets [%]	n/a	n/a	n/a	n/a	Not calculated since there is only one real estate asset in each fund.
2.13.	Table 2, PAI 13, voluntary	Tonnes of non-recycled waste generated by investee companies per EURm invested, expressed as a weighted average [Tonnes/EURm invested/year]	9.1	0.8	14.0	97%	
3.2.	Table 3, PAI 2, voluntary	Rate of accidents in investee companies expressed as a weighted average [Rate of accidents per million hour worked/year]	33	52	18	83%	Data from direct employees. Companies without direct employees are excluded. No fatalities were reported.
3.4.	Table 3, PAI 4, voluntary	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%	0%	98%	

¹⁵ Coverage is calculated as the sum of portfolio weights from holdings that have values for all required data points and presented here on entity level

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