

## Sustainability-related disclosure

**Scope:** Infranode AB (entity)

**Products:** Infranode I AB, Infranode II AB, Infranode II Co-investment I AB

**Reporting period:** Full Year 2022

**Regulatory reference:** Regulation (EU) 2019/2088 (SFDR) for Article 8 products, based on a corrigendum published 27 December 2022.

### Disclosures covered by this document:

Policy on integration of sustainability risks in investment decision making	SFDR Art. 3	Page 2
Integration of sustainability risks in remuneration policies	SFDR Art. 5	Page 2
Statement on principal adverse impacts of investment decisions on sustainability factors	SFDR Art. 4	Page 3
Products with environmental or social characteristic	SFDR Art. 10	Page 8

## 1 INTRODUCTION

As part of the European Commission's Action Plan on financing sustainable growth, the European Parliament and the European Commission adopted the Sustainable Finance Disclosure Regulation (SFDR)<sup>1</sup> in December 2019. The disclosure regulation intends to increase transparency on sustainability characteristics and sustainable investments for the end consumer.

Infranode supports this initiative from the EU and will continue our efforts to contribute to sustainable development.

We are convinced that sustainable infrastructure investing coupled with responsible asset management will reduce risks and enhance value for investors. High standard of business conduct as well as a responsible approach to ESG makes good business sense and is more likely to create sustainable value over the long term.

## 2 SUSTAINABILITY RISKS

### 2.1 Policy on integration of sustainability risk in investment decision-making

This section covers the disclosure required by Article 3 of SFDR.

The integration of sustainability risks in Infranode's investment decision-making process is described in our ESG Policy.

Prior to making an investment, we are using a systematic ESG due diligence framework through which we evaluate the environmental, social and governance risks of the companies and assets targeted for investment utilising both quantitative and qualitative methods. The framework aims to identify, weigh, and explain to what extent the target investment is mitigating the ESG risks or capitalising on existing ESG opportunities. Also, we have a structured dialogue with the companies targeted for investment on how identified ESG risks can be mitigated. The ESG risk assessment is conducted in collaboration with expert consultants and the companies targeted for investment. Results of ESG risk assessment are considered by Infranode and its Investment Committee in decision-making regarding investments. Post-investment decision, the identified sustainability risks and outlined mitigation factors form the ESG approach to asset management.

Our approach to active ownership is described in more detail in section 3.4 on page 7.

### 2.2 Integration of sustainability risks in remuneration policies

This section covers disclosure specified by Article 5 of SFDR.

Sustainability risk is integrated in Infranode's remuneration policy, where it is stated that both financial and non-financial criteria shall be taken into account in the assessment of individual performance of Infranode employees. Achievement of environmental, social or other ESG-related targets and the adherence to the ESG policy with regards to sustainability risk are integrated in Infranode's remuneration policy as non-financial evaluation criteria. The performance is assessed in a form relevant to each function of each employee.

---

<sup>1</sup> Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector

### 3 STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

This section covers disclosure specified by Article 4 of SFDR.

#### 3.1 Summary

Infranode considers principal adverse impacts (PAI) of investment decisions on sustainability factors. This section is the entity level disclosure in accordance with Article 4 of the SFDR regulation and section 1 of the regulatory technical standard (RTS)<sup>2</sup> covering the reference period of 2022.

Infranode considers all PAI indicators in Table 1 of Annex I of the RTS. In addition, indicator 13. Non-recycled waste ratio from Table 2 and indicators 2. Rate of accidents and 4. Lack of a supplier code of conduct from Table 3 are considered.

Infranode considers principal adverse impacts in investment decisions, through obligatory application of the ESG due diligence framework where SFDR PAI indicators are integrated. During the asset management phase, monitoring of SFDR PAI indicators is part of our active ownership. Our ESG integration approach is described in detail in our ESG Policy, which can be found on our webpage.<sup>3</sup>

#### 3.2 Description of principal adverse sustainability impacts

The information presented below contains the principal adverse impact (PAI) indicators as defined in the Regulatory technical standard (RTS) supplementing the SFDR regulation covering the reporting period of full year 2022. The data collection was conducted in collaboration with ESG consulting firm Position Green<sup>4</sup>. The data collection was facilitated by the Infranode asset management team, following the template developed by Position Green. Portfolio companies provided data on "best effort basis" in line with other similar reports provided to authorities and stakeholders. The data was not assured by Position Green. Infranode does not use any third party suppliers of ESG data for its SFDR reporting. 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.

##### 3.2.1 Principal adverse impacts for Infranode AB

The table below contains the principal adverse impact indicators (PAII) for the Infranode AB, the manager. The disclosure is based solely on the data reported by portfolio companies for the reporting period and aggregated to the fund level by independent experts following related SFDR methodologies. No third party ESG data has been used for the purpose of this reporting.

The column "Impact [year n-1]" from the RTS template is not included, due to the lack of comparable data. For "Actions taken, and actions planned, and targets set for the next reference period" kindly refer to section 3.2.2 on page 6.

---

<sup>2</sup> *Corrigendum to Commission Delegated Regulation (EU) 2022/1288 of 27 December 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 of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports*

<sup>3</sup> Accessible at <https://infranode.eu/sustainability-2>

<sup>4</sup> *Position Green is an independent advisory firm specialized in ESG due diligence, ESG data and consulting on sustainable investing. [www.positiongreen.com](http://www.positiongreen.com)*

NN	SFDR reference	Metric [unit]	Impact FY 2022		Comment
			Infranode AB (entity)	Coverage <sup>5</sup>	
1.1.1.	Table 1, PAI 1.1, mandatory	Scope 1 GHG emissions [Tonnes CO2e/year]	50,733	98%	
1.1.2.	Table 1, PAI 1.2, mandatory	Scope 2 GHG emissions [Tonnes CO2e/year]	18,407	98%	
1.1.3.	Table 1, PAI 1.3, mandatory	Scope 3 GHG emissions [Tonnes CO2e/year]	150,634	98%	
1.1.4.	Table 1, PAI 1.4, mandatory	Total GHG emissions [Tonnes CO2e/year]	219,774	N/A	Sum of 1.1.1-1.1.3.
1.2A.	Table 1, PAI 2, mandatory	Carbon footprint [Tonnes CO2e/EURm invested/year]	182	98%	Including scope 3
1.2B.	Table 1, PAI 2, mandatory	Carbon footprint [Tonnes CO2e/EURm invested/year]	56	98%	Excluding scope 3
1.3A.	Table 1, PAI 3, mandatory	GHG intensity of investee companies [Tonnes CO2e/EURm revenue/year]	1,429	98%	Including scope 3
1.3B.	Table 1, PAI 3, mandatory	GHG intensity of investee companies [Tonnes CO2e/EURm revenue/year]	457	98%	Excluding scope 3
1.4.	Table 1, PAI 4, mandatory	Share of investments in companies active in the fossil fuel sector [%]	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%	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	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%	98%	

<sup>5</sup> Coverage is calculated as the sum of portfolio weights from holdings that have values for the related datapoints.

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	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	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%	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%	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%	59%	Negative number 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%	98%	
1.14.	Table 1, PAI 14, mandatory	Share of investments in investee companies involved in the manufacture or selling of controversial weapons [%]	0%	100%	
1.18.	Table 1, PAI 18, mandatory	Share of investments in energy inefficient real estate assets [%]	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	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	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%	98%	

### 3.2.2 Actions taken and planned

During the reporting period, Infranode conducted the following actions:

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

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

### 3.3 Description of policies to identify and prioritize principal adverse sustainability impacts

Infranode's process for prioritization and identification of principal adverse impacts on sustainability factors is addressed in Infranode's ESG policy (published on our webpage<sup>6</sup>) which was latest approved by the Board on 26 April 2021.

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.

Each member of investment team and asset management team are obliged to consider those sustainability areas, incl. adverse sustainability impacts, that are the most relevant or material to their specific situation.

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.

The PAIs included from Table 2 and 3 of RTS Annex I were chosen in collaboration with an expert ESG advisor, Klinkby Enge. The selected indicators represent impacts that we, in consultation with our advisors, consider relevant and important.

The data used is sourced directly from the portfolio companies. We also work with expert ESG consultants in collecting and processing data provided on an ongoing basis, included related to SFDR disclosure, who assist in obtaining the highest data quality possible.

We continuously work on improving our methods for assessing and addressing potentially adverse impacts while we acknowledge potential short comings that we might have due to imperfect visibility, knowledge, and information.

### 3.4 Engagement policies

Infranode's engagement policy is laid out in our ESG policy (can be found on our webpage)<sup>7</sup>.

Team members of Infranode are responsible for the acquisition and management of the investments held by the funds. Board representation is a strategic objective for every investment and combined with active engagement with the management and/or operating partners, Infranode works to ensure appropriate ESG integration.

Depending on ownership size and variation in synergies among and between assets and owners – the possibility to influence change varies. That is why Infranode has adopted a two-tiered approach: One where Infranode has sole control over the company ("sole control stance") and one where control is

---

<sup>6</sup> Accessible at <https://infranode.eu/sustainability-2>

<sup>7</sup> Accessible at <https://infranode.eu/sustainability-2>

shared with other shareholders (“co-control stance”). Infranode's sole control stance involves formalizing an ESG roadmap, developing a code of conduct, or similar, and ensuring that the company has clear organizational and functional ESG capabilities and responsibilities. Infranode's co-control stance involves stimulating and demanding ESG value creation activities in a similar way as under the sole control stance but also working with and impacting the other owners to fully align on sustainability.

As the quality of the PAI data improve and the ability to compare data across companies and financial products improve we will consider incorporating the PAI data explicitly in our engagement policy. This includes provisions regarding how we will address portfolio companies where there is no reduction of the principal adverse impacts over more than one reporting period.

### 3.5 References to international standards

As a signatory of the United Nations Principles for Responsible Investment (UNPRI) (2016), the Swedish Sustainable Investment Forum (SWESIF) (2016) and a member of the Long Term Infrastructure Investors Association (LTIIA) (2017), these organisations and related international conventions, standards and guidelines – notably the Paris Agreement, TCFD (Task Force on Climate related Financial Disclosures), Global Compact and the Sustainable Development Goals (SDGs) – form the departure point for how Infranode understands and deals with ESG issues. Infranode's ESG due diligence framework is based on the framework provided by GRESB, the global ESG benchmark for real assets.

Infranode has participated in GRESB for the past four years. The GRESB assessment has a substantial overlap with the PAI indicators. The data used for the GRESB assessment is collected directly from the assets with the help from expert ESG consultants, who assisted in developing a systematic data collection template, as well as in data quality review and systematisation of the related indicators ultimately aiming at the highest possible data quality.

We actively work with our assets with an aim to ensure they are aligned with the requirements in the OECD Guidelines for Multinational Enterprises. This has included that we are conducting a review of their policies and procedures as part of our efforts help the assets become aligned with the EU Sustainability Taxonomy.

## 4 PRODUCTS WITH ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

This section covers Infranode I AB, Infranode II AB and Infranode II Co-Investment I AB, collectively referred to as “the funds”. The funds follow the same policy and investment strategy and have the same characteristics. Where there are any differences, it is clearly stated.

### 4.1 Summary

It is our understanding that the funds promote environmental and social characteristics as used in article 8 in SFDR<sup>8</sup>

The environmental and social characteristics of the funds are defined by that they invest in infrastructure assets and projects that promote a sustainable and efficient functioning of the environments, economies, communities, and people that they serve.

---

<sup>8</sup> *Infranode I AB was closed for capital commitments before March 10, 2021, where SFDR entered into force. As such Infranode I AB was not promoted as an “article 8 fund” when it was marketed to investors. But given that the funds are covered by the same ESG policies and approach we consider all funds as article 8 funds, and we will treat all funds as such.*



Furthermore, the E and S characteristics are defined by the fact that the funds apply an ESG integration strategy, which is implemented throughout the lifetime of the investments.

The ESG integration strategy is composed by a number of measures including pre-investment ESG screening and exclusions, pre-investment ESG due diligence, active ownership, and ongoing monitoring and reporting. ESG activities of Infranode are governed by our ESG Policy.

The attainment of the characteristics is measured and monitored through a number of sustainability indicators, being:

- Proportion of investments subject to pre-investment ESG due diligence
- Proportion of assets (weighted by investment value) with emissions reduction targets
- Proportion of assets contributing to respectively SDG 4, 7, 9, 11, 12, and 13
- Proportion of assets (weighted by investment) covered by a code of conduct
- In addition to these sustainability indicators, Infranode will be publishing the PAI indicators for each fund each year in the annual report. See more details further down.

We monitor the attainment of the E/S characteristic on an ongoing basis, and we publish these indicators each year in our periodic reporting and annual regulatory report. We report on the alignment of our assets with the EU Sustainability Taxonomy in our annual Sustainability report (published on our webpage<sup>9</sup>).

## 4.2 No sustainable investment objective

These financial products promotes environmental or social characteristics but does not have as their objective sustainable investment.

## 4.3 Environmental and social characteristics

The funds' strategy is to invest in equity and/or equity-like debt instruments of infrastructure assets and companies providing essential and long-term sustainable services within the transportation, digital infrastructure, energy and utilities and social infrastructure sectors.

We are encouraging the portfolio companies to set emission reduction targets that keep the total climate impact for the portfolio within the Paris Agreement objectives.

The investments in Infranode I AB seek to contribute to the UN Sustainable Development Goals (SDGs), especially SDG 7, 9, 11, 12, and 13 by providing clean energy in solar as well as in district heating and by investing long term in infrastructure including ports. It moreover seeks to contribute to SDG 14 by investing in social infrastructure in Norway.

The investments in Infranode II AB and Infranode II Co-investment I AB seek to contribute to the SDGs, especially SDG 7, 9, 11, 12, and 13 by providing clean energy in solar as well as in district heating and by investing long term in infrastructure.

We exclude companies directly involved in the extraction of fossil fuels (oil, coal and gas) or investments where a material percentage of the revenues stem from fossil fuel related activities. We also exclude arms, tobacco, pornography and alcohol sectors and sectors involving harmful or exploitative forms of forced labour/harmful child labour, and any operation or project engaged in destruction of critical habitats etc. The extent of how environmental or social characteristics are met are followed up on once yearly. This information will be published in our periodic reporting.

---

<sup>9</sup> Accessible at <https://infranode.eu/sustainability-2>

## 4.4 Investment strategy

The fund's strategy is to invest in equity and/or equity-like debt instruments of infrastructure assets and companies providing essential and long-term sustainable services within the transportation, digital infrastructure, energy and utilities and social infrastructure sectors.

Our ESG integration strategy is informed by a range of internationally recognised frameworks and standards (see also section 3.5 on page 8).

Our ESG integration strategy consists of the following overarching elements:

- Pre-investment ESG screening and exclusions
- Pre-investment ESG due diligence
- Active ownership
- Ongoing monitoring and reporting Each these elements are described in detail in our ESG policy<sup>10</sup>.

### 4.4.1 Policy to assess good governance practices of investee companies

We assess governance practices of any potential investment as part of our systematic ESG due diligence process. Furthermore, we ensure good governance of each investee company through including requirements related to governance in all Shareholders Agreements. This includes requirements such as for example reserved matters in relation to pre-agreed long-term business plans, that responsibility for ESG performance is placed with a dedicated ESG committee or person on the Board of Directors (BoD), requirements for regular ESG reporting presented to Infranode by company management, and requirements that ESG performance is part of the performance evaluation of management.

## 4.5 Proportion of investments

In the pre-contractual information provided for the funds no commitment is made to attain a minimum share of sustainable investments as defined by article 2(17) of the SFDR. As such the funds are only committed to ensuring that all investments are aligned with the E/S characteristics of the funds.

All investments in the Fund are direct exposures. The Fund does not use derivatives.

The funds report on the share of investments that are aligned with the EU Taxonomy in its periodic reporting.

## 4.6 Monitoring of environmental or social characteristics

We require that investee companies conduct regular reporting on ESG matters to Infranode. Furthermore, ESG is on the agenda at board meetings of the assets. Another way in which we monitor the environmental and social characteristics is by participating in the GRESB infrastructure assessment each year. The GRESB assessment identifies areas for ESG improvement which can lead to an adjustment of the operational strategy and governance work on asset and fund level. Long-term, this creates value for society, ultimately leading to an enhanced value for our portfolio and investors.

## 4.7 Methodologies

We track the performance of the sustainability indicators defined for measuring the attainment of the environmental and social characteristics of this product ourselves, based on data from the assets and

---

<sup>10</sup> Accessible at <https://infranode.eu/sustainability-2>

different types of publicly available information (see below). We follow this development on an ongoing basis and publish the progress each year in our Sustainability report. We use sustainability indicators as part of our engagement with the assets, in an attempt to create continuous improvement.

#### **4.8 Data sources and processing**

The data used for assessing ESG performance and progress is generally sourced directly from the assets. This data can be supplemented by publicly available data from e.g., authorities, industry data (e.g., for benchmarking), news outlets, and other publications. We also work with expert ESG consultants in conducting due diligence as well as in collecting and processing data provided on an ongoing basis, included related to the SFDR PAI indicators. The investment team is responsible for the quality of the data in the due diligence phase, while the asset management team is responsible for the quality of the data in the asset management phase. Data used in assessing the attainment of the characteristics is not estimated.

#### **4.9 Limitations to methodologies and data**

In general, the data and the methods used to evaluate sustainability factors are subject to uncertainty. As described in the above sections we are continuously working to improve our understanding of sustainability factors and our ways to measure their impacts. It is our assessment that our current methods and data sources provides a sufficiently accurate picture of the sustainability impacts, and as such do not affect our ability to attain the environmental and social characteristics of the fund.

#### **4.10 Due Diligence**

Infranode applies ESG due diligence framework for all potential investments. The framework includes ESG aspects, including identification and prioritisation of principal adverse impacts and assessment of sustainability risks on financial returns, and seeks to identify, and explain to what extent the target investment is mitigating the ESG risks or capitalising on existing ESG opportunities. The ESG assessment is conducted in collaboration with expert consultants and the target companies. The ESG risk assessment is reviewed and evaluated by Infranode. Both quantitative and qualitative methods are utilised as part of the ESG due diligence. The due diligence results in a qualified judgment by the responsible investment professional, to be incorporated into the investment memorandum that forms the basis for investment decisions by the Investment Committee.

#### **4.11 Engagement policies**

Read about our engagement policies in section 3.4 on page 7 and in our ESG Policy available on our webpage<sup>11</sup>

---

<sup>11</sup> Accessible at <https://infranode.eu/sustainability-2>