

Niam Infra Fund II – Product-level website disclosure

Summary

Niam Infra Fund II AB (“NIFII”) which is managed by Niam AB, promotes environmental characteristics, fulfilling the requirements of Article 8 of the Sustainable Finance Disclosure Regulation. NIFII does not however have sustainable investment as its objective.

NIFII promotes the following environmental characteristics:

- Increased renewable energy capacity
- Increased renewable energy generation
- Reduction of CO₂e emissions

NIFII’s investment strategy is to pursue equity and debt investments in infrastructure and infrastructure related assets, projects and businesses with a view to achieving attractive risk adjusted returns. The proportion of investments that will be used to attain the environmental characteristics promoted by NIFII will vary over time, however with a long-term target of reaching 50% or more of NIFII invested capital.

While NIFII does not have a sustainable investment objective it still has a planned minimum proportion of 25 % of sustainable investments with an environmental objective aligned with the EU Taxonomy. However, all of the NIFII’s investments may not be Taxonomy eligible. So, the percentage is based on the investments that are eligible.

NIFII assesses good governance practices in its investments by implementing Niam’s sustainability policy, which accounts for ESG factors.

The sustainability indicators used to measure the contribution to the environmental characteristics promoted by the fund are:

- Additional renewable energy capacity developed or constructed as measured by MW capacity; and / or
- Total renewable energy generation including existing portfolio as measured by MWh (produced or equivalent) ; and / or
- Estimated CO₂e emissions avoided by either energy savings or additional renewable energy production as measured by tons of CO₂e avoided (based on the funds ownership in each portfolio company)

The data sources are expected to be either reports provided to NIFII by investee companies containing relevant data, data from external organizations, databases and / or internal data, collated through detailed due diligence exercise and ongoing monitoring of all investments.

The methodologies and data sources used by NIFII have limitations in terms of availability, completeness, and accuracy. In particular it should be noted that certain estimations will be done in relation to CO₂e emissions avoided and estimations are always resulting in uncertainty. Despite existing limitations, the data collected and provided by the Fund is considered beneficial to understand the NIFII performance with regards to the environmental characteristics it promotes.

During the due diligence process potential investments will be screened against a number of criterias including risk, return and also whether the investments are aligned with the promoted environmental characteristics of NIFII.

Engagement is not part of the environmental or social investment strategy. Neither does NIFII use any index designated as a reference benchmark for measuring alignment with the environmental and/or social characteristics promoted by the product.

No sustainable investment objective

This financial product promotes environmental characteristics but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

NIFII promotes as mentioned earlier the following environmental characteristics:

- Increased renewable energy capacity
- Increased renewable energy generation
- Reduction of CO₂e emissions

Investment strategy

The Fund will pursue equity and debt investments in infrastructure and infrastructure related assets, projects and businesses with a view to achieving attractive risk adjusted returns, primarily in the Nordics but also in other parts of Europe, with a main focus on investments in renewable energy, distributed energy, digital infrastructure and transport. The Manager will continuously specifically target the following infrastructure investments to attain the characteristics promoted by the Fund:

- Renewable energy including for example wind, solar, geothermal and hydropower plants that generate energy or electricity from naturally replenished resources such as wind, sun, heat and running water.
- Distributed energy including installations in energy efficient lighting, batteries and other energy storage solutions.
- Transport including investments into decarbonization of transport and logistics lowering CO₂e emissions either directly or indirectly,
- Acquisition of majority or minority shareholdings or financing of companies that develop, construct and operate renewable or distributed energy assets.

For investments that are to be aligned with the promoted characteristics, NIFII will make investments that either have a direct positive impact on the characteristics or has the potential to positively contribute to the characteristics.

The elements of the strategy to partly focus on investments in renewable energy and distributed energy assets are binding on NIFII, as these are set out in the investment strategy of NIFII.

Policy to assess good governance

NIFII assesses good governance practices in its investments by implementing Niam's Sustainability policy, which accounts for ESG factors. During each acquisition process, a due

diligence review is carried out to identify and assess relevant governance risks through a dedicated check list that will be taken into consideration when making the investment decision. If governance risks are identified, this may lead to the abortion of the investment unless the identified risks cannot be adequately managed or mitigated through appropriate measures. Once an asset has been acquired, the NIFII manager monitors governance risks on a regular basis.

Proportion of investments

As a result of the focus of NIFII on renewable energy and distributed energy investments NIFII will target investments that will be used to attain the environmental characteristics promoted by NIFII. The proportion of these investments and, as such, the description of how these investments contribute to an environmental characteristic, will vary over time however with a long-term target of reaching 50% or more of NIFII invested capital.

While the fund does not have a sustainable investment objective it still will have a planned minimum proportion of 25 % of sustainable investments with an environmental objective aligned with the EU Taxonomy. However, all of the fund's investments may not be Taxonomy eligible. So, the percentage is based on the investments that are eligible.

Monitoring of environmental or social characteristics

The sustainability indicators used to measure the contribution to the environmental characteristics promoted by the fund are:

- Additional renewable energy capacity developed or constructed as measured by MW capacity; and / or
- Total renewable energy generation including existing portfolio as measured by MWh (produced or equivalent); and / or
- Estimated CO₂e emissions avoided by either energy savings or additional renewable energy production as measured by tons of CO₂e avoided (based on the funds ownership in each portfolio company)

Control mechanisms are in place to ensure that data is regularly collected from all investee companies.

Methodologies for environmental or social characteristics

Additional renewable energy capacity developed, constructed or acquired as measured by MW capacity is a standalone figure and does not require any calculation.

Total renewable energy generation as measured by MWh produced or equivalent is a standalone figure and does not require any calculation.

Estimated CO₂e emissions avoided are ordinarily calculated as the difference between the estimated CO₂e emissions resulting from the operation of assets in NIFII's portfolio, and the estimated baseline CO₂e emissions that would have resulted from the "business as usual" scenario in the relevant countries. Other industry-standard methodologies may also be used for the estimation.

Data sources and processing

The data sources are expected to be either reports provided to NIFII by investee companies containing relevant data, data from external organizations, databases and / or internal data, collated through detailed due diligence exercise and ongoing monitoring of all investments. To analyze the attainment of environmental characteristics promoted by NIFII, the collected data is aggregated and used for calculating the indicators.

The proportion of data that is estimated may vary over time. For avoided CO₂e emissions all calculations are based on estimations.

The NIFII manager regularly reviews data sources and continuously seeks to improve transparency, disclosure accuracy and data provision in relation to the Fund, using where relevant international benchmarking standards.

Limitations to methodologies and data

The methodologies and data sources used by NIFII have limitations in terms of availability, completeness, and accuracy. In particular it should be noted that certain estimations will be done in relation to CO₂e emissions avoided and estimations are always resulting in uncertainty.

Despite existing limitations, the data collected and provided by the Fund is considered beneficial to understand the NIFII performance with regard to the environmental characteristics it promotes.

Due diligence

During the due diligence process potential investments will be screened against a number of criteria including risk, return and also whether the investments are aligned with the promoted environmental characteristics of NIFII. For investments that are to be aligned with the promoted characteristics, NIFII manger will undertake due diligence to ensure that the investment has either a direct positive impact on the characteristics, or has the potential to positively contribute to the characteristics and that this can be adequately measured.

NIFII due diligence processes are regularly reviewed to ensure their accuracy and effectiveness.

Engagement policies

Engagement is not part of the environmental or social investment strategy.

The NIFII manager monitors sustainability risks in the investee companies on a regular basis. Changes in the risk profile, including sustainability-related controversies, are dealt with according to internal escalation routines.

Designated reference benchmark

NIFII does not use any index designated as a reference benchmark for measuring alignment with the environmental and/or social characteristics promoted by the product.