

Niam Infra Fund – Product-level website disclosure

Summary

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

NIF promotes the following environmental characteristics:

- Increased renewable energy capacity
- Increased renewable energy generation
- Reduction of CO₂ emissions

NIF’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 NIF will vary over time, however with a long-term target of reaching 50% or more of NIF invested capital in the long-term.

NIF 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:

- Renewable energy capacity developed or constructed as measured by MW capacity
- Renewable energy generation as measured by MWh produced or equivalent
- Estimated CO₂ emissions avoided by either energy savings or additional renewable energy production as measured by tons of CO₂ avoided

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

The methodologies and data sources used by NIF have limitations in terms of availability, completeness, and accuracy. In particular it should be noted that certain estimations will be done in relation to CO₂ 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 NIF performance with regards to the environmental characteristics it promotes.

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

Engagement is not part of the environmental or social investment strategy. Neither does NIF 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 or social characteristics but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

NIF promotes the following environmental characteristics:

- Increased renewable energy capacity
- Increased renewable energy generation
- Reduction of CO2 emissions

Investment strategy

NIF will pursue equity and debt investments in infrastructure and infrastructure related assets, projects and businesses with a view to achieving attractive risk adjusted returns. NIF may invest in both greenfield (e.g. development or construction) and brownfield (e.g. operational) assets and projects or businesses. Through its investment activities, NIF will seek to create a portfolio of small to mid-cap investments, primarily in the Nordics, with a main focus on investments in renewable energy, energy efficiency, telecom and transport. Investments will be made by NIF, directly or indirectly, through one or more companies.

The environmental characteristics promoted by NIF are focused on renewable energy and energy savings from energy efficiency. NIF manager will specifically target the following infrastructure investments to attain the characteristics promoted by NIF:

- 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
- Energy efficiency including installations in energy efficient lighting, batteries, other energy storage solutions and electric vehicle charging infrastructure
- Acquisition of majority or minority shareholdings or financing of companies that develop, construct and operate renewable or energy efficiency assets

For investments that are to be aligned with the promoted characteristics, NIF will only 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 assets and energy efficiency are binding on NIF, as these are set out in the investment strategy of NIF.

Policy to assess good governance

NIF 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 NIF manager monitors governance risks on a regular basis.

Proportion of investments

As a result of the focus of NIF on renewable energy and energy efficiency investments NIF will target investments that will be used to attain the environmental characteristics promoted by NIF. 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 NIF invested capital in the long-term.

Monitoring of environmental or social characteristics

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

- Renewable energy capacity developed constructed or acquired as measured by MW capacity
- Renewable energy generation as measured by MWh produced or equivalent
- Estimated CO₂ emissions avoided by either energy savings or additional renewable energy production as measured by tons of CO₂ avoided

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

Methodologies for environmental or social characteristics

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

Renewable energy generation as measured by MWh produced or equivalent is a standalone figure and do not require any calculation.

Estimated CO₂ emissions avoided are ordinarily calculated as the difference between the estimated CO₂ emissions resulting from the operation of assets in NIF's portfolio, and the estimated baseline CO₂ 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 NIF by investee companies containing relevant data, data from external organizations and databases and / or internal data, collated through detailed due diligence exercise and ongoing monitoring of all investments. To analyse the attainment of environmental characteristics promoted by NIF, the collected data is aggregated and used for calculating the indicators.

The proportion of data that is estimated may vary over time. For avoided CO₂ emissions all calculations are based on estimations.

The NIF 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 NIF have limitations in terms of availability, completeness, and accuracy. In particular it should be noted that certain estimations will be done in relation to CO2 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 NIF performance with regards 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 is aligned with the promoted environmental characteristics of NIF. For investments that are to be aligned with the promoted characteristics, NIF 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.

NIF 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 NIF 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

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