IYP II (Infrastructure Yield Plus II) – Pre-Contractual disclosures under SFDR

SFDR

Regulation 2019/2088 on sustainability-related disclosures in the financial services sector dated 27th November 2019 (the "SFDR")

Disclosures required under Regulation 2019/2088 on sustainability-related disclosures in the financial services sector dated 27 November 2019, as amended ("SFDR")

The following disclosures are made pursuant to the SFDR. For the purposes of these disclosures, a sustainability risk means an environmental, social or governance ("**ESG**") event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of investments in the Fund.

- **Article 6 of SFDR - Transparency on the integration of sustainability risks**

The Investment Adviser considers sustainability risks that are material to its investments during the course of its pre-investment due diligence through the application of its ESG Policy and related procedures, which define its approach towards integrating the consideration of sustainability risks by the firm and investments made through the funds that it manages.

The Investment Adviser integrates sustainability risks into its investment decisions in the following ways:

- Exclusion policy: applying an exclusions policy on direct investments in companies which derive their revenue from the following – animal testing, sex industry, betting, gambling, production of defense equipment / weapons. The exclusions policy also applies on direct investments in companies that (directly or indirectly, through entities in which such companies control at least a 20% ownership stake) derive 30% or more of their revenue from mining thermal coal or derive 30% or more of their generated electricity from thermal coal (applicable only for electric utilities). The Fund will not invest in electric utilities that generate electricity from thermal coal.

- Pre-investment ESG Assessment: investment teams seek to conduct an assessment of sustainability risks as part of pre-investment diligence. On a case-by-case basis and as required, external advisors may be engaged to carry out additional diligence. Sustainability risks, where applicable, form a part of the investment process and will be shared with the Investment Committee. Any sustainability risks identified in relation to a potential portfolio company do not necessarily prevent investment unless they are material, or if the Investment Adviser believes that such risks cannot be mitigated. Material sustainability risks, including any findings and next steps, are documented and recorded by the Investment Adviser.

The investment team is responsible for ensuring that the consideration of sustainability risks is integrated into the investment decision making process in collaboration with the risk, compliance and product teams. External resources, as relevant and necessary, may be utilized if additional subject matter expertise is needed.

The identification and assessments of sustainability risks will take place on an investment-by-investment basis in accordance with the above process. As a result of following this process, the Investment Adviser does not anticipate that sustainability risks will have a material negative impact on returns, Integration of sustainability considerations in the investment decision process will help identify material sustainability risks and mitigation measures.

- **Article 8(1) of SFDR - Transparency of the promotion of environmental or social characteristics**

Promotion of Environmental/Social Characteristics

The following environmental and social characteristics will be promoted by the Fund:

1. Characteristic 1 - Renewables Investments: at least 25% of investments made by the Fund will target businesses involved in the production, generation, or storage of renewable energy or businesses which support the production of renewable electricity or business that are involved in or support any other climate related infrastructure.

2. Characteristic 2 - Improvements in Health and Safety: improving the health and safety record of portfolio companies in which it has a majority or control position or in relation to direct holdings during ownership.

Meeting Identified Environmental / Social Characteristics

The Fund will aim to meet the Characteristics during the ownership of the portfolio companies in the following ways:

Characteristic 1: Renewables Investments

Targeting at least 25% of investments in businesses involved in the production, generation, or storage of renewable energy or businesses which support the production of renewable electricity or business that are involved in or support any other climate related infrastructure. Further details on investment strategy and processes are included in the PPM at Section: “4. Investment Objective, Strategy and Process”.

Characteristic 2: Improvements in Health and Safety

Improving the health and safety record of the portfolio companies in which Fund has a majority or control position. It will do this by:

- requiring all portfolio companies to develop Health & Safety policies and procedures, where these are not in place at the point of investment;

- requiring all portfolio companies to monitor and report at least three of the following Health & Safety indicators: number of hours of training provided, total safe manhours, number of hazards reported, lost time injury frequency rate; lost time injury incidence rate; equipment breakdowns; average overtime hours per person; percentage of management training in health & safety; and

- providing annual training to personnel engaged in the operations and maintenance of portfolio companies on health and safety unless and until portfolio companies have in place an annual health & safety training programme consistent with the Fund’s investment strategy and sustainability considerations in collaboration with risk, compliance, and product teams. External resources, as relevant and necessary, may be utilized if additional subject matter expertise is needed for developing such training and awareness building. The scope and coverage of training will be reviewed periodically as necessary in response to domestic industry and regulatory developments.

Article 7(2) SFDR - No consideration of principal adverse sustainability impacts (“PASI”)

The Fund will consider sustainability risks as part of its investment process but, at this stage, will not consider adverse impacts of investment decisions on “sustainability factors” as specifically contemplated by the SFDR. The Investment Adviser has elected not to do so at the present time as it considers its existing ESG policies and procedures to be appropriate, proportional and tailored to the investment strategies of the Fund. The Investment Adviser continues to closely monitor regulatory developments with respect to the SFDR and other applicable ESG-focused laws and regulations, including the implementation of related and secondary legislation and regulatory guidance and intends to work towards considering adverse impacts of investment decisions on sustainability factors, as prescribed by the SFDR, in due course.