**Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**Product name:** Fengate Infrastructure Fund IV (International) LP **Legal entity identifier:** [\*\*\*]

**Environmental and/or social characteristics**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

|  |  |  |
| --- | --- | --- |
| **Does this financial product have a sustainable investment objective?** | | |
| **Yes** | **No** |
| It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%  in economic activities that qualify as environmentally sustainable under the EU Taxonomy  in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments    with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  with a social objective |
| It will make a minimum of **sustainable investments with a social objective:** \_\_\_% | It promotes E/S characteristics, but **will not make any sustainable investments** |



**What environmental and/or social characteristics are promoted by this financial product?**

Fengate aims to attain certain environmental and social characteristics by applying a rigorous sourcing, due diligence and asset management process to its prospective investments. Through Fengate’s investments in certain infrastructure assets located in Canada and the United States, Fengate intends to invest across the following target sectors:

* social infrastructure which typically includes assets that accommodate social services to support a growing population, rising social and healthcare costs, and the need for replacement and enhancement of facilities. Through its investments in social infrastructure assets, such as hospitals, schools, universities, and other public facilities, the Fund seeks to foster social cohesion;
* transportation infrastructure which typically includes assets that support a growing population, urbanization, and the need for replacement or enhancement of mass transportation assets. Through its investments in such assets, including light rail systems and green bus fleets, the Fund seeks to support sustainable urban transport and a greener economy;
* energy transition relating to renewable power, such as solar, wind, hydro, battery storage, and co-generation. Through its investments in such assets, the Fund seeks to support the energy sector’s transition towards decarbonisation; and
* digital infrastructure complements the social, transportation and energy transition sectors that the Fund targets. Investments in digital infrastructure assets may also support the Fund’s activities towards achieving its social and environmental characteristics.

A reference benchmark has not been designated for the purpose of attaining these characteristics.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Fengate uses the following key performance indicators to measure the attainment of the ESG characteristics that the Fund promotes:

* environmental: GHG emissions, water and waste management, energy management, sustainable land use, and resource depletion / renewable energy;
* social: human rights, impact on local community, data security, employee engagement, diversity and social inclusion, employee health and safety, and labor practices; and
* governance: business ethics, board composition and governance rights, critical incident and systematic risk management, remuneration policies, accounting integrity and audit equality and bribery, corruption, and conflicts of interest.

If the screening or due diligence findings indicate that an investment opportunity is inconsistent with Fengate’s expectations in relation to these criteria, Fengate will not pursue the opportunity further.

In addition, the Fund will report material ESG criteria for each investment in its annual ESG monitoring assessment.

Fengate will collect data on these sustainability indicators directly from the investee companies.

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any*** ***environmental or social sustainable investment objective?***

N/A

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

N/A

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti‐corruption and anti‐bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

**What investment strategy does this financial product follow?**

Fengate will incorporate the Fund’s ESG characteristics into its investment strategy in order to attain certain environmental and social characteristics. Fengate will do this by adopting a rigorous investment process which comprises (i) sourcing, (ii) diligence and approval; and (iii) asset management.

Consideration of the ESG criteria set out below forms an integral part of each of these phases ensure that the Fund invests in, and remains invested in, infrastructure assets that support the attainment of the environmental and social characteristics described above and to ensure that the investee follows good governance practices.

Fengate will consider the following ESG criteria as part of its investment process:

* environmental: GHG emissions, water and waste management, energy management, sustainable land use, and resource depletion / renewable energy;
* social: human rights, impact on local community, data security, employee engagement, diversity and social inclusion, employee health and safety, and labor practices; and
* governance: business ethics, board composition and governance rights, critical incident and systematic risk management, remuneration policies, accounting integrity and audit equality and bribery, corruption, and conflicts of interest.

Fengate’s investment strategy also prescribes that it will not invest in assets operating in certain restricted sectors, details of which are set out below.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

Fengate has identified certain assets that it will exclude or limit from investment for the Fund, known as exclusions, to attain the environmental and social characteristics that the Fund promotes. In addition, Fengate will not invest in infrastructure assets whose principal operations are in any of the following sectors (each a “Restricted Sector”):

* + tobacco;
  + firearms;
  + nuclear power;
  + coal power (including coal-fired generation, transportation and mining);
  + oil (including upstream, midstream and storage);
  + upstream gas; and
  + mining.

The Fund may invest in infrastructure assets whose principal operations are not in a Restricted Sector but that nonetheless have some exposure to a Restricted Sector, provided that: (i) no more than 15 percent of any such infrastructure asset’s total revenues are derived from Restricted Sectors; and (ii) there is a planned trajectory to reduce this exposure over time. These restrictions will be assessed at the time of investment.

In addition, the Fund does not invest in projects that violate human rights, run afoul of local law, damage the environment, or have unfair labour practices.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

While there is no committed minimum rate to reduce the scope of the investments, Fengate will apply the exclusionary criteria set out above to achieve compliance with the Fund’s ESG characteristics.

***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the investment process Fengate will conduct due diligence in investee companies to ensure that they are following good governance practices.

Fengate seeks to make control investments, to ensure appropriate oversight and control of companies or projects. In most instances, Fengate seeks to invest greater than 50% of the equity required for any investment, and therefore obtains majority voting rights and board representation, which provides Fengate with the ability to closely monitor asset performance and influence proactive risk mitigation through its governance protections.

Fengate’s infrastructure platform invests largely through Special Purpose Vehicles, for which Fengate’s asset management team is responsible for administering the project agreements with government sponsors; managing the funding of project debt and equity; managing payments to design-builders, infrastructure operators, and other service providers; renewing insurance policies; bookkeeping and administering bank accounts; filing regulatory documents; and preparing financial reports. Fengate will contract key project services to high-quality industrial partners (e.g. design-builders, infrastructure operators) and carry out administrative services (e.g. financial reporting, cash management) with which it is familiar. During the investment process when counterparties are appointed, Fengate looks to ensure that equivalent policies are implemented by any service providers that it chooses to work with. Fengate engages with numerous service providers, including design-builders and operating partners, promoting the use of favorable environmental and economic practices.

**What is the asset allocation planned for this financial product?**

Taxonomy-aligned activities are expressed as a share of:

* **turnover** reflecting the share of revenue from green activities of investee companies
* **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
* **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Fund plans to invest 75% in assets that contribute to attaining the Fund’s ESG Characteristics. In addition, the Fund plans to invest 25% in “other” assets which will be subject to minimum environmental and social safeguards.

**Asset allocation** describes the share of investments in specific assets.

Out of the percentage of investments that are aligned with E/S characteristics, 0% are expected to be Taxonomy aligned. However, this position is subject to change as and when Fengate commences carrying out Taxonomy assessments.

**#1 Aligned with E/S** **characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Derivatives do not form part of Fengate’s investment strategy and do not contribute to the funds alignment with environmental/ social characteristics, however they will be used for limited purposes such as hedging a cashflow or outcome in order to minimise risk.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

|  |  |
| --- | --- |
| *The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.* | |
|  |  |
| \*  *For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures* | |

***What is the minimum share of investments in transitional and enabling activities?***

N/A



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

N/A

**What is the minimum share of socially sustainable investments?**

N/A

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**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

25% of investments will be included under #2 Other and they will comply with the minimum safeguards. As detailed above, Fengate will not invest in infrastructure assets which are in Restricted Sectors and Fengate will ensure these investments are in compliance with their ESG criteria.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

N/A

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

***How does the designated index differ from a relevant broad market index?***

N/A

***Where can the methodology used for the calculation of the designated index be found?***

N/A



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:** <https://fengate.com>