

## ANNEX IV

### Template periodic 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

**Product name:** Sequoia Economic Infrastructure Income Fund

**Legal entity identifier:** 2138006OW12FQHJ6PX91

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?



**Yes**



It made **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 made **sustainable investments with a social objective:** \_\_\_\_%



**No**



It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **did not make any sustainable investments**



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Sequoia Economic Infrastructure Income Fund ("SEQI", the "Fund") incorporates the three following criteria in the selection of underlying assets for its portfolio:

1. Negative Screening
2. Thematic Investing (Positive Screening)
3. ESG Scoring

Deriving from the above criteria, the Fund seeks to promote ESG characteristics, with a focus on environmental, by applying the following:

1. excluding certain positions determined to cause negative or adverse environmental impact based on negative screening;
2. assessing the underlying asset's capability to contribute towards determined positive ESG themes; and
3. making investment decisions that can increase the portfolio's overall weighted average ESG score.

The Fund's investment policy precludes investing in companies with a very low E score (<1), irrespective of the overall ESG score.

The ESG principles were applied to the portfolio in order to meet our three ESG goals: 1) Comply with negative screening criteria, 2) Progress thematic investing (positive screening), and 3) Over time, increase portfolio weighted average ESG score.

The ESG characteristics promoted by the Fund were met as the exclusions continued to be fully applied and the average ESG score for the portfolio increased this year. The percentage of thematic investments show a small dip year-on-year but continues to remain at a high level of the portfolio.

#### ● ***How did the sustainability indicators perform?***

For the reference period 1 April 2023 to 31 March 2024, 100% of projects were compliant with the Fund's negative screening criteria. During the period, the Fund did not finance any projects that initially do not meet the negative screening criteria but have the aim of transitioning to a more sustainable and compliant business model.

As at 31 March 2024, thematic investing covered 70% of the Fund's investment portfolio.

As at 31 March 2024, the average weighted ESG score for the Fund's portfolio was 62.77.

KPMG provided independent limited assurance under ISAE (UK) 3000 over these three KPIs. This confirmation is contained in the Company's 2023/24 Annual Report. The reporting criteria and KPMG's limited assurance opinion are available in the Sustainability Publications section of our website: [www.seqi.fund/sustainability/publications/](http://www.seqi.fund/sustainability/publications/)

Performance in line with these sustainability indicators does not necessarily align with a guaranteed year-on-year increase in the ratio of investments that promote ESG characteristics.

#### ● ***...and compared to previous periods?***

The process of reducing the exposure to assets not permitted under the negative screening, through disposal of assets and planned repayments of loans started in 2021 was completed by 31 March 2022. Since then the Fund reached full

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

compliance with the negative screening criteria and has maintained 100% compliance since, including throughout FY 23/24.

The portion of the portfolio covered by thematic investing is measured as at 31 March each year. This had consistently increased: 59% (2021), 61% (2022), 72% (2023). This year there was a small dip year-on-year, but the portion of thematic investments remains at a high level.

The weighted average ESG score for the Fund's portfolio measured as at 31 March each year has consistently increased: 59.61 (2020), 60.59 (2021), 61.88 (2022), 62.29 (2023).

|                                      | 31 Mar 2022 | 31 Mar 2023 | 31 Mar 2024 |
|--------------------------------------|-------------|-------------|-------------|
| Negative screening                   | 100%        | 100%        | 100%        |
| Thematic investing                   | 61%         | 72%         | 70%         |
| Weighted-average portfolio ESG Score | 61.88       | 62.29       | 62.77       |

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Sequoia Economic Infrastructure Income Fund does not commit to make 'sustainable investments' within the definition of Article 2(17) of Regulation (EU) 2019/2088 (SFDR) or the definition set out by the EU Taxonomy.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Sequoia Economic Infrastructure Income Fund does not commit to make 'sustainable investments' within the definition of Article 2(17) of Regulation (EU) 2019/2088 (SFDR) or the definition set out by the EU Taxonomy.

— ***How were the indicators for adverse impacts on sustainability factors taken into account?***

Principal adverse impacts (PAIs) on sustainability factors have not been taken into account for this financial product. The Fund is not subject to mandatory consideration and disclosure of principal adverse impacts under Article 4(1)(a) of SFDR.

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

The UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises have not been formally embedded into the Fund's investment process, but the negative screening and ESG Scorecards will have gone some way in excluding companies that might be in breach of

international norms described in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The Fund ensured that all companies are compliant with minimum human rights and labor standards.



### How did this financial product consider principal adverse impacts on sustainability factors?

The Fund does not consider the principal adverse impacts (“PAIs”) of its investment on sustainability factors. The Fund does not commit to make ‘sustainable investments’ per the definition of Article 2(17) of Regulation (EU) 2019/2088 (SFDR) and, as such, does not calculate or report the principal adverse impact indicators for the Fund.



### What were the top investments of this financial product?

| Largest investments | Sector            | % Assets | Country     |
|---------------------|-------------------|----------|-------------|
| 1                   | Digitalisation    | 4.15     | US          |
| 2                   | Renewables        | 4.10     | UK          |
| 3                   | Transport assets  | 3.79     | US          |
| 4                   | Digitalisation    | 3.79     | US          |
| 5                   | Renewables        | 3.67     | US          |
| 6                   | Utility           | 3.63     | UK          |
| 7                   | Digitalisation    | 3.61     | US          |
| 8                   | Other             | 3.34     | US          |
| 9                   | Power             | 3.32     | Germany     |
| 10                  | Digitalisation    | 3.15     | US          |
| 11                  | Digitalisation    | 3.09     | UK          |
| 12                  | Digitalisation    | 3.06     | Holland     |
| 13                  | Transport systems | 2.92     | Denmark     |
| 14                  | Digitalisation    | 2.83     | Switzerland |
| 15                  | Transport assets  | 2.70     | Spain       |

These percentages have been calculated by averaging the exposure as at each quarter end for the reference period.



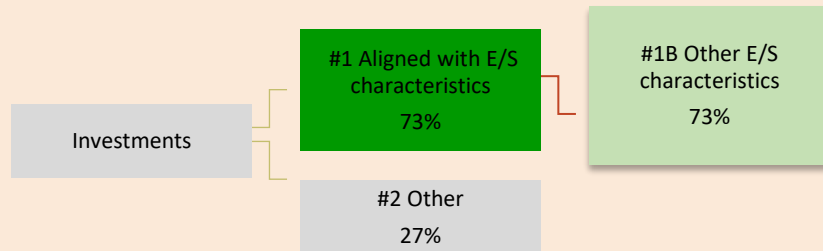
### What was the proportion of sustainability-related investments?

Sequoia Economic Infrastructure Income Fund does not commit to a minimum proportion of investments of the financial product used to meet environmental or social characteristics promoted by the Fund in accordance with the binding elements of the investment strategy.

Note, there were no sovereign exposures.

### ● **What was the asset allocation?**

The Fund invests in economic infrastructure private loans and bonds across a range of industries in stable, low-risk jurisdictions, creating equity-like returns with the protections of debt. It is the only UK listed fund investing exclusively in economic infrastructure debt.



**#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.

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

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

### ● **In which economic sectors were the investments made?**

| Sector              | Sub-sector                                                                                                                                                                                           |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accommodation 6.39% | <ul style="list-style-type: none"> <li>Health care 4.90%</li> <li>Residential infra 0.20%</li> <li>Student housing 1.28%</li> </ul>                                                                  |
| Other 11.73%        | <ul style="list-style-type: none"> <li>Agricultural infra 0.11%</li> <li>Hospitality 2.38%</li> <li>Private schools 2.29%</li> <li>Residential infra 4.97%</li> <li>Waste-to-Energy 1.98%</li> </ul> |
| Power 16.36%        | <ul style="list-style-type: none"> <li>Base load 7.25%</li> <li>Energy Efficiency 2.67%</li> <li>Energy transition 3.67%</li> <li>Other Electricity Generation 0.90%</li> <li>PPA 0.75%</li> </ul>   |
| Renewables 10.83%   | <ul style="list-style-type: none"> <li>Landfill gas 4.10%</li> <li>Solar &amp; wind 6.72%</li> </ul>                                                                                                 |
| TMT 29.16%          | <ul style="list-style-type: none"> <li>Broadband 3.83%</li> <li>Data centers 14.25%</li> <li>Telecom Infra Services 3.15%</li> </ul>                                                                 |

|                  |        |                       |       |
|------------------|--------|-----------------------|-------|
|                  |        | ▪ Telecom towers      | 7.93% |
| Transport        | 6.72%  | ▪ Ferries             | 2.92% |
|                  |        | ▪ Port                | 2.65% |
|                  |        | ▪ Rail                | 1.01% |
|                  |        | ▪ Road                | 0.14% |
|                  |        |                       |       |
| Transport assets | 8.33%  | ▪ Aircraft            | 0.62% |
|                  |        | ▪ Rolling stock       | 2.86% |
|                  |        | ▪ Specialist shipping | 4.85% |
| Utility          | 10.49% | ▪ Electricity supply  | 1.13% |
|                  |        | ▪ Midstream           | 5.31% |
|                  |        | ▪ Utility Services    | 4.06% |

These percentages have been calculated by averaging the exposure as at each quarter end for the reference period.

During the reference period, the Fund had eight investments across four companies which derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels. This averaged at 12.80% of the portfolio NAV over the year. Note, this includes for instance a port company that derives 2.5% of revenues from customers that use them to handle/store a limited amount of coal. The one new investment made this year included in this calculation is an FLNG vessel involved in midstream gas transportation and liquification.



### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Sequoia Economic Infrastructure Income Fund does not commit to a minimum share of 'sustainable investments' with an environmental objective aligned with the EU Taxonomy.

#### ● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?



Yes:



In fossil gas



In nuclear energy



No

Whilst the financial product makes investments related to fossil gas and nuclear energy, Fund does not measure or track investments in activities that comply with the EU Taxonomy.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

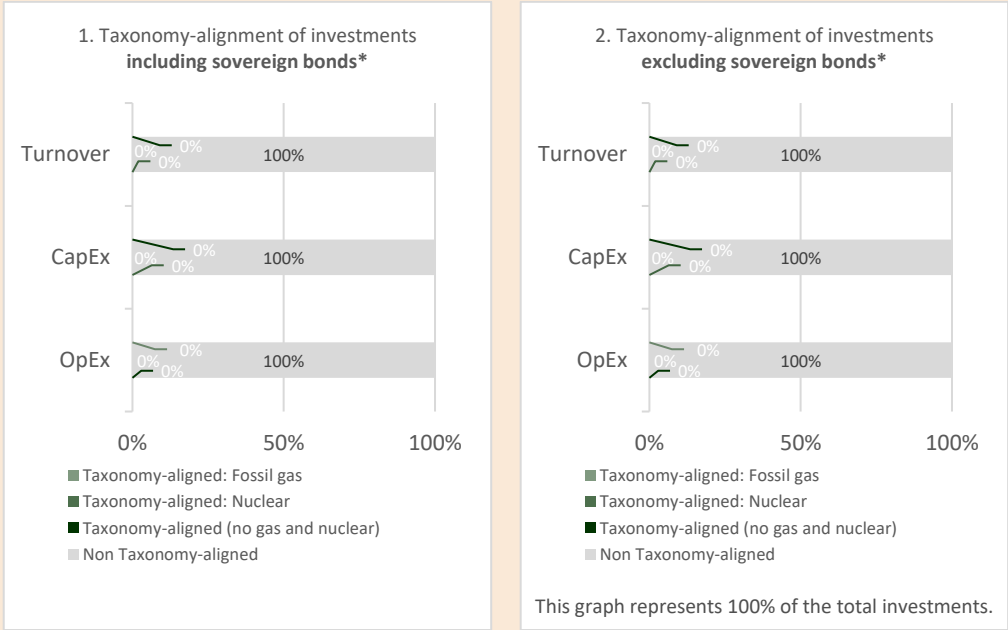
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

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

*The graphs below show in green the percentage of investments that were 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 was the share of investments made in transitional and enabling activities?**

Sequoia Economic Infrastructure Fund does not measure its share investments in ‘transitional’ and ‘enabling’ activities as per the definition under the EU Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

Sequoia Economic Infrastructure Income Fund does not commit to a minimum share of ‘sustainable investments’ with an environmental objective that are not aligned with the EU Taxonomy.



**What was the share of socially sustainable investments?**

Sequoia Economic Infrastructure Income Fund does not commit to a minimum share of ‘socially sustainable investments’.



### **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The “#2 Other” investments includes the lowest quartile of ESG scores, which represented 27% of the Fund’s portfolio by NAV as at 31 March 2024. The Fund aims to increase the portfolio’s average ESG score over time, whilst anticipating natural fluctuations and recognising this may not always be possible given market circumstances. Further, when considering disposals, we will look at the lower-scoring assets as a priority, whilst taking disposal decisions based on financial metrics.

The purpose of these investments is diversification. As specified in the Investment Criteria, the Fund will invest across different sectors and sub-sectors to ensure the portfolio is sufficiently diversified. Naturally, certain sectors and sub-sectors are more aligned with environmental characteristics than others, as a result there will always be a spread in ESG scores within the portfolio.

Compliance with minimum environmental or social safeguards cannot be reliably measured, due to the lack of data and evidence to do so since many of the investee companies lack the sufficient resources and/or capabilities to be able to ensure compliance with minimum safeguards throughout their value chains.

Nonetheless, all assets undergo our three-part process of negative screening, thematic investing (positive screening), and ESG scoring, as described the Fund’s ESG Policy. This means that assets not meeting the Fund’s Investment Criteria and negative screening criteria will be excluded, thus making an investment in an asset not meeting minimum environmental or social safeguards unlikely.

Furthermore, where appropriate, loan terms will include covenants or repeated representations to ensure that the borrower complies with its stated ESG objectives and to encourage it to improve its standards over time. These could include obligations to meet minimum environmental safeguards.

Borrower engagement on ESG matters is part of the ongoing monitoring process. For example, annual ESG questionnaires are sent to all borrowers, which includes questions related to the maintenance of minimum safeguards.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The Fund continued to make investment decisions this year in line with its three ESG Goals. Based on the Fund’s investment strategy, when evaluating potential investments, the Investment Adviser prioritised new transactions with higher ESG scores, and when considering the potential disposal of investments, the Investment Adviser prioritised transactions with lower ESG scores, whilst taking disposal decisions based on financial metrics.

The Investment Adviser continued to take a proactive approach to managing the loan book and engage with borrowers in relation to sustainability-related topics on a regular basis as per the Fund’s ESG Policy. The Fund’s range of engagement strategies are designed to encourage and promote positive behaviour in the companies that it lends to, and some of those that were employed during this reference period are described below.

Where appropriate, loan terms included covenants or repeated representations to ensure that the borrower complies with its stated ESG objectives and to encourage it to improve



its standards over time. In addition, where appropriate, loan terms included an obligation on the borrower to report suitable ESG metrics on a best-efforts basis.

Borrowers were asked to complete annual post-investment ESG questionnaires. These cover quantifiable ESG metrics/KPIs when appropriate, CO<sub>2</sub> emissions, health and safety records, etc, as well as confirmation of the borrower's overall ESG policies and procedures. The Fund requires supporting documentation and/or external verification to evidence borrowers' ESG claims. Action plans were created this year for all assets, which identify areas of improvement in borrowers' ESG credentials and/or the additional evidence that would be required to be able to fully assess certain indicators within the ESG scoring framework. These lists of actionable areas formed the basis of the ongoing engagement with the borrowers over the course of the year with the aim of making improvements, collecting more evidence of initiatives that are said to be in place, or mitigating risks.

The environmental characteristics of the Fund and sustainability indicators used to measure this were met through a combination of investing in higher scoring opportunities, disposing of lower-scoring opportunities, and using a range of engagement strategies with borrowers.



#### **How did this financial product perform compared to the reference benchmark?**

Sequoia Economic Infrastructure Income Fund does not use a specific index designated as a reference benchmark to determine whether the product is aligned with the environmental and/or social characteristics it promotes.

- ***How does the reference benchmark differ from a broad market index?***  
N/A
- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***  
N/A
- ***How did this financial product perform compared with the reference benchmark?***  
N/A
- ***How did this financial product perform compared with the broad market index?***  
N/A

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