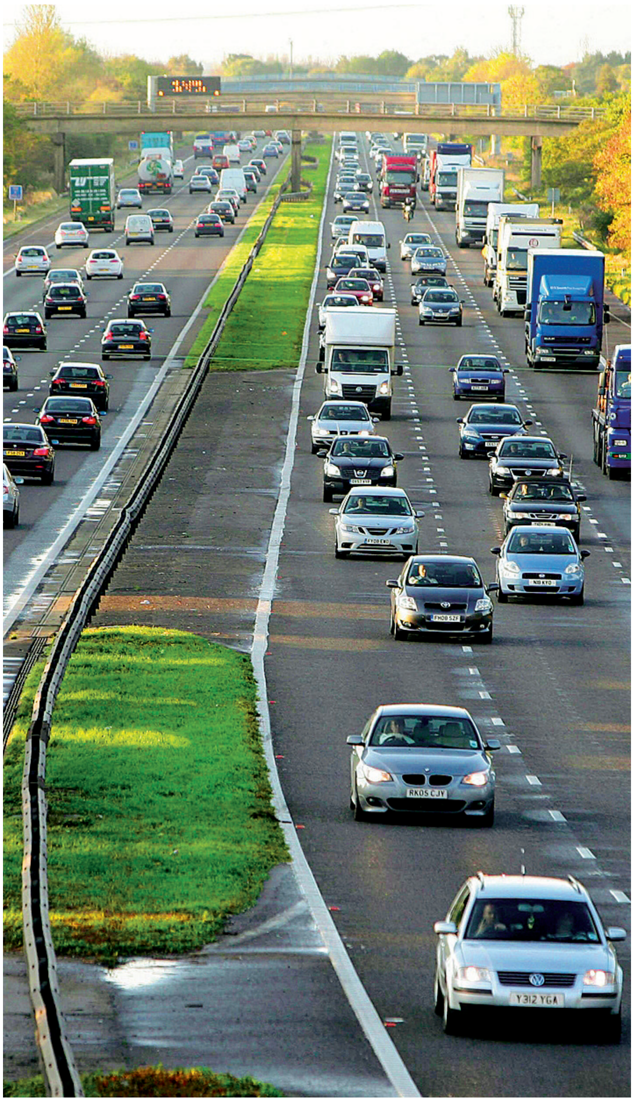
SEQUOIA
INFRASTRUCTURE
DEBT FUND



Sequoia Infrastructure Debt Fund

ESG Policy
31 January 2024

Our purpose

Our purpose is to generate attractive, reliable and sustainable income for our investors. Our investments provide financing for economic infrastructure in sectors such as transportation, utilities, power, and telecommunications, which play an important part in economic development and GDP growth. As such, our investments support the provision of infrastructure on a sustainable basis and create social and economic benefits.

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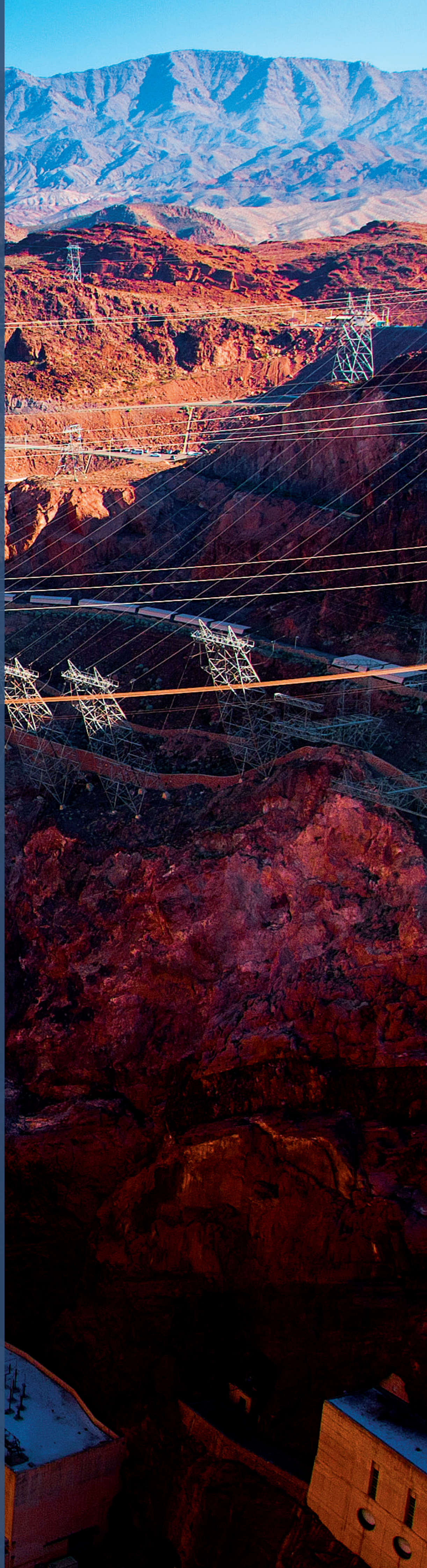


Introduction

This document sets out the ESG policy of the Sequoia Infrastructure Debt Fund ("SIDF"), which Sequoia Investment Management Company ("Sequoia") adheres to in its role as Investment Advisor, while also setting out details of Sequoia's overall approach to the integration of sustainability risks in the decision-making process, which it will apply to SIDF.

The General Partner of SIDF is ultimately responsible for implementation of this Policy and ensuring that its service providers each provide an attestation, at least on an annual basis, that the policy has been acknowledged and each service provider is providing services in line with the principles set out within the Policy. This Policy is considered a 'live document', with updates as required and approved by the Board on an annual basis. At a minimum, ESG is a standing agenda item at each board meeting, with the Policy being formally reviewed and approved in its entirety at least annually.

The Fund's ESG policy sets out:

- The global initiatives that guide our overall ESG principles and the regulatory frameworks we adhere to;
- Our climate pledge and ESG goals; and
- How we apply our ESG principles to investments including our ESG scorecard, assessment of climate change impacts, and engagement with borrowers.

Global Initiatives

THE UN PRI

In May 2019, Sequoia signed up to the UN Principles for Responsible Investment (the “Principles”). These cover six high-level principles which Sequoia is fully incorporating in its investment processes and decisions:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

THE UN GLOBAL COMPACT

Sequoia operates its business and its investment activities in accordance with the UN Global Compact:

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labour.
5. The effective abolition of child labour.
6. The elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

Regulatory Frameworks

THE SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

The Fund complies with the applicable reporting obligations of SFDR (in particular under "Article 8"). The current SFDR disclosures for SIDF can be found on Sequoia's website (**www.sequoiaidf.com**)

THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

We aim to adhere to the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and commit to identifying the climate-related risks and opportunities within our investments and to addressing these risks where possible.

Our Climate Pledge

1	We support the goals of the Paris Agreement to limit the global average temperature increases to well below 2˚C and to pursue efforts to limit the temperature increase to 1.5˚C.
2	We support the goal of the world reaching net-zero carbon emissions by 2050.
3	We will endeavour to dispose of investments which are contrary to our ESG policy.
4	We will use our ESG policy to score our loan book and, by investing in higher-scoring opportunities and disposing of lower-scoring opportunities, aim to improve the ESG score of our loan book over time where possible.
5	We will engage proactively with the companies we lend to to encourage them to work towards the goals of the Paris Agreement.
6	We will, where appropriate, embed covenants into loan agreements to oblige our borrowers contractually to adopt and comply with appropriate environmental policies.
7	We will embed covenants into loan agreements to oblige our borrowers contractually to report appropriate environmental metrics.
8	We will engage with regulators and policy makers wherever we believe we can accelerate or improve action to combat climate change.
9	We will speak out publicly and build or support coalitions of like-minded investors and thought leaders in order to drive change where we believe this will be effective.
10	We will report to our investors our compliance with our ESG policies.

Our ESG Goals

It is important to have a clear set of goals against which to track and monitor progress in our ESG journey. We believe the goals we set out in this policy are clear, objective and measurable. The Fund, through its ESG goals, aims to improve the ESG performance of its assets, recognising also the importance of transition assets and borrowers who themselves have a transition strategy.

Our three ESG goals are as follows:

1. **Comply with Negative Screening criteria.**

2. **Progress Thematic Investing (Positive Screening).**

3. **Over time, increase portfolio weighted average ESG Score.**

We outline how we implement negative screening and thematic investing below in the 'Applying ESG principles to investments' section (page 6). Our process to assigning ESG scores to our investments is also detailed in the 'Applying ESG principles to investments' section, and our bespoke method of calculation is given in 'Appendix A: Sequoia's ESG scoring methodology' (page 10).

Applying ESG Principles to Investments

ESG principles are applied in three ways to the SIDF portfolio:

1. **Negative screening**
2. **Thematic investing (positive screening)**
3. **ESG scoring**

NEGATIVE SCREENING

The following subsectors or asset types are excluded:

- Infrastructure related to the exploration and production of oil and gas, such as oil rigs and platforms, fracking facilities, and facilities involved in tar sands. Note that midstream assets such as pipelines are not necessarily excluded but are subject to ESG scoring as set out on this page.
- Infrastructure related to mining thermal coal.
- Electricity generation from coal.
- Military infrastructure, such as military housing.
- Given SIDF only invest in certain types of infrastructure, many harmful or controversial asset types are already excluded by our investment criteria, including but not limited to: alcohol, gambling, tobacco, pornography, controversial and conventional weapons.

THEMATIC INVESTING (POSITIVE SCREENING)

Currently, SIDF has three ESG investment themes. Positive screening will be employed to increase the fund's exposure to these investment themes, subject to existing concentration limits.

- **Renewable energy**, such as solar, wind and geothermal generation and directly-related businesses including companies that supply renewable energy.
- **Enabling the transition to a lower carbon world**, such as grid stabilisation, electric vehicles, traffic congestion reduction and the substitution of coal by gas.
- **Infrastructure with social benefits**, which provides for basic human needs (such as clean water and food security) or brings a positive change by addressing social challenges and inequalities (such as healthcare, education and affordable housing) or advancing society as a whole (such as progressing telecommunications).

ESG SCORING

An ESG scoring framework helps Sequoia to allocate capital between projects and to measure its progress over time in a quantitative way.

Sequoia's proprietary ESG scoring methodology has been designed to be as objective as possible. The score primarily reflects the current ESG performance of the investment but also reflects, to a limited extent, the "direction of travel". For example, a business that currently contributes to climate change will receive some credit if it is investing meaningfully to reduce its contribution.

The methodology blends the "E", "S" and "G" components without allowing strength in one area to offset entirely weakness in another. For example, a polluting company will always get a poor score, even if it has excellent social and governance policies. Moreover, the Fund's policy is not to lend to companies with a very low E score of less than one, regardless of the overall ESG score.

Note that the ESG score is distinct to a credit rating. Some elements of ESG scoring will directly affect a borrower's credit rating (for example, weak corporate governance has a negative contribution to credit quality), but nonetheless it is entirely possible for a business with a weak ESG score to have a strong credit profile and vice versa.

ESG scores must be taken into account in the investment process. Ceteris paribus, when evaluating potential investments, Sequoia will prioritise transactions with higher ESG scores, and when considering the potential disposal of investments, Sequoia will prioritise transactions with lower ESG scores. By investing in higher scoring opportunities and disposing of lower-scoring opportunities, the aim of the Policy is to improve the ESG score of our loan book over time; albeit there will naturally be fluctuations in the portfolio ESG score over time rather than a monotonically increasing ESG score.

A brief summary of the ESG scoring methodology is set out in Appendix A.

Integration into the Investment Process

ESG evaluation is integrated into every stage of the investment process, starting pre investment with potential pipeline opportunities all the way through to exit deliberations and decisions.

INITIAL SCREENING

Negative screening is applied to each potential new investment, precluding the Fund from investing in certain harmful sectors.

Positive screening is also employed to take a more favourable view on companies that fall within one of our environmental or social themes.

The asset is assigned an unmodified E score, which gets assessed in context of the Fund's overall portfolio and investment objectives. Only then will the potential investment be admitted to the next stage of the investment process which is full credit analysis and documentation.

DETAILED CREDIT ANALYSIS

The team will start gathering and analysing due diligence materials, such as environmental assessments, technical reports, and internal policies. Any material or emerging ESG risks will be identified for review at the Investment Committee meeting and for subsequent monitoring. Further information or a pre-investment ESG questionnaire may be requested in order to more fully understand the company's ESG credentials.

Where appropriate and possible depending on the type of deal, ESG considerations may be embedded into loan documentation, for example specifying ESG-related goals or KPIs, mandating the adoption of more sustainable behaviours, or requiring enhanced reporting by borrowers.

A preliminary ESG score is calculated according to Sequoia's scoring methodology and presented in the final credit memorandum, alongside a commentary describing the scoring rationale and any notable ESG issues.

INVESTMENT COMMITTEE

The Investment Committee (IC) of Sequoia, the Investment Adviser, approves or modifies the ESG score and discusses any material or emerging ESG risks or opportunities for the asset.

ACQUISITION AND ONGOING MONITORING

All borrowers are sent an annual ESG questionnaire and engaged with regularly on ESG topics – our engagement strategies are outlined below (page 9).

Each investment is also formally monitored at least semi-annually. As part of the monitoring, the IC reviews the investment's ESG score and any changes that may have occurred. The IC formally reconfirms or updates the scoring based on its review.

The ESG profiles of investments are considered when discussing portfolio restructuring and disposals. Companies with a low or deteriorating ESG score may be looked at for disposal.

ASSESSING THE EFFECTS OF CLIMATE CHANGE

As part of its investment analysis, Sequoia will, where relevant and possible, assess the consequences of different climate change scenarios for its investments. However, climate scenario analysis relies on extensive and consistent datasets across the portfolio, which the Investment Adviser is looking to obtain from the borrowers. Obtaining this information is proving challenging for a number of reasons: borrowers having limited quality data availability; loan agreements not requiring the collection and/or provision of such data; uncertainty and complexity of projecting climate scenarios; and uncertainty surrounding transition risks arising from economic and policy shifts. As inaccurate or incomplete data can undermine the climate risk assessments and the modelling of financial impacts, the Fund continues to work towards being able to analyse the portfolio under different climate scenarios in the future.

ESG Engagement with Borrowers

OVERVIEW

Sequoia's ESG policy goes beyond investment selection, as it covers a range of engagement strategies designed to encourage and promote positive behaviour in the companies that it lends to.

LOAN TERMS

Where appropriate, loan terms should 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:

1. Comply with environmental standards and regulations.
2. Adopt net zero policies.
3. Reduce pollution over and above statutory minimums, including light and noise pollution.
4. Adopt or continue social policies covering, for instance, living wages, discrimination, employee diversification, and minority board representation.
5. Adopt or continue good governance policies pertaining to, for instance, independent directors, whistleblowing, complaints procedures, and internal audit functions.

Sequoia can also consider adopting financial terms in a loan where, for example, the interest rate might fluctuate depending upon the borrower's performance on an environmental metric such as carbon emissions.

ONGOING REPORTING AND MONITORING

Where appropriate, loan terms should also include an obligation on the borrower to report suitable ESG metrics, which we then track over time. These could include:

1. Carbon emissions (broken down by scope 1, 2 and 3), carbon footprint, and weighted average carbon intensity.
2. Energy performance including the total energy consumption from non-renewable sources, energy consumption intensity.
3. Water emissions.
4. Hazardous waste ratio and non-recycled waste ratio.
5. Gender pay gap, board gender diversity, ethnic diversity, excessive CEO pay ratio.

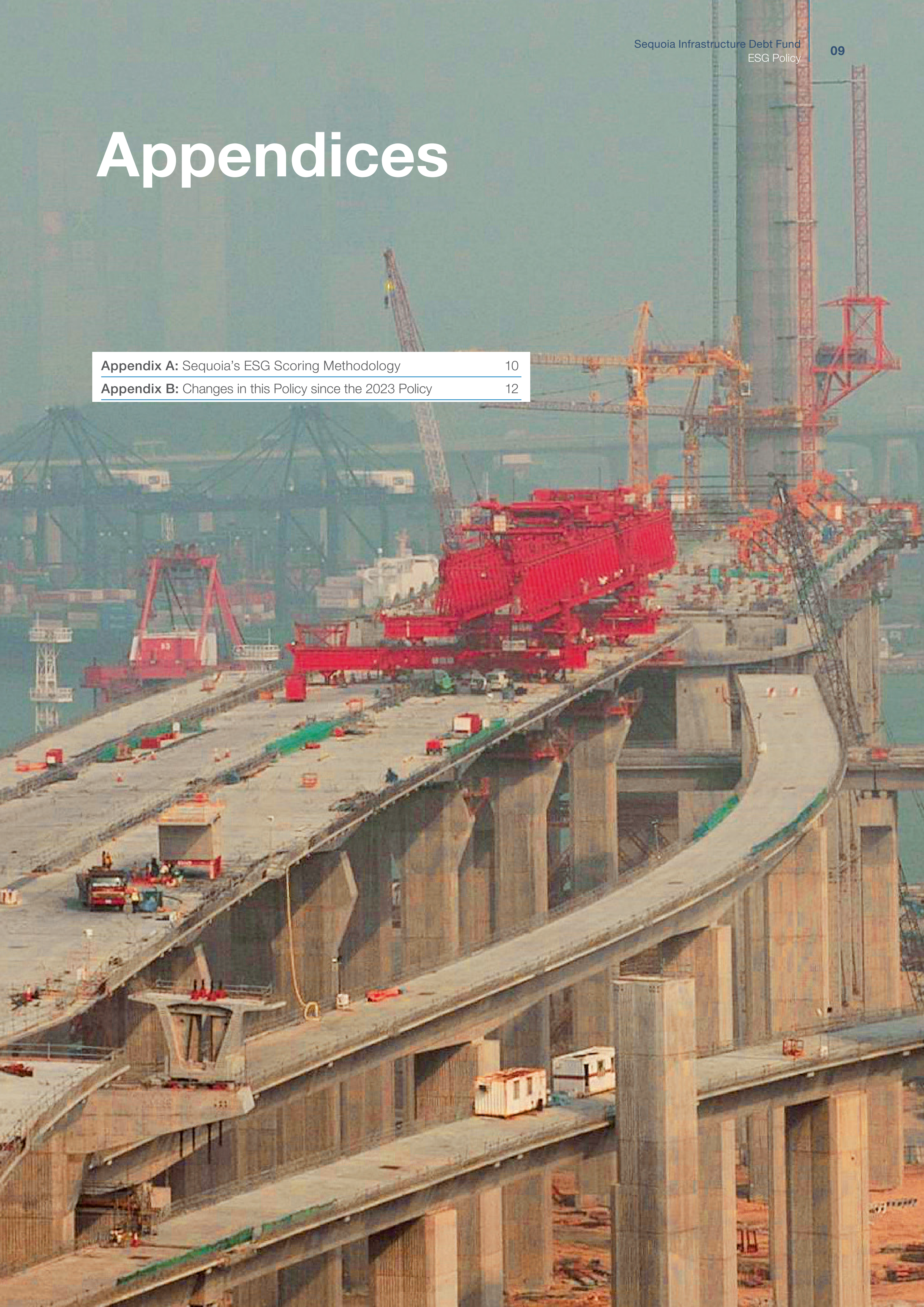
Borrowers will also be asked to complete annual post-investment ESG questionnaires. These will cover quantifiable ESG metrics/KPIs when appropriate, such as CO_2 emissions, Health and Safety records, CQC ratings, etc. as well as confirmation of the borrower's overall ESG policies and procedures.

ESG performance and credentials will be monitored regularly for each investment in the semi-annual monitoring process. If a borrower's ESG scores deteriorate, Sequoia will contact the management of the borrower to determine a strategy to improve performance. If the borrower is unwilling or unable to do this, Sequoia may look to dispose of the loan.

VOTING

Although lenders do not, as a matter of course, have voting rights in the companies that they lend to, from time to time they are required to consent to loan modifications, such as waivers of specific loan provisions. In such situations, Sequoia's policy is not to consent if the overall net effect of the requested modification would be negative for the ESG profile of the investment.

Appendices



APPENDIX A:

Sequoia's ESG Scoring Methodology

The "raw" ESG score, ε, is equal to the sum of the following items:

1. A score of 1-5 representing the environmental impact of the sector and sub-sector the business is in (the "**E score**").
2. A modifier of between +0.5 and -0.5 reflecting the borrower's positioning and direction of travel within its sector and sub-sector, relative to its peers (the "**E modifier**"). (For example, a ferry operating on biofuels would receive credit versus one operating on conventional fuels.)
3. A modifier of between +1 and -1 reflecting the borrower's corporate governance (the "**G score**").
4. A modifier of between +1 and -1 reflecting the borrower's social impact (the "**S score**").

Modifications to the E score, item (2) above, must be evidenced based and capable of independent verification

The total of items (3) and (4) will be capped at +1.

ε can range between -1.5 and 6.5. The ESG score is presented as a number from 0 to 100 by using the following formula:

ESG score = 12.5(ε+1.5)

ILLUSTRATIVE TABLE OF E SCORES

Sub-sector	Score
• Solar, wind, hydro, geothermal • Energy transition assets, such as carbon capture, utilisation and storage (other than standby generators and electricity generation from nuclear, which score 4) • Waste-to-energy (other than woodchip, which scores 4) • Energy storage	5
• Rail, rolling stock, light rail • Water utilities, de-salination plants • Biofuels • Energy efficiency • Helium supply (depending on supply and use cases) • EV value chain, such as charging • Micro mobility • District heating	4
• Equipment manufacturing (other than renewable energy equipment, which scores 5) • Logistics facilities • Ferries • Electricity distribution and transmission • Electricity and gas supply businesses (other than businesses supplying exclusively renewable electricity, which score 5) • TMT infrastructure • Broadband and fibre to the home • Data centres • Student accommodation, social housing • Social infrastructure, education infrastructure • Healthcare assets, care homes • Agricultural infrastructure (being infrastructure assets / projects predominantly involved in farming or the production, storage, transportation or extraction of materials used in or produced by farming)	3
• Aircraft leasing, airports and airport services • Shipping, ship leasing (other than vessels used in offshore wind, which score 3) • Ports • Midstream assets (other than oil pipelines and refineries, which score 1) • Electricity generation (including PPAs) from gas • Roads, service stations, car parking	2
• Landfill (other than gas or electricity generation from pre-existing landfill sites, which score 3)	1

For businesses active in more than one sector (e.g. diversified utilities) the sub-sector with the largest EBITDA contribution is used.

TABLE OF E MODIFIERS

	Score impact
Full environmental due diligence showing no material issues	0.1
Infrastructure has indirect result of reducing pollution	Up to 0.5
Fully funded environmental remediation plan	Up to 0.5
Effective waste management plan	0.1
Effective water management plan	0.1
Effective biodiversity management plan	0.1
Use of farmland or natural buffers; visual impact of the project	-0.2 to 0.0
Project's air pollution profile, relative to its peers	-0.25 to 0.25
Ditto water pollution	-0.25 to 0.25
Ditto noise pollution	-0.1 to 0.1
Ditto light pollution	-0.1 to 0.1
Project's contribution to climate change, relative to its peers	-0.25 to 0.25
Efficient use of materials and/or commitment to recycling, relative to its peers	-0.25 to 0.25
Others at the discretion of the investment committee	-0.25 to 0.25

Note: the sum of the E Modifiers cannot be more than +0.5 or less than -0.5.

TABLE OF G SCORES

	Score impact
Internal audit function or external audit not part of annual audit	0.1
Independent board members; independent oversight counsel	0.1 to 0.2
Effective policies for board and senior management diversity	0.1
Effective whistle-blower policy	0.1
Others at the discretion of the investment committee	-0.5 to 0.5

Note: the sum of G Scores cannot be more than 1 or less than -1.

TABLE OF S SCORES

	Score impact
Job creation in socially deprived areas	Up to 0.5
Effective consultation mechanisms with local populations	0.1
Mechanism for complaints for local populations	0.1
Providing public amenity at low cost / subsidised cost for deprived social groups	Up to 0.2
Significant local opposition	-0.3 to -0.1
Living wage or similar policies	0.1
Preservation of historical or cultural elements	-0.4 to 0.1
Health & Safety policies and procedures	-0.5 to 0
Others at the discretion of the investment committee	-0.5 to 0.5

Note: the sum of S Scores cannot be more than 1 or less than -1.

APPENDIX B:

Changes in this Policy since the 2023 Policy

APPLYING ESG PRINCIPLES TO INVESTMENTS

There is more detail in the negative screening and thematic investing (positive screening) descriptions.

INTEGRATING INTO THE INVESTMENT PROCESS

This section has been added to add more disclosure on how ESG is integrated into the investment process. Given the challenges in conducting meaningful climate scenario analysis on the portfolio, the previous section 'Assessing the Effects of Climate Change' has been revised as a condensed subsection of this part of the policy. Accordingly, 'Appendix B: Climate change scenarios' that described three IEA and IPCC scenarios has been removed.

APPENDIX A: SEQUOIA'S ESG SCORING METHODOLOGY

The Company views its ESG initiative as building upon solid foundations and being in a period of continuing evolutionary, rather than revolutionary, change. The scoring methodology may develop over time in response to enhanced levels of disclosure and data collection, evolving priorities for the Fund, and feedback from the Fund's investors. Where possible, modifications to the ESG scoring policy will be made in a way that preserves like-for-like comparisons over time; for example, by using a scoring system which has no net effect on portfolio scores but allows increased differentiation between borrowers based upon their ESG performance.

Minor changes have been made to the ESG Scoring framework to reflect new infrastructure sub-sectors that the Fund is lending or considering lending to. There have been two more notable changes – the minimal effect of these on the portfolio average ESG score will be stipulated in the Fund's reporting to maintain comparability. The nuclear subsector E score was reclassified from 1 to 4, in line with the EU Taxonomy labeling nuclear power as environmentally sustainable, and the modifier 'water and waste management plan' was decoupled into two separate modifiers.

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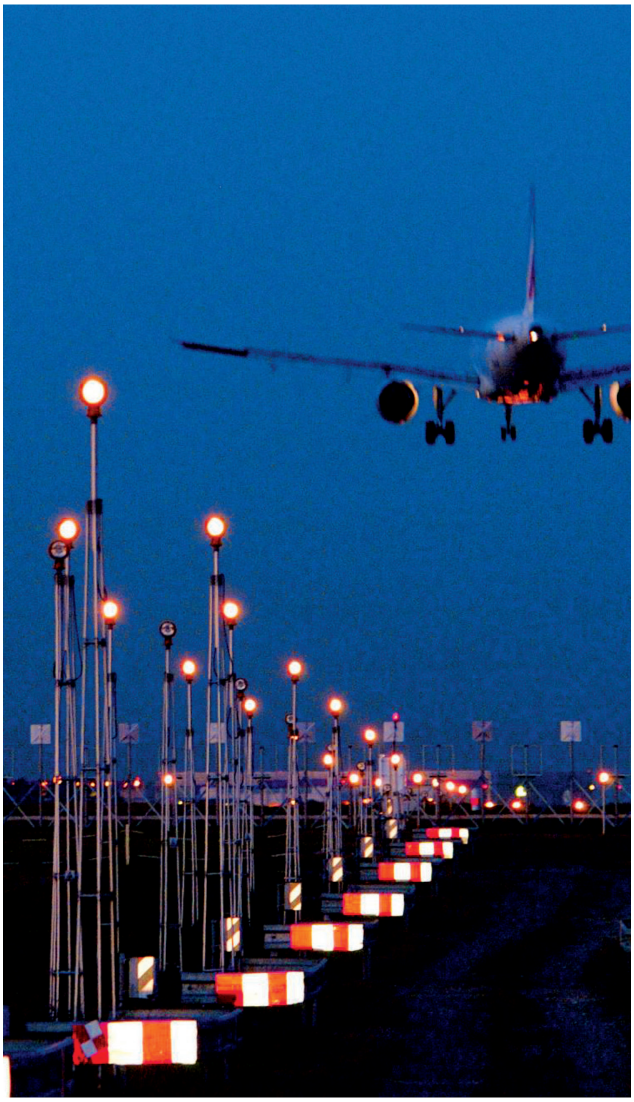

Sequoia Investment Management Company Limited
5 Heienhaff,
L-1726 Senningerberg
R.C.S. Luxembourg: B201692

www.sequoiaidf.com