



## Sequoia Economic Infrastructure Income Fund Limited (“SEQI” or the “Company”)

### Policy on the Prevention of Tax Evasion

#### Background

The provisions relating to the offence of failing to prevent the facilitation of tax evasion, contained in Part 3 of The Criminal Finances Act 2017 (the “**Act**”), came into force on 30 September 2017. The Act is intended to respond to the threats of the facilitation of tax evasion in the UK and abroad and has a wide jurisdictional impact. It enables the UK Government to prosecute corporates that fail to take steps to stop associated persons criminally facilitating tax evasion, regardless of whether the business is UK-based or established under the laws of another country. As companies, investment funds are caught by this offence.

The Act is not designed to capture the misuse of legitimate services. The law is focused on evasion, which is an illegal activity; tax avoidance (and the professional advice that underpins it) is a wholly legal activity. The offence is not about tax law, rather it is about the fraudulent behaviours and indicators which are inherently dishonest, and the prevention of those behaviours. Whilst the offences themselves are not new *per se*, they seek to impose liability on incorporated bodies and partnerships for offences committed by their employees and agents, even if the senior management of the business was not involved in or aware of the impugned conduct.

The Act introduced two new criminal offences; failure to prevent the facilitation of UK tax evasion offences (section 45); and failure to prevent facilitation of foreign tax evasion offences under certain circumstances (section 46). For either offence to occur, three separate stages are required:

- (a) first, there has to be a criminal tax evasion by a taxpayer under existing laws;
- (b) second, the criminal facilitation of the tax evasion must be by an, “*associated person*” of the business, who is acting in that capacity; and
- (c) third, the business must have failed to prevent its associated person from committing the criminal facilitation act.

The UK Government recognises that the reasonableness of procedures should take account of the level of control, proximity and supervision a company is able to exercise over a particular person acting on its behalf. For example, a company will be able to exercise greater levels of control and supervision over those directly employed by it (if applicable) than over others. Where there is a contractor and sub-contractor(s) a company is likely only to exercise control in its relationship with its contractual counterparty.

#### Policy Statement

Sequoia Economic Infrastructure Income Fund Limited (the “**Company**”), conducts its business through service providers and has no employees.



It is the Company's policy to have reasonable prevention procedures in place, and to ensure that the Directors of the Company are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers, counterparties and business partners operate.

The Board takes a zero-tolerance approach towards tax evasion or the facilitation of tax evasion and, for the avoidance of doubt, any involvement of the Company in any form of tax evasion or the facilitation of tax evasion is absolutely prohibited.

### **General Risk Profile**

The Company is incorporated in Guernsey and structured as a closed-ended investment fund with its shares admitted to trading on the Main Market of the London Stock Exchange. Neither the Company nor any of its subsidiaries/associates provide advice on tax related matters. Although this may on its face suggest that all work is low risk in terms of the facilitation of tax evasion, it should be remembered that the reputational impact of any offence or even allegation of being involved in the investigation of any potential offence would be high.

Care is exercised in the following circumstances:

- (a) when undertaking due diligence in relation to service providers;
- (b) agreeing contractual terms and conditions associated with the use of such persons; and
- (c) requests for payments to be made to service providers outside usual practice.

Any concerns about arrangements with service providers or counterparties should be escalated to the Chairman of the Board, or where it is inappropriate to do so, to the MLRO.

### **Risk Analysis**

The Company has identified the following key risks as part of its anti-tax evasion risk assessment. As part of this risk assessment the Directors reviewed the Company and looked at:

- (a) opportunity - whether associated persons have the opportunity and capacity to facilitate tax evasion;
- (b) motive - is the culture one in which associated persons are dissuaded from committing a tax evasion facilitation offence; and
- (c) means – does the organisation promote, offer or hold products and services that are capable of being abused and what training and monitoring is given to those at risk (theoretically) or abusing those products and services?

### **Service Provider Demographic**

The Company does not have a high turnover of service providers and only engages reputable, established firms, many of which are regulated by recognised financial regulators. In general terms the counterparty demographic is low risk. It is acknowledged that the Company does not have control or day to day supervision of service providers and pre-engagement due diligence is undertaken to ensure that service providers have reasonable and proportionate controls in place in respect of their associated persons. In addition, as part the Company's annual review of key service providers, each service provider is requested to confirm their awareness of the Act and to provide details of any relevant policy, including staff training.

#### Unusual payments

It is highly unlikely and therefore low risk, that the Company would be asked to send funds to, or receive from funds from, jurisdictions (especially offshore) that have no apparent or logical business association with a service provider or a contractual relationship with the Company. Equally it is very unlikely that the Company would ever receive a request, without a legitimate purpose behind it, for a change in the entity to be invoiced by the Company in circumstances where the Company did not receive services from that entity. The internal controls in place by the Administrator include a general prohibition on third-party payments.

#### Distributions

It is unlikely that the Company will deal directly with shareholder requests in respect of payment of distributions and dividends. It is highly unlikely (and therefore low risk) that the Company would be asked to pay proceeds to new jurisdictions or parties associated with the shareholder. Typically, such requests would be received by the registrar.

#### Other red flags

Below are some additional potential red flags. The Board considers it unlikely that any of these scenarios would arise, but in the event that they do the Chairman should be notified:

- (a) service providers who are the subject of negative media coverage regarding their tax affairs or other allegations of dishonesty;
- (b) service providers who reside in high-risk countries whilst retaining significant nexus with other countries without reasonable explanation;
- (c) service providers who have had historic tax evasion issues (including investigations or settlements – see also the [HMRC defaulters list](#)); and
- (d) service providers demonstrating a high desire for secrecy which is not reasonably justified.

Any potential risks faced by the Company, including any of the above scenarios, will be assessed on a case-by-case basis, with particular attention to the nature of the Company's business and the relationships with service providers.

This risk assessment will be reviewed on an annual basis by the board of the Company and more frequently as required.

#### **Policy Implementation**

The Company is committed to:

- (a) knowing and keeping up to date with the risks facing the Company in this area;
- (b) establishing a culture in which tax evasion and the facilitation of tax evasion is unacceptable;
- (c) undertaking formal due diligence on all service providers prior to appointment and understanding why certain business arrangements are put in place;
- (d) ensuring that service providers have policies and procedures in place to cover all relevant risks of exposure to tax evasion and the facilitation of tax evasion, including adequate staff training;
- (e) the prevention, detection and reporting of tax evasion and the facilitation of tax evasion and all directors are required to avoid any activity that might lead to, or suggest, a breach of this policy. Any person who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct; and

- (f) ensuring that contractual provisions are included in service agreements to ensure that service providers have the necessary controls in place in respect of their associated persons and obligations under the Act.

Directors must notify the Chairman as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future and are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage.

### **Website Statement**

The Board has agreed a statement to this effect which is published on the Company's website:

*Sequoia Economic Infrastructure Income Fund Limited (the "**Company**") has a zero-tolerance policy to tax evasion and the facilitation of tax evasion. We are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which we, our service providers and business partners operate.*

*The Company is subject to the Criminal Finances Act 2017 and has adopted a policy, endorsed by the Board, designed to prevent tax evasion and the facilitation of tax evasion.*

*Our policy establishes a culture across the Company and in relation to our service providers and other counterparties, in which tax evasion and the facilitation of tax evasion is unacceptable. The policy is based on a detailed risk assessment undertaken by the Board annually.*

### **Monitoring and Review**

The Board undertakes to annually review or receive confirmations that the anti-tax evasion policies and procedures adopted by the Company's key service providers, namely the Administrator, Investment Adviser, Corporate Broker & Financial Adviser, and the Investment Manager remain appropriate, and are proportionate and reasonable with regard to the size and nature of their business.

The Board will monitor the effectiveness and review the implementation of this policy on a regular basis (but at least annually) considering its suitability, adequacy and effectiveness.

The Board reserves the right to review the Policy periodically and, if required, amend it to ensure that the Policy is compliant with all applicable law and regulation and best practice.

Adopted by the Board of Directors of the Company on 4 March 2025.