SDCL EFFICIENCY INCOME TRUST PLC (the "Company")

Existing Investment Objective and Policy	Wind-Down Investment Objective and Policy
Investment Objective The Company's investment objective is to generate an attractive total return for investors comprising stable dividend income and capital preservation, with the opportunity for capital growth.	***Investment Objective*** The Company's investment objective is to realise all assets in the Company's portfolio in an orderly manner which seeks to achieve a balance between returning cash promptly to Shareholders and maximising value.
Investment Policy The Company seeks to achieve its investment objective by investing principally in a diversified portfolio of Energy Efficiency Projects with high quality, private and public sector Counterparties. The contracts governing these Energy Efficiency Projects entitle the Company to receive stable and predictable cash flows once the Energy Efficiency Projects are operational. The Company's returns take the form of Contractual Payments by Counterparties in respect of the relevant Energy Efficiency Equipment. Whilst the Company invests predominantly in operational Energy Efficiency Projects, the Company may under certain circumstances invest in Energy Efficiency Projects while such projects are in a construction phase or development phase or, to a limited extent, in developers, operators or managers of Energy Efficient Projects. In respect of each type of Energy Efficiency Equipment, the Company seeks to diversify its exposure to engineers, manufacturers or other service providers by contracting, where commercially practicable, with a range of different engineers, manufacturers or other service providers. Energy Efficiency Projects may be acquired individually or as a portfolio from a single or a range of vendors. The Company may also invest in Energy Efficiency Projects jointly with a co-investor. The Company aims to achieve diversification by investing in different energy efficiency technologies and contracting with a wide range of Counterparties. The Company invests and manages its Energy Efficiency Projects with the objective of assembling a high quality, diversified Portfolio.	***Investment Policy*** The Company will pursue its investment objective by effecting an orderly realisation of the Portfolio while seeking to balance maximising returns from disposals and the timing of such disposals. This process might include a sale of all of the assets, groups of assets (such as specific geographic or technological portfolios), individual assets of the Company or a combination thereof. Investment and divestment decisions will be subject to approval by the Board, whose assessment will include the impact on the Company's risk profile, liquidity position, covenant headroom and expected equity returns. The Company will not make any new investments outside of existing Portfolio assets. Any follow-on investments into existing Portfolio assets will only be permitted in exceptional circumstances where, in the opinion of the Board: a) the investment is considered necessary or beneficial to protect or enhance an existing asset's or portfolio's future realisable value; or b) where such investment is required by the terms of any existing contractual obligation; or c) failure to make the relevant follow-on investment may result in a breach of contract or applicable law or regulation by the Company.

The Company initially focused its attention on investing in the UK. However, over time, the Company has made, and may continue to make, investments in continental Europe, North America and the Asia Pacific region. In pursuing its investment policy, the Company will seek to target sustainable investments, for example, by investing in projects that contribute to greenhouse gas ("GHG") emission reductions.	
Investment Restrictions In order to ensure a spread of investment risk, the Company has adopted the following investment restrictions: • no Energy Efficiency Project investment by the Company will represent more than 20 per cent. of Gross Asset Value, calculated at the time of investment; • the aggregate maximum exposure to any Counterparty will not exceed 20 per cent. of Gross Asset Value, calculated at the time of investment; • the aggregate maximum exposure to Energy Efficiency Projects in either a development phase or construction phase will not exceed 35 per cent. of Gross Asset Value, calculated at the time of investment, provided that, of such aggregate amount, the aggregate maximum exposure to Energy Efficiency Projects in a development phase will not exceed 10 per cent. of Gross Asset Value, calculated at the time of investment; • the aggregate value of the Company's investments (calculated at the time of investment) in developers, operators or managers of Energy Efficiency Projects that are not made at the same time as an investment by the Company in an associated Energy Efficiency Project will not exceed 3 per cent. of Gross Asset Value (with such 3 per cent. limit being included in the 10 per cent. limit on exposure to Energy Efficiency Projects in a development phase); and • the Company will not invest in other UK listed closed-ended investment companies.	***Investment Restrictions*** Save where utilised in order to make follow-on investments as specified above, the net proceeds from realisations will be used to repay borrowings and make timely returns of cash to Shareholders (net of provisions for the Company's costs and expenses) in such manner as the Board considers appropriate, taking into account compliance with any debt facilities and hedging arrangements. For the avoidance of doubt, the Company will not invest in other UK listed closed-ended investment companies.
Gearing The Company maintains a conservative level of aggregate gearing in the interests of capital efficiency, in order to seek to enhance income returns, long term capital growth and capital flexibility. The Company's target medium term gearing is up to 35 per cent. of NAV, calculated at the time of borrowing (the "Structural Gearing").	***Gearing*** During the managed wind down, existing and any replacement debt facilities at asset level ("**Structural Gearing**") will be subject to the terms of such facilities and applicable legal and regulatory requirements, in order to support the orderly operation, value preservation and realisation of the Company's assets. Gearing will be managed on an asset specific and facility specific basis as specified below. All material

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The Company may also enter into borrowing facilities on a short-term basis to finance acquisitions ("Acquisition Finance"), provided that the aggregate consolidated borrowing of the Company and the Project SPVs, including any Structural Gearing, shall not exceed 65 per cent. of NAV, calculated at the time of borrowing. The Company intends to repay any Acquisition Finance with the proceeds of a Share issue in the short to medium term.

Structural Gearing and Acquisition Finance are employed either at the level of the Company, at the level of the relevant Project SPV or at the level of any intermediate wholly owned subsidiary of the Company, and any limits in this Investment Objective and Policy shall apply on a consolidated basis across the Company, the Project SPVs and such intermediate holding company. Structural Gearing and Acquisition Finance primarily comprise bank borrowings, though small overdraft facilities may be utilised for flexibility in corporate actions.

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financing decisions will be subject to approval by the Board, whose assessment will include the impact on the Company's risk profile, liquidity position, covenant headroom and expected equity returns.

Additionally, the Company has access to short-term borrowing at the Company level (via its single subsidiary, SEEIT Holdco) and shall be permitted to utilise such debt facilities at Company level (including at its single subsidiary, SEEIT Holdco) for investments and to a limited extent for corporate purposes, with the total of such debt facilities capped at the lower of: i. GBP 200 million; or ii. 25 per cent. of Gross Asset Value, calculated at the time of borrowing.

Structural Gearing in each asset will not exceed the following limits:

- Primary Energy's total debt not to exceed USD 165 million;
- Red Rochester's total debt not to exceed USD 155 million;
- Onyx's total debt not to exceed USD 405 million;
- Driva's total debt not to exceed SEK 682 million; and
- Zood's total debt not to exceed GBP 30 million.

A full future disposal of each asset above results in the asset specific limit ceasing to have any effect. In the event of a partial sale, a proportionate reduction in the limit will be set by the Board to reflect a new limit at asset level for the specific asset.

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Use of derivatives

The Company may use derivatives for efficient portfolio management but not for investment purposes. In particular, the Company may engage in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases and full or partial foreign exchange hedging to mitigate the risk of currency inflation.

The Company only enters into hedging contracts and other derivative contracts when they are available in a timely manner and on terms acceptable to it. The Company reserves the right to terminate any hedging arrangement in its absolute discretion.

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Cash management

Whilst it is the intention of the Company to be fully or near fully invested in normal market conditions, the Company may hold cash on deposit and may

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Cash management

During the managed wind-down, the Company may hold cash on deposit for working capital purposes and pending return to Shareholders and may also

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invest in cash equivalent investments, which may include short term investments in money market type funds and tradeable debt securities ("**Cash and Cash Equivalents**"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalent position instead of being fully or near fully invested.	invest in cash equivalent investments, which may include short term investments in money market type funds and tradeable debt securities ("**Cash and Cash Equivalents**") pending the return of cash to Shareholders. There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalent position.
Policy Ownership The Board is responsible for the review of this Policy at least annually to ensure its effectiveness. This Policy was reviewed and approved by the Board on [●].	N/A
N/A	***Changes to the Investment Policy*** Any material changes to the Company's Investment Policy set out above will only be made with the approval of the Financial Conduct Authority and the Shareholders by way of an ordinary resolution.