SEEIT

Environmental, Social and Governance 2024 Update

SDCL Energy Efficiency Income Trust plc

Originally published in SEEIT's Annual Report and Audited Financial Statements
for the year ended 31 March 2024

Environmental, Social and Governance ("ESG") Update

What's in this section

1. For the year ending 31 March 2024 and based on an analysis of the portfolio. Scope 4 emissions refer to the previously reported on "carbon savings" KPI.
2. Based on the Statistica average CO_2 emissions from new cars in the United Kingdom from 2004–2023.
3. For the year ending 31 March 2024 and based on an analysis of the portfolio.
4. Based on the Ofgem 2023 average annual energy usage of houses in the UK.

Scope 4 emissions[1]

972,201 tCO_2e

avoiding the equivalent amount of carbon generated by 872,712 average cars annually[2]

Energy saved[3]

379,589 MWh

reducing the equivalent amount of average energy demanded by 26,732 houses annually[4]

Originally published in SEEIT's Annual Report and Audited Financial Statements for the year ended 31 March 2024

Find out more:
www.seeitplc.com

Onyx

Environmental, Social and Governance ("ESG") Update continued

"Reflecting on the year, the Investment Manager has made significant progress by redefining the Company's sustainability priorities through the Framework and building up its ESG governance and management process to align with new standards."

Helen Clarkson OBE
| Chair of ESG Committee

ESG Committee Chair's Introduction

On behalf of the SEEIT Board and the Company's ESG Committee, I am pleased to introduce the 2024 ESG Update for the financial year ended 31 March 2024. In this section, we will share the progress SEEIT has made towards fulfilling its sustainability commitments during the year.

As the first London-listed fund to invest exclusively in energy efficiency projects, SEEIT has a history of being defined by its sustainability-related focus. The Company has followed this philosophy in its sustainability principles, where a growing body of ESG regulations and standards could have made it easy to let the marketplace define a firm's ESG priorities. Instead, the Investment Manager worked with the Board to develop the SEEIT Sustainability Framework (the "Framework"), which reflects the Company's ESG priorities. We are pleased to use the 2024 ESG Update to introduce the Framework.

Due to the development of the Framework, along with the evolution of sustainability standards in the wider market, the Investment Manager has revised its ESG Management Process and ESG-related governance to better align with internal and external standards.

As its Chair, I am delighted to highlight that a key part of this work included creating a dedicated ESG Committee at the SEEIT Board to oversee the implementation of the Framework and the subsequent revisions of the Company's ESG processes, policies and standards.

Another major focus for the year was on the governance, identification and management of climate change risks. The focus on climate change risk has led to the drafting of SEEIT's first "Climate Change Report", which forms a major part of the 2024 ESG Update.

Finally, we were very pleased that the Company won the Association of Investment Companies ("AIC") 2023 Best ESG Communication Award and the Investment Manager won ESG Investor of the Year at the 2024 Business Green awards. Both achievements demonstrate the Investment Manager's and Company's leadership in sustainability.

Reflecting on the year, the Investment Manager has made significant progress by redefining the Company's sustainability priorities through the Framework and building up its ESG governance and management process to align with new standards. The Company is well positioned to progress its sustainability practices and further implement the Framework through continued engagement with portfolio companies.

Key initiatives

Achievements during the year

Over the year, the Company delivered on the following key initiatives:

1. Finalised the SEEIT Sustainability Framework
2. Updated the ESG Management Process
3. Progressed climate change risk identification and mitigation analysis

Goals for next year

The Company plans the following key initiatives next year:

1. Continue the implementation of the Sustainability Framework at portfolio companies
2. Further enhance climate change risk work, with a focus on mitigation and adaptation

Environmental, Social and Governance ("ESG") Update continued

SEEIT Sustainability Framework

During the year, the Investment Manager collaborated closely with the SEEIT Board and specifically the newly formed ESG Committee to identify SEEIT's top ESG priorities based on the UN Sustainable Development Goals ("UN SDGs"). The Investment Manager used those ESG priorities to establish the five principles of the SEEIT Sustainability Framework (the "ESG Principles").

The ESG Principles will be used during the due diligence process to assess new investments, and then as a framework for engaging with management teams and third parties responsible for the day-to-day operations within each business.

The Framework's ESG Principles have not only influenced the revision of the Company's Responsible Investment Policy[1] but also prompted engagement with portfolio companies and driven updates to the Investment Manager's overall ESG Management Process for SEEIT.

Importantly, the Framework marks a transition from monitoring ESG performance at portfolio companies to actively managing outcomes. The Framework is intended to provide portfolio companies with clear guidance on the ESG priorities of the Company and set KPIs and minimum standard policies to measure ESG performance.

Principle 1
Champion Energy Efficiency

Links to UN SDGs

7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Read more on page 4

Principle 2
Deliver Net Zero Energy

Links to UN SDGs

7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Read more on page 6

Principle 3
Promote Sustainable Supply Chains

Links to UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION

Read more on page 6

Principle 4
Support Our Communities

Links to UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES

Read more on page 7

Investment strategy
Invest in energy efficiency solutions that reduce emissions, reduce waste, and improve reliability.

ESG management
Managing general ESG factors that impact the Company's portfolio companies and their operations

Principle 5
Match Best Practice

Read more on page 8

1. The SEEIT Responsible Investment Policy can be found on SEEIT's website. The Responsible Investment Policy was approved and published after the period ended 31 March 2024.

Environmental, Social and Governance ("ESG") Update continued

SEEIT Sustainability Framework

Principle 1: Champion Energy Efficiency

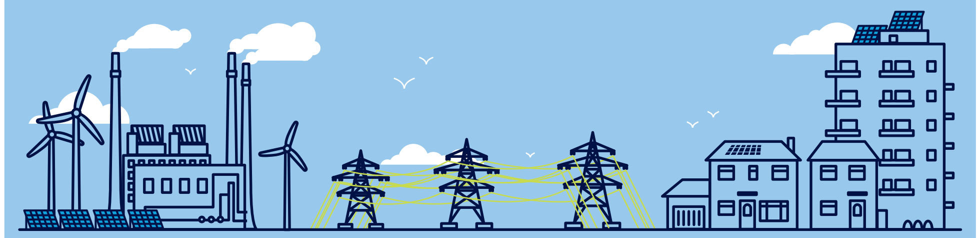
"Champion Energy Efficiency" is Principle 1 of the Framework, reflecting the Company's focus on energy efficiency. Principle 1 highlights the energy impact of the Company's portfolio companies and commits to advocating for the role of energy efficiency in the energy transition.

At present, the Company uses three KPIs across its portfolio to demonstrate the energy impact of portfolio companies and to measure their success: energy savings, energy generation and Scope 4 emissions, also referred to as carbon savings.

In addition to these KPIs, a few of SEEIT's energy generating investments have the potential to do so more efficiently. The Investment Manager reviews these investments to identify further energy efficiencies and prioritises asset improvements that can deliver this. As part of the implementation of this Principle, the Investment Manager will continue this engagement and unlock further efficiencies at relevant investments.

Finally, the Investment Manager continues to champion energy efficiency and its role in the energy transition. The Investment Manager's CEO, Jonathan Maxwell, published a book called "The Edge: How Competition for Resources is Pushing the World, and Its Climate, to the Brink – and what We Can Do about It," and has appeared in numerous media engagements throughout the year advocating for energy efficiency.

KPI	Definition	Energy efficiency impact
Energy savings	Energy savings refers to the estimated reduction in customer energy demand due to a SEEIT investment. These savings are normally achieved through investments in appliances, such as LED lighting or HVAC systems, which require less energy to achieve the same result.	Reduced energy waste at the point of use. These investments decrease the energy customers need, without changing their operations, which in turn lowers energy consumption and carbon emissions.
Energy generation	Energy generation refers to the amount of decentralised energy produced by an energy efficient investment. Progress towards this KPI is achieved through investments that generate energy behind-the-meter.	Reduced waste associated with centralised energy generation, such as transmission and distribution losses. These investments also shift the customer's demand from the electrical grid to on-site energy generation, therefore decreasing pressure on the centralised system and promoting energy system resiliency.
Scope 4 emissions (carbon savings)	Scope 4 emissions refer to the avoidance of in GHG emissions achieved by a particular project when compared to a relevant counterfactual.	Scope 4 emissions quantify the benefit arising from energy saving and energy generating investments.



Generation | Transmission & distribution | Point of use

Energy Generators

4,979,953 MWh

energy generated

Energy Savers

379,589 MWh

energy saved

Scope 4 Emissions

972,201 tCO_2e

carbon saved

1. Based on an analysis of the portfolio.

Environmental, Social and Governance ("ESG") Update continued

SEEIT Sustainability Framework

Principle 1: Champion Energy Efficiency continued

Investment Spotlight:

Championing energy efficiency at RED-Rochester

In 2021, the Company acquired one of the United States' largest district energy systems, RED-Rochester, from Ironclad Energy Partners LLC. RED-Rochester exclusively provides utility services to over 100 commercial and industrial customers within the 1,200-acre Eastman Business Park in Rochester, New York.

The Investment Manager and RED-Rochester are both committed to improving the efficiency of the district energy generation system to provide customers with resilient and low-carbon utility services.

As such, the Investment Manager invested into the construction of a 38MW cogeneration ("cogen") plant that will serve new customer electricity loads and improve the overall park thermal efficiency by c.12%. The cogen plant will be using natural gas once operational and is increasing capacity at RED-Rochester, so while it is increasing energy efficiency it will also be improving its emissions in the first instance. The plant can however use 100% hydrogen fuel and will transition to low-carbon fuel once that is commercially and economically available.

Additionally, the cogen plant has been refurbished from existing equipment, thus saving carbon emissions that would have resulted from constructing a new unit.

In addition to the cogen investment, since 2017, RED-Rochester has been awarded $17.5 million in funding towards energy efficiency projects from New York State Energy Research and Development Authority ("NYSERDA") across multiple programmes.

Most recently, RED-Rochester was awarded a $5 million grant from NYSERDA's "C&I Carbon Challenge". The grant will go towards other carbon-reduction projects, including electrification of steam chillers and waste heat recovery for compressed air generation. Further, in 2022, RED-Rochester successfully completed its obligations to NYSERDA for the 2019 Carbon Challenge award.

RED-Rochester's efforts to enhance the energy efficiency of its activities shows alignment to the Company's energy efficiency principle.

RED-Rochester

Environmental, Social and Governance ("ESG") Update continued

SEEIT Sustainability Framework

Principle 2: Deliver Net Zero Energy

608,024

MWh renewable energy generated[1] in the year to 31 March 2024

725,976

tCO_2e emissions (S1 + S2)[2] in the year to 31 March 2024

Principle 2 of the SEEIT Sustainability Framework underpins the Company's commitment to providing customers with low-carbon energy by choosing investments that are aligned to net zero and engaging with current investments on their net zero trajectory. It recognises that energy efficiency solutions must be paired with low-carbon, renewable energy generation in order to reach net zero emissions in line with the Paris Climate Agreement.

During the year, the Investment Manager reviewed the Company's emissions and selected some of the highest-emitting companies to engage with on net zero goals and strategy. The Investment Manager has also integrated questions around net zero into its due diligence process and will require that potential investments with material emissions can demonstrate alignment with the its net zero goals.

As part of the Investment Manager's Glasgow Financial Alliance for Net Zero ("GFANZ") target, which is set out in more detail in the Climate Report section of the 2024 ESG Update on pages 10 to 16, the Company will begin reporting on the net zero target coverage of SEEIT's portfolio. The Investment Manager will also track KPIs such as greenhouse gas emissions and the amount of renewable energy generated to monitor the implementation of this principle across the Company's portfolio.

Energy efficiency has been the focus of the Company, but Principle 2 highlights that reaching net zero is also a priority. Further work is necessary to reach net zero, but the Investment Manager is committed to achieving this important objective.

Principle 3: Promote Sustainable Supply Chains

82%[3]

of the portfolio by value covered by a supplier code of conduct against unsafe working conditions, precarious work, child labour and forced labour in the year to 31 March 2024

"Promote Sustainable Supply Chains" has been chosen as Principle 3 of the Framework, reflecting the Company's goal to provide customers with sustainable energy services from both an environmental and social perspective. The first phase of implementing this principle is setting the Company's supply chain standards and engaging with portfolio companies to understand existing processes, policies and suppliers.

The Investment Manager has developed a Human Rights Policy[4] setting out key supply chain standards as they relate to human rights and modern slavery. The supply chain standards inform a questionnaire that the Investment Manager uses when conducting due diligence on key third parties involved in a potential transaction. The Investment Manager intends to engage with the Company's portfolio companies to develop similar policies and processes to review the standard alignment of third-party suppliers.

Finally, as part of the ESG asset management process, the Investment Manager has begun incorporating an asset management third-party questionnaire, separate from the normal annual ESG questionnaire, to monitor the policies of third parties in charge of the day-to-day operations of a project. Over the next year, the Investment Manager intends to work with portfolio companies to review their key third parties and will promote engaging with those third parties on their alignment with the human rights standards.

1. Based on an analysis of the portfolio.
2. Based on an analysis of the portfolio. The Company's GHG emissions predominately represent emissions associated with generating energy.
3. Based on an analysis of 95% of the portfolio by value in scope of the analysis.
4. The Investment Manager's Human Rights Policy can be found on SDCL's website.

Environmental, Social and Governance ("ESG") Update continued

SEEIT Sustainability Framework

Principle 4: Support Our Communities

92%

of portfolio by value covered by Diversity and Inclusion ("D&I") policies in the year to 31 March 2024

1 incident[1]

of discrimination reported at a portfolio company during the year 31 March 2024

Principle 4 of the Framework concerns the role the Company has within its communities. In addition to providing customers with sustainable services, the Investment Manager is focused on ensuring that its community, namely the employees at SEEIT's portfolio companies, work in well-managed, supportive and flourishing workplaces. Therefore, the Investment Manager is promoting policies and initiatives in each of these workplaces aligned to the following four pillars:

1. Diversity and inclusion
2. Training and development
3. Mental and physical health
4. Local charitable activities

The Investment Manager has begun engaging with portfolio companies around the four pillars to determine whether they have policies and initiatives in place with respect to each. In time, the four pillars of employee experiences will be used to monitor portfolio company compliance with this principle.

Onyx

1. The incident was raised and settled using an external agency. The incident occurred at a portfolio company that SEEIT holds a minority investment in. The Investment Manager investigated the incident and found that appropriate remediation efforts occurred following the incident.
As part of the review of the third parties engaged with SEEIT's portfolio companies, one incidence of discrimination was reported by a third party that manages a SEEIT investment. The incident was not at a SEEIT portfolio company. The Investment Manager reviewed the incident and confirmed that the incident was resolved and that appropriate mitigation actions are in place.

Investment Spotlight:

Improving employee wellbeing at Onyx Renewable Partners

In 2020, SEEIT acquired Onyx Renewable Partners, one of the largest and most established commercial and industrial ("C&I") on-site solar and storage platforms in the United States. Onyx owns and operates over 225 operational C&I projects across 14 US states.

Over the past few years, Onyx has consistently prioritised enhancing employee experiences aligned with the "Support Our Communities" principle in the Framework.

Onyx does this through its dedication to training members of the community through its participation in initiatives such as the "Hiring Our Heroes Programme" and creation of an internship programme. The Hiring Our Heroes Programme facilitates connections between US military veterans and private sector companies for fellowship opportunities.

In addition, Onyx's internship programme aims to offer valuable working experience to college students, further contributing to community support and talent development.

Onyx also demonstrates its commitment to diversity and inclusion through robust recruitment efforts and support for employees to engage in affiliate groups such as Women of Renewable Industries and Sustainable Energy ("WRISE").

Finally, Onyx underpins its efforts to support its employees through an annual employee engagement survey.

Onyx

Environmental, Social and Governance ("ESG") Update continued

SEEIT Sustainability Framework

Principle 5: Match Best Practice

The first four Principles of the Framework focus on the Company's particular ESG-related goals. The fifth Principle acknowledges that there are many frameworks and standards in the ESG field that the Company aims to comply with. In particular, following best practice for the Company means fulfilling its legal and voluntary obligations, including the following:

Commitment

1. EU Sustainable Finance Disclosures Regulation ("SFDR")
2. Task Force on Climate-related Financial Disclosures ("TCFD")
3. Streamlined Energy and Carbon Reporting ("SECR")
4. Glasgow Financial Alliance for Net Zero ("GFANZ") – SDCL Commitment
5. United Nations' Principles for Responsible Investment ("UN PRI") – SDCL Commitment

The standards included in Principle 5 have commitments that span from minimum standard policies to disclosure requirements to monitoring of specific KPIs. Principle 5 ensures that meeting those commitments is a key sustainability priority for the Company and forms a major part of the Investment Manager's ESG Management Process for the Company.

ESG Asset Management KPI 2024 Score Card[1]

Sustainability Framework	Indicator	KPI
Principle 1 – Champion Energy Efficiency	Energy savings	379,589 MWh
	Total energy generated	4,979,953 MWh
	Scope 4 emissions/carbon savings	972,201 tCO_2e
Principle 2 – Deliver Net Zero Energy	Scope 1 and 2 emissions	725,976 tCO_2e
	Renewable energy generated	608,024 MWh
Principle 3 – Promote Sustainable Supply Chains	% portfolio by value covered by a supplier code of conduct against unsafe working conditions, precarious work, child labour and forced labour	81%
Principle 4 – Support Our Communities	% portfolio by value covered by diversity and inclusion policies	92%
	Number of incidents of discrimination reported in investee companies	1 incident
Principle 5 – Match Best Practice	% of portfolio by value covered by health and safety policies	100%
	% of portfolio by value with violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) guidelines for Multinational enterprises	0%
	% of the portfolio by value covered by codes of conduct relating to anti-bribery and corruption	92%
	% of portfolio by value covered by a grievance/complaints handling mechanism/process	89%
	% of portfolio by value covered by a policy to protect whistleblowers	92%

1. KPIs for Principle 1 and 2 are based on an analysis of the portfolio for the year to 31 March 2024. KPIs for Principles 3, 4 and 5 are based on an analysis of c.95% of the portfolio by value in scope of that analysis, also for the year to 31 March 2024.

Environmental, Social and Governance ("ESG") Update continued

SEEIT's ESG Management Process

The Investment Manager's ESG Management Process for the Company refers to the integration of sustainability considerations into due diligence, asset management and reporting.

The Investment Manager is responsible for the day-to-day activities relating to the ESG Management Process. SEEIT's ESG Committee oversees the overall effectiveness of and material outcomes or findings relating to the process.

During the year, the Investment Manager revised the ESG Management Process to align with the Framework and SFDR requirements. Specifically, the Investment Manager created a risk rating for each indicator in the due diligence questionnaire to assess alignment with the Framework and confirm an investment aligns with the SFDR's "do no significant harm" requirement.

The ESG investment due diligence process entails initial identification of ESG red flags, followed by preliminary and detailed assessments for alignment with the Framework. Post-investment, the Investment Manager interacts with investments through regular meetings, bi-annual environmental performance reporting and annual ESG questionnaires, enabling ongoing monitoring and management as necessary. Key performance indicators reflecting portfolio companies' ESG performance are reported in the annual SEEIT ESG Update, as shown in the Sustainability Framework section on pages 3 to 8.

Investment due diligence

- Go/No Go review
- Initial due diligence
- Detailed due diligence
- ESG findings incorporated into IC papers

Asset management

- Environmental performance survey
- Annual ESG survey
- Ongoing engagement

Reporting

- Results reporting
- Disclosures
- Marketing & investor materials
- Investor DDQs

SEEIT Sustainability Framework

- Principle 1: Champion Energy Efficiency
- Principle 2: Deliver Net Zero Energy
- Principle 3: Promote Sustainable Supply Chains
- Principle 4: Support Our Communities
- Principle 5: Match Best Practice

Environmental, Social and Governance ("ESG") Update continued

Year ended 31 March 2024

SEEIT Climate Change Report

"Though we have published climate risk sections in the past, this first SEEIT Climate Report represents the progress the Investment Manager has made in identifying and monitoring the Company's climate change risks and opportunities."

Anjali Berdia | SDCL Sustainability Manager

The SEEIT Climate Change Report ("Climate Report") is designed to provide shareholders, clients and wider stakeholders with insights into the Company's approach to identifying and managing climate-related risks and opportunities.

The Investment Manager and the Company are both supporters of the TCFD, recognising that climate change presents significant risks and opportunities for the Company in the short, medium and long term. While the UK's Financial Conduct Authority ("FCA") made publishing a TCFD report mandatory for many companies in the UK in January 2023, the Company is not in scope of this requirement.

Nevertheless, the Investment Manager finds that the TCFD's recommendations on governance, strategy, risk management and metrics provide a useful framework for monitoring, managing and increasing transparency around climate-related risks and opportunities. The TCFD's eleven recommended disclosures are outlined in the Appendix of this report, with corresponding page numbers referencing where the information can be found. Climate change risk is integrated into the Company's overall risk framework, more information of which is within the Risk Management Framework section of SEEIT's Annual Report and Audited Financial Statements for the year ended 31 March 2024, which can be found on SEEIT's website.

Baseload

Environmental, Social and Governance ("ESG") Update continued

SEEIT Climate Change Report Year ended 31 March 2024

Governance

Governance Framework

Oversight and management of climate-related issues are incorporated into the Company's existing governance structure and Risk Management Framework. Following consultation with the Investment Manager, the Board approves the Company's investment policy, long-term objectives and commercial strategy, as stated in the Introduction and Strategic Report. Reports of the proceedings and decisions of the Audit and Risk Committee and ESG Committee, alongside others, are received by the Board quarterly.

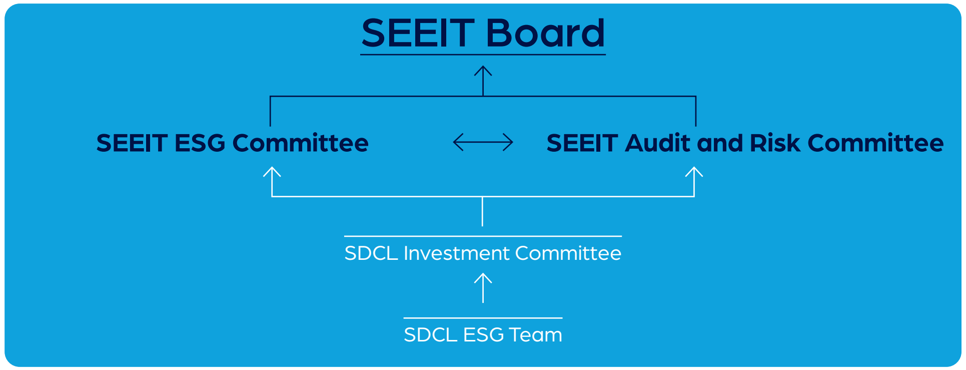
Under the direction of the Board and its respective Committees, the Investment Manager is responsible for the day-to-day management of climate-related risks and opportunities impacting the Company. The Investment Manager integrates the identification and monitoring of climate-related risks and opportunities into the ESG Management Process outlined in the ESG Update.

The Investment Manager does this in the first instance through due diligence questionnaires and checklists, including the ESG questionnaire with climate-related questions specific to physical and transition risks. Post-investment, the Investment Manager monitors and manages material climate-related risks through regular discussions with investments and the ESG asset management questionnaire.

Climate reporting is integrated into the Audit and Risk Committee discussions, with the Investment Manager notifying the Board of urgent matters arising outside of the regular reporting cycle.

In addition to engagement with portfolio companies and the Board to manage climate change risk, the Investment Manager has made efforts to educate its employees about climate change risks and opportunities. Over the year, the Investment Manager received ESG-related training on the mandatory and voluntary obligations of the Company, including the TCFD Framework.

The Board, Audit and Risk Committee, ESG Committee and the SDCL Investment Committee all have delegated responsibilities relating to climate issues. The SDCL ESG team identifies and raises climate-related risks to the SDCL Investment Committee and reports them to the Audit and Risk Committee through the risk framework. The ESG Committee is involved in climate change risks and opportunities from a strategic perspective through its oversight of the Framework and the ESG Management Process. Both the ESG Committee and Audit and Risk Committee report to the Board.



Strategy

Climate-related Opportunities

The assessment of climate-related opportunities is fundamental to the Company's investment strategy, as the Company supports the global transition to a low-carbon future through energy efficiency investments. The opportunities for the Company to invest in energy efficiency projects that support the energy transition increases in scenarios with stronger government policies and public support for those investments. The Investment Manager monitors the emergence of government policies that impact the success of the Company to assess climate-related opportunities, as set out in the Investment Manager: Markets and Outlook section of SEEIT's Annual Report and Audited Financial Statements for the year ended 31 March 2024, which can be found on SEEIT's website.

Climate-related Risks

The assessment of both physical and transition climate-related risks is carried out by the Investment Manager once per material investment and then reviewed on an annual basis for changes occurring during the year.

Physical climate risks

Physical climate risks assessed fall into two categories:

1. Acute
2. Chronic

Acute physical risks are event-driven, e.g. rainfall flooding and typhoons, whereas chronic physical risks are caused by longer-term shifts in climate patterns, e.g. extreme heat and drought.

To assess physical climate risks, the Investment Manager conducts scenario analysis through a specialist third-party provider, analysing the impact under Representative Concentration Pathways ("RCP") two scenarios (RCP 8.5 and RCP 2.6) over two forward-looking time periods (2021–40 and 2041–60). Both time periods are compared to a baseline period (2006 or 2014–2020). Further details are provided below.

RCP	Range of global mean temperature increase by 2100 (from pre-industrial baseline) (Celsius)
8.5	3.2–5.4 degrees (Business-as-usual scenario without additional efforts to constrain emissions, resulting in warming of **more than 4 degrees**)
2.6	0.9–2.3 degrees (Net zero pathway that aims to keep warming **below 2 degrees**)

Time horizon	Period covered
2020	Historical data (2006 or 2014–2020), baseline period
2030	2021–2030
2050	2031–2050

Environmental, Social and Governance ("ESG") Update continued

SEEIT Climate Change Report Year ended 31 March 2024

Strategy continued

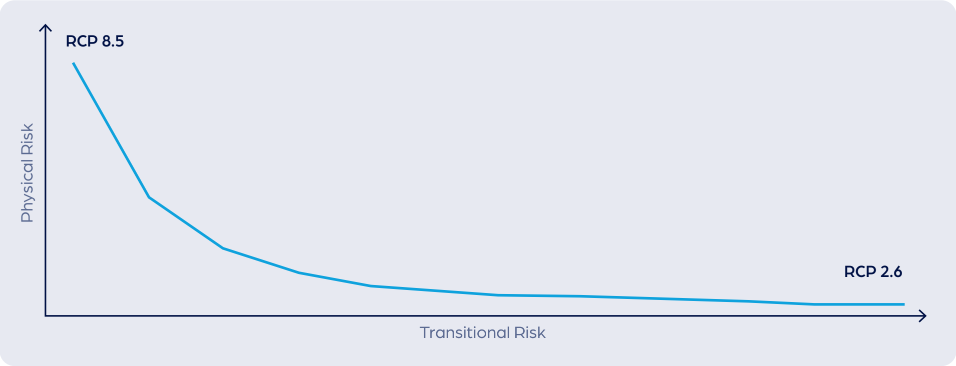
Transition climate risks assessed can be split into four categories:

1. Policy and legal risk
2. Technological risk
3. Market risk
4. Reputational risk

To assess transition risks, the Investment Manager regularly engages with portfolio companies, remaining up to date with policy changes, new technologies, market movements and changing customer demands in the relevant region. The Investment Manager also engages with a third-party provider to assess its carbon financial risk exposure due to the EU-ETS within EU markets on a quarterly basis.

Transition-physical risk: conceptual overview

Typically, at RCP 8.5, a "Business-as-usual" scenario, the Company would face higher threat from physical risks, as emissions are expected to continue rising at current rates, increasing global temperatures to >4 degrees Celsius. However, at RCP 2.6, an "Aggressive" mitigation scenario, the Company would face higher threat from transition risks, as emissions are expected to halve by 2050, limiting temperature increases to below 2 degrees Celsius. This is outlined in the diagram below.



Transition-physical risk: company overview

The tables below provide both a high-level summary and granular breakdown of the top physical and transition risks impacting the Company. Mitigation actions, both current and proposed, have also been outlined below.

Summary of portfolio-level climate change risks

Risk description	Comment
Physical risks relating to climate change	The physical risks associated with the SEEIT portfolio primarily fall into three categories: 1. reduced feedstock availability; 2. lower demand for products due to milder weather; and 3. operational delays due to extreme weather events and asset damage. These risks have been identified predominantly using specialist third-party climate modelling software. Select risks[1] have been identified because the portfolio company has begun to see them materialise.
Transitional risks relating to climate change	Transition risks within the SEEIT portfolio primarily stem from two main sources: 1. policy and legal changes related to decarbonisation may result in higher operational costs for assets with material emissions; and 2. customer demand for the energy products generated by portfolio companies reduces due to shifting consumer preferences for lower-carbon products. These risks have been identified using the TCFD's transition risk framework and through engagement with the asset management team and portfolio companies.

Physical climate-related risks

Risk and category	Impact	Mitigation Actions
Extreme heat Physical – chronic	Reduced olive yields, limiting biomass feedstock availability. Diminished customer demand for heat, resulting in reduced revenue streams.	Source biomass feedstock from farther away. Acquire a different site with greater biomass storage capacity. Monitor customer demand and consider amending tariffs.
Drought Physical – chronic	Limited water availability for processes at sites.	Seek alternative water sources. Invest in new drought-resistant technologies.
Rainfall flood Physical – acute	Asset damage and/or operational delays. Impact on harvest yields due to adverse effects on soil saturation, erosion and fruit quality.	Source biomass feedstock from areas less exposed to flooding. Acquire a different site less exposed to flooding. Acquire appropriate natural catastrophe insurance.

1. These select risks that have materialised, specifically reduced biomass feedstock at Oliva and milder weather at RED, are considered in the Portfolio Valuation. Other risks are hypothetical and have been identified under multiple climate scenarios and timelines. The Audit and Risk Committee review both materialised and hypothetical climate related risks as part of the risk framework.

Environmental, Social and Governance ("ESG") Update continued

SEEIT Climate Change Report Year ended 31 March 2024

Strategy continued

Transition climate-related risks

Risk and category	Impact	Mitigation Actions
Higher operating costs due to new carbon policies Transition – policy and legal	Reduced financial support from governments, e.g. Spanish Regulatory Regime. Introduction of New York Climate Leadership and Community Protection Act capping GHG emissions. Specific fines and penalties associated with methane leakage would require pipe relining.	Monitor emerging policies. Engage with lobbyists, industry association members and others involved in policymaking. Determine how to align trajectories to be future-proofed for emission-related regulations.
Decreased demand for products Transition – market	Higher decarbonisation pressures from customers and governments seeking low-carbon/renewable energy sources.	Build out a decarbonisation plan with portfolio companies. Demonstrate a commitment to sustainability or adapt to evolving environmental regulations and consumer preferences.

Physical risk climate modelling approach

The Company conducts its analysis on the impacts from chronic and acute physical risks through a third-party provider and uses its climate hazard score to assess potential physical risk facing the asset.

Climate hazard score:

The climate hazard score rates the severity of various climate hazards on a scale of 0-100 based on the geographical location of the assets. The score is not weighted based on the size and valuation of assets.

Using the climate hazard score, as well as real-time information of the climate impacts on an investment, the Investment Manager assigns a risk rating to each climate risk. The risk rating mirrors the risk rating system used for all other portfolio risks.

Climate Change Risk Management

Climate-related risks and opportunities are integrated across all components of the Company's Risk Management Framework and thus follow the same monitoring, managing and governance structure as other types of risk. The Company's broader Risk Management Framework is detailed in the Risk Management section of SEEIT's Annual Report and Audited Financial Statements for the year ended 31 March 2024, which can be found on SEEIT's website; however, a summary of how the risk framework pertains to Climate Change risk is outlined below:

Risk strategy

The climate change risk strategy of the Company is set by the Board, with input from the Investment Manager. Further details on how climate-related risks and opportunities are integrated into the Company's strategy are set out in the Strategy section of this report on pages 11 to 13.

Risk appetite

Within climate change risk, the Company has a **low appetite** for physical risks and a **medium appetite** for transition risk, as the Company is looking to benefit from the transition to a low-carbon economy and take advantage of new technologies and policies to enhance investment returns.

Risk management policies

The Company documents its procedures relating to climate issues in its Responsible Investment Policy and will include specific reference in its Risk Management Policy over the following year.

Risk governance

Governance of climate change risk is set out in the Governance framework on page 11 of this report.

Environmental, Social and Governance ("ESG") Update continued

SEEIT Climate Change Report Year ended 31 March 2024

Metrics and Targets

Climate-related Environmental Performance Data

The Company reports on a variety of metrics related to carbon and energy savings, energy generation and GHG emissions (Scopes 1, 2 and 3), which are calculated by monitoring environmental performance data of all investments quarterly. The climate-related metrics are calculated using guidance from the Greenhouse Gas Protocol and the UK SECR legislation. The data is collected individually from the portfolio companies and collated by an external consultant based on actual energy usage and generation. The data is then reviewed by the external consultant and the Investment Manager. The energy performance data disclosed for the year ending 31 March 2024 covers the majority of the projects in SEEIT's portfolio for the period, making up c.99% of the portfolio by value in scope of the analysis.

The Company monitors its energy performance data to track progress against its sustainability indicators, namely Scope 4 emissions (carbon savings) and energy savings. Furthermore, the Company tracks the relevant GHG emissions of assets to monitor its environmental impact and will inform the degree of risk associated with an accelerated net zero transition on a project-by-project basis.

The calculation approach in each case follows several key principles to maintain a consistent approach. The principles are:

– where possible, to capture fundamental data regarding project performance. Examples of this data include energy generated (kWh) and fuel consumed (kWh);
– use publicly available emissions factors from government sources specific to the project location;
– where a project was commissioned or purchased by the Company midway through the reporting period, only the portion of the period after commissioning or purchase date should be recognised; and
– where the Company owns less than 100% of a project, the total project savings should be reduced pro-rata with the ownership percentage.

The data-gathering process is predominantly manual and therefore dependent on accurate reporting from the management teams and other sources at the asset level. Market practice and processes keep improving and the Investment Manager is actively engaged in seeking the most up-to-date and accurate data for each of the investments.

Principal environmental performance data of the Company's portfolio is set out in the tables below.

Data Deviations Compared to Last Year:
During this period, the Manager found that two portfolio companies were reporting on energy savings and Scope 4 emissions with calculation methodologies that were inconsistent with those used for the rest of the portfolio. Additionally, the carbon intensities of the local electrical grid in most of the jurisdictions SEEIT invests in decreased, therefore reducing the benchmark used to calculate the carbon avoided from the Company's investments. The combination of decreasing carbon intensities of local electrical grids and these two calculation inconsistences have offset the increase in Scope 4 emissions from some portfolio companies, leading to a net decrease when compared to last period. The Company's Scope 4 emissions may fluctuate from period to period given it is calculated is based on relevant counterfactual scenarios, such as the carbon intensities of local electrical grids, and those calculation methodologies are consistently being reviewed and improved.

Further, Scope 1 emissions have increased compared to last year because one of the portfolio companies returned to full operation. In pursuance of the Investment Manager's net zero target, it is the intention for the Company's overall GHG emissions to decrease overtime, but changes in investment operations or the portfolio's composition may lead to data fluctuations.

Portfolio Scope 4 emissions[1] and energy[2] savings

	Scope 4 emissions/carbon savings tCO_2e		Energy savings MWh	
	2023/24	2022/23	**2023/24**	2022/23
APAC	**7,447**	8,136	**10,048**	10,613
EU	**144,504**	153,474	**4,464**	1,518
UK	**30,620**	18,980	**23,521**	37,849
US	**789,630**	1,021,939	**341,556**	337,889
Total portfolio	**972,201**	1,202,528	**379,589**	387,868

1. Scope 4 emissions, previously referred to as "carbon savings" in SEEIT's Annual Reports, refer to the reduction in GHG emissions achieved by a project compared to a relevant counterfactual, i.e. how the customer would receive the energy services in the absence of said project.
2. Energy Savings refer to the electrical and thermal energy not consumed at the point of use due to a SEEIT investment.

Environmental, Social and Governance ("ESG") Update continued

SEEIT Climate Change Report Year ended 31 March 2024

Metrics and Targets continued

Portfolio energy generation

4,979,953 MWh
Total Energy Generated as at 31 March 2024

4,373,103 MWh
Total Energy Generated as at 31 March 2023

	Renewable electricity generated MWh		Renewable heat generated MWh		Non-renewable electricity generated MWh		Non-renewable heat generated MWh	
	2023/24	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23
APAC	**5,715**	5,772	**–**	–	**–**	–	**–**	–
EU	**196,365**	227,449	**204,914**	214,394	**634,302**	353,882	**316,112**	239,165
UK	**51,161**	34,069	**36,523**	34,838	**27,262**	42,002	**100,641**	48,728
US	**113,347**	89,301	**–**	–	**1,878,686**	1,701,990	**1,414,925**	1,381,514
Total portfolio	**366,587**	356,591	**241,437**	249,232	**2,540,250**	2,097,873	**1,831,679**	1,669,406

Portfolio GHG emissions[1]

726,898 tCO_2e
Scope 1 and 2 emissions as at 31 March 2024

558,821 tCO_2e
Scope 1 and 2 emissions as at 31 March 2023

	Scope 1				Scope 2				Scope 3	
	tCO_2e		MWh[2]		tCO_2e		MWh		tCO_2e	
	2023/24	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23
APAC	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
EU	**336,701**	180,776	**2,844,317**	2,148,396	**2,719**	2,479	**12,865**	14,578	**4,734**	2,482
UK	**6,018**	6,645	**74,696**	74,876	**0.1**	–	**5,665**	–	**26,169**	16,829
US	**375,213**	361,550	**2,049,597**	1,973,844	**6,246**	7,372	**58,749**	68,228	**92,360**	255,283
Total portfolio	**717,933**	548,971	**4,968,610**	4,197,116	**8,965**	9,851	**77,280**	82,806	**123,263**	274,594

1. The Company's Scope 1, 2 and 3 emissions predominately represent fuel used to generate energy in SEEIT's energy generating assets. The Company does receive emission data from portfolio companies on factors such as business travel, office energy use, etc., but not all portfolio companies currently report to that level of granularity.
2. MWh in the emissions table refers to the energy consumed associated with the disclosed emissions.

Environmental, Social and Governance ("ESG") Update continued

SEEIT Climate Change Report Year ended 31 March 2024

Metrics and Targets continued

Carbon intensity indicators[1]

	Weighted average carbon intensity tCO_2e/£m value		Carbon footprint tCO_2e/£m value		Carbon intensity tCO_2e/£m value		Exposure to carbon-related assets %	
	2023/24	2022/23	**2023/24**	2022/23	**2023/24**	2022/23	**2023/24**	2022/23
APAC	**–**	**–**	**–**	–	**–**	–	**–%**	–%
EU	**3,220**	1,680	**304**	173	**1,552**	1,516	**6.2%**	6.1%
UK	**1,041**	1,519	**5**	6	**301**	472	**–%**	–%
US	**1,912**	1,459	**341**	349	**2,998**	2,721	**–%**	–%
Total portfolio	**6,174**	4,658	**651**	529	**1,980**	2,060	**6.2%**	6.1%

1. Definitions of the carbon intensity factors are as follows:
   - Weighted Average Carbon Intensity: The portfolio's exposure to carbon-intensive companies, expressed in tCO2e/£m value. The KPI compares an investment's Scope 1 and 2 emissions, normalised by ownership, with its portfolio value.
   - Carbon Footprint by value: Total carbon emissions for the portfolio normalised by the ownership of the asset, expressed in tCO2e/£m value. The KPI compares the investment's Scope 1 and 2 emissions, normalised by ownership, with the entire portfolio value.
   - Carbon Intensity by Revenue: The volume of carbon emissions per million dollars of revenue, expressed in tCO2e/£m revenue. The KPI compares the investment's Scope 1 and 2 emissions with its revenue, both normalised by ownership. The KPI is recalculated at the regional and total portfolio level based on overall Scope 1 and 2 emissions and revenue of the majority of the portfolio.
   - Exposure to Assets Active in the Fossil Fuel Sector: The percentage of assets active in the fossil fuel sector in the portfolio, expressed as a percentage of the current portfolio value. Active in the fossil fuel sector is defined as "companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels. The 6.2% represents one asset, Vartan Gas, which has limited exposure to fossil fuels as most of the fuel it distributes is biogas (c.91% in the year ended 31 March 2024).

Climate Targets

Glasgow Financial Alliance for Net Zero ("GFANZ")

Through the Net Zero Asset Managers initiative ("NZAM"), the Investment Manager is committed to supporting the goal of reaching net zero by 2050 or sooner (in line with 1.5 degrees) and investing in alignment with that target. Specifically, the Investment Manager is committed to the following targets as set by the Net Zero Investment Framework ("NZIF"):

1 Portfolio Coverage Target

Aims for 100% of the Company's financed emissions in material sectors to be considered net zero, aligned to net zero, or aligning to net zero by 2030.

Aims for 100% of the Company's financed emissions in material sectors to be considered net zero or aligned to net zero by 2040.

2 Engagement Threshold

Aims for 100% of the Company's financed emissions in material sectors to be subject to direct or collective engagement and stewardship actions by 2030.

Progress against the above targets will be disclosed in the subsequent Climate Change Report, following the development and formalisation of the Company's Transition Plan.

Environmental, Social and Governance ("ESG") Update continued

TCFD Disclosures

Recommendation	Page reference in Climate Change Report
Governance	
Describe the Board's oversight of climate-related risks and opportunities.	11
Describe management's role in assessing and managing climate-related risks and opportunities.	11
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	11 – 13
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	11 – 13
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	11 – 13
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks.	13
Describe the organisation's processes for managing climate-related risks.	13
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	13
Metrics and Targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	14 – 16
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	14 – 16
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	14 – 16

SEEIT

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