

SDCL Energy Efficiency Income Trust (SEIT)

Pre-Contractual Sustainability Disclosure

FIRM NAME	Sustainable Development Capital LLP
PRODUCT NAME	SDCL Energy Efficiency Income Trust PLC
ISIN	GB00BGHVZM47
DATE OF DISCLOSURE	27 November 2024

1. SUSTAINABILITY LABEL STATUS

"Sustainable investment labels help investors find products that have a specific sustainability goal." **This product does not have a UK sustainable investment label.**

Why doesn't this product have a label?

While SDCL Energy Efficiency Income Trust ("SEIT") is focused on energy efficiency and has strong sustainability processes in place, the investment manager, Sustainable Development Capital LLP ("SDCL") is working on enhancing the fund's sustainability approach prior to deciding on label adoption. This includes:

- Further developing transition plans for certain portfolio assets
- Strengthening the reporting infrastructure
- Ensuring full alignment with regulatory requirements

SEIT will reassess label adoption in 2025 following completion of these enhancements.

2. SUSTAINABILITY CHARACTERISTICS

Investment Determination Process:

SEIT applies a comprehensive ESG due diligence process to determine suitable investments, incorporating:

- Initial "Go/No Go" sustainability screening
- Detailed ESG due diligence questionnaire
- Third-party verification of sustainability credentials
- EU Taxonomy alignment assessment where applicable
- Assessment of energy efficiency impact potential

Sustainability Criteria:

Investments must demonstrate:

1. *Energy Efficiency Impact through either:*
 - Energy Generation: Projects that produce decentralized energy
 - Energy Saving: Projects that reduce energy waste through efficient appliances
2. *Measurable sustainability outcomes:*
 - Quantifiable energy savings compared to conventional alternatives
 - Carbon savings compared to conventional alternatives

Investment Policy:

The fund targets investments that deliver:

- 70%¹ of its investments aligning to the fund's definition of an energy efficiency project²
- Measurable energy or carbon savings, or efficient energy generation
- Clear environmental and social benefits
- Strong governance practices

Portfolio Composition:

Approximately 100% of the portfolio consists of investments meeting the fund's definition of an energy efficiency project.

3. INVESTMENT STRATEGY

Excluded Investments:

SEIT explicitly excludes investments in:

- Weapons
- Tobacco
- Gambling
- Adult Entertainment

Monitoring and Implementation:

- Regular assessment of energy efficiency metrics
- ESG Committee oversight
- Annual third-party gathering and analysis of impact metrics
- Active engagement with portfolio companies on sustainability improvements
- Regular review of alignment with sustainability objectives

4. SUSTAINABILITY METRICS & KEY PERFORMANCE INDICATORS

Core Sustainability Metrics:

1. Energy Impact:
 - Energy generated: 4,979,953 MWh (year end: 31 March 2024)
 - Energy saved: 379,589 MWh (year end: 31 March 2024)³
2. Portfolio Alignment:
 - 100% of meeting the fund's definition of an energy efficiency project⁴
3. Environmental Performance:
 - Carbon Emissions Avoided: 9722,201 tCO₂e (year end: 31 March 2024)⁵
4. Additional metrics in Appendix

5. STEWARDSHIP STRATEGY

Approach:

SEIT implements active ownership through:

- Direct board representation in controlled investments
- Regular engagement with portfolio companies
- Implementation of minimum ESG standards
- Support for transition planning and sustainability improvements

¹ SEIT's aim is for at least 70% of its investments to meet the fund's definition of an energy efficiency project, but the actual percentage may vary based on portfolio construction and valuations

² SEIT's definition of an "Energy Efficiency Project" is set out in Annex 3 of the Responsible Investment Policy

³ Calculation methodology may be found in Section (G) of Article 10 disclosure statement

⁴ SEIT's definition of an "Energy Efficiency Project" is set out in Annex 3 of the Responsible Investment Policy

⁵ Calculation methodology may be found in Section (G) of Article 10 disclosure statement

The fund is not currently a UK Stewardship Code signatory but adheres to the UN PRI principles and maintains robust engagement practices.

6. RISK CONSIDERATIONS

Financial Impact:

- Potential implementation costs for additional sustainability improvements
- Technology performance and demand fluctuation risks

Environmental/Social Impact:

Potential Positive Outcomes:

- Reduced energy consumption
- Carbon savings compared to the alternative
- Improved energy security and resilience

Potential Negative Outcomes:

- Resource use and supply chain exposure relating to technology manufacturing
 - Adverse environmental or biodiversity impacts
 - Emissions resulting from energy generation
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This disclosure will be:

- Reviewed at least annually
- Updated for material changes
- Published on the SEIT website
- Included in pre-contractual materials

WHERE TO FIND MORE INFORMATION

Additional information regarding SEIT's sustainability approach and performance is available through the following resources:

- Annual sustainability report: [SEIT 2024 ESG Update](#)
- Entity-level sustainability report: [Responsible Investment Policy](#)
- Cost and charges information: [KID](#)

Appendix

ESG Asset Management KPI 2024 Score Card

ESG Asset Management KPI 2024 Score Card¹

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 ₂ e
Principle 2 – Deliver Net Zero Energy	Scope 1 and 2 emissions	725,976 tCO ₂ e
	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.

Extract from page 15 SEIT Annual [ESG Report](#) (July 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 emissions¹

726,898 tCO₂e

Scope 1 and 2 emissions as at 31 March 2024

558,821 tCO₂e

Scope 1 and 2 emissions as at 31 March 2023

	Scope 1				Scope 2				Scope 3	
	tCO ₂ e		MWh ²		tCO ₂ e		MWh		tCO ₂ e	
	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 SEIT'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.