

SEEIT's RESPONSIBLE INVESTMENT POLICY

Introduction

SDCL Energy Efficiency Income Trust plc (**SEEIT**) makes investments in energy efficiency projects and provides its investors with access to projects which are designed to achieve relatively high, stable and predictable cash flows whilst aiding the transition to a low carbon economy. Improving energy efficiency and reducing wastage through the energy delivery system is a critical part of delivering the transition to the net zero economy, and was identified by the UK Committee on Climate Change in May 2019 as part of the core strategy required to meet the UK's net zero target for 2050.

Energy efficiency and distributed energy assets are often installed on-site at the premises of customers that are heavy end users of energy, such as commercial and industrial businesses, hospitals and other public sector entities. SEEIT only invests in projects which deliver a positive impact through an increase in energy efficiency, or renewable energy consumption or a reduction in carbon emissions, waste or usage. SEEIT believes that the quality of its investments is enhanced by ensuring that all relevant material risks are identified and managed, and this includes incorporating consideration and management of material Environmental, Social and Governance (**ESG**) risks and opportunities into its operations.

The majority of SEEIT's investments are into operational projects, either directly or through wholly owned group companies (the **Group**). Each energy efficiency project usually has a special purpose company (**Project Company**) set up to manage that project. SEEIT's investments are managed by Sustainable Development Capital LLP (**SDCL**), an Investment Manager with long-standing experience and a strong track record for delivery of energy efficiency and distributed energy projects.

Purpose and Scope

The purpose of this policy is to set out SEEIT's approach to responsible investment and the incorporation of considerations into its investment decision-making and monitoring processes. This policy applies to all of SEEIT's investments, and is overseen on a day-to-day basis by SDCL as SEEIT's Investment Manager.

Approach, Commitment and Standards

As an investor in assets which deliver positive outcomes in aiding the decarbonisation of the economy, SEEIT believes that incorporating the consideration of material ESG factors into its investments has a positive impact on the performance of its projects, and contributes towards the creation of long-term value for its investors.

SEEIT is committed to the 6 principles of the UN Principles for Responsible Investment (**UN PRI**), which are to:

1. Incorporate ESG issues into investment analysis and decision-making processes;
2. Be active owners and incorporate ESG issues into ownership policies and practices;
3. Seek appropriate disclosure on ESG issues by the entities into which investments are made;
4. Promote acceptance and implementation of the Principles within the investment industry;
5. Work together to enhance effectiveness in implementing the Principles; and
6. Report on activities and progress towards implementing the Principles.

SDCL, as SEEIT's Investment Manager, is a signatory to the UN PRI in 2020 and will apply these standards in relation to SEEIT's investments.

As a long term investor in a strategy aimed at tackling climate change, SEEIT is closely concerned with the implications of climate change risks and opportunities for its business strategy and investments. SEEIT supports the recommendations of the Task Force for Climate-Related Disclosure (**TCFD**) and will be taking steps to implement the disclosure recommendations as part of the further development of its responsible investment strategy.

Implementation approach

SEEIT's focus in looking at the material ESG issues in its investments covers 4 principal areas:

- Aiding the transition to a net-zero carbon economy by maximising energy efficiency through its investment strategy and operations
- Pro-actively minimising the environmental footprint of its operations through managing negative impacts, such as waste, biodiversity loss, and emissions
- Securing robust governance and business integrity, including assessing resilience to physical climate risk and engaging as an active participant on ESG with its delivery partners
- Providing safe environments for all workers, contractors and members of the community who use or come into contact with its projects

Through its Investment Manager, SEEIT has developed a set of ESG principles which expand on these four focus areas. These are used as part of the screening and diligence process to assess potential new investments, and then as a framework for engaging with third party O&M service providers who are responsible for the day-to-day operations of each of the projects and other service providers to SEEIT.

For the minority of investments which involve construction rather than the acquisition of operating assets, the ESG principles will be used to inform the decision-making process around selection of contracting parties and where possible will be incorporated into the contractual terms for third party providers.

Transparency and disclosure

SEEIT believes that transparency and disclosure in achieving its responsible investment objectives and complying with its policy drives accountability and progress, and accordingly will be developing a set of key performance indicators to align with its ESG focus areas and principles, and aims to disclose these in its next annual report and accounts.

Governance and oversight

This policy has been approved by the Board, which is responsible for overseeing compliance with it on a regular basis, through review with SDCL as Investment Manager. This policy will be reviewed annually.