Sustainable Development Capital LLP (“SDCL” or the “Investment Manager”) is the manager of SDCL Energy Efficiency Income Trust plc (“SEEIT”, or the “Company”), the first specialist energy efficiency investment company to have listed on the main market of the London Stock Exchange.

As at 30 September 2021 SEEIT had an equity market capitalisation of over £1 billion, having grown since the IPO of £100 million in December 2018 through a combination of acquisitions and fresh equity issuance.

SEEIT’s portfolio provides cleaner and more efficient supplies of energy, energy demand reduction and green energy distribution to more than 50,000 customers globally.

This report covers the period 1 April 2020 to 31 March 2021.
Why Energy Efficiency?

“As the saying goes, the Stone Age did not end because we ran out of stones; we transitioned to better solutions. The same opportunity lies before us with energy efficiency and clean energy”.

Steven Chu, Former US Secretary of Energy and Nobel Laureate

“The energy sector is responsible for three-quarters of global emissions, and transforming it will be critical to tackling the climate crisis. But a “business as usual” approach will do little to achieve change at the scale which is required.

Energy efficiency represents more than 40% of the emissions abatement needed by 2040, according to the IEA Sustainable Development Scenario. Maintaining global growth and supporting development in emerging economies implies a sharp rise in consumption habits. Meeting this need requires a transformation of the existing energy system. Energy efficiency is the “first fuel”: reining in the scale of this unprecedented challenge, supporting net-zero energy goals at lower costs, and delivering a wide array of benefits for society”.

International Energy Agency, March 2021

What do we mean by energy efficiency and what role do our projects play in achieving it?

Categorising SEEIT portfolio projects

**CLEANER AND MORE EFFICIENT SUPPLY**

- Bringing the energy generation close to or at the point of use and as a result, reducing associated generation, transmission and distribution losses

**GREEN ENERGY DISTRIBUTION**

- Connecting supply with demand in the most efficient way compared to the alternative solutions

**POINT OF USE / DEMAND REDUCTION**

- Providing solutions and services reducing the consumption of energy at the point of use

Examples of SEEIT’s diversified portfolio of cost effective, lower carbon and reliable energy solutions

- Over 200 on-site solar and storage projects in the US
- District energy system providing Commercial & Industrial utility services over 1,200 acre Eastman Business Park in the US
- Stockholm’s gas grid, 70% biogas, with over 50,000 customers
- 5 cogeneration projects for steel industry in the US
- 9 cogeneration projects for olive industry in Spain
- Fast electric vehicle charging stations for operators in the UK
- LED Lighting for 500+ Santander buildings in the UK
2. Environmental, Social & Governance ("ESG") Highlights

A selection of SEEIT’s key achievements and ESG performance and outcomes

- **654,205t CO₂e emissions avoided**
  - the equivalent of removing 579,969 cars from the road
  - (2019-20: 165,260t CO₂e which is the equivalent of 129,210 cars off the road)

- **895,212MWh total renewable energy generation**
  - the equivalent of powering 60,081 households in the UK for the year
  - (2019-20: 211,506MWh equivalent to 14,195 households)

- **90,430MWh energy saved annually through demand side efficiency measures**
  - the equivalent of powering 6,069 households in the UK for the year
  - (2019-20: 74,776 MWh equivalent to 5,019 households)

- **100% of the portfolio by value is covered by codes of conduct**
  - or policies which relate to one or more aspects of business integrity and governance standards
  - (2019-20: 98%)

- **99% of the portfolio by value has environmental management systems in place**
  - to manage environmental risks and impacts in line with their specific circumstances and risk exposure
  - (2019-20: 99%)

- **99% of the portfolio by value will be paid the prevailing living wage**
  - We have a commitment that those who are employed, or do work on their behalf, will be paid the prevailing living wage
  - (2019-20: 97%)

- **95% of the portfolio has put in place cybersecurity measures**
  - to safeguard the project from unauthorised access
  - (2019-20: 92%)

- **333 jobs**
  - jobs were directly supported in the operation and maintenance of projects

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*Onyx Car Park Canopy – Canyon View*
3. Forewords from the Chair and SDCL CEO

Welcome. My name is Tony Roper and I’m Chair of SEEIT. I’m introducing this report together with online content which we’re producing as part of our second year of ESG reporting.

As you would expect, the Board has ESG considerations on every agenda. As a Board, we are keen to hear from the Investment Manager about how our assets are performing in relation to their various ESG criteria and what new opportunities and enhancements the Investment Manager is proposing.

Since March 2020, the world has been coping with the Covid-19 crisis. Not only the human impact, but also the repercussions for the global economy. As the world tries to recover, our assets are providing energy services to essential industries. Looking forward, our assets will continue to play a part supporting those essential industries as part of the global recovery.

As ever, we continue to evolve our ESG reporting. I hope you find this year’s report and accompanying videos informative and interesting. Once you’ve had a chance to read or view, we would welcome your feedback.

Tony Roper
Chair of SEEIT

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Welcome to the second ESG report for the SDCL Energy Efficiency Income Trust. SDCL has now been investing in energy efficiency for 10 years and over the past decade the markets have evolved tremendously.

We started with one question: Why, if energy markets are worth trillions of dollars, if everybody and everything depends on energy and if energy is at the heart of the problems and solutions to global climate change, why do we waste most of it? More than two thirds of energy can be lost before it reaches the point of use and another 20-30% when it gets there. We wanted to focus on the 70% of all energy that is used in buildings, industry and transport. Our conviction was – and remains – that there are more efficient ways to generate, distribute and consume energy, which can reduce costs, reduce emissions and improve resilience and energy security.

I’m delighted to say that there has been tremendous progress over the last decade, and especially in the past few years. Since SEEIT’s IPO in December 2018, the Company has grown from an equity market capitalisation of £100 million to £1 billion at the end of September 2021. SEEIT has a broadly diversified and high-quality portfolio of projects that meet our fundamental objectives: delivering cheaper, cleaner, more reliable energy solutions to end users and helping buildings and transport reduce the amount of energy that they waste. All of the solutions SEEIT invests in are productive, low carbon and resilient.

We look forward to talking to you about the different investments in SEEIT’s portfolio. We will explain how we integrate ESG – environment, social, and governance – principles into our investment decisions. We do this both when we’re investing in new projects and on an on-going basis. We want to be good stewards of those assets.

In this report, you’ll hear from dedicated professionals within SDCL who focus on environmental, social and governance points. My colleagues make sure that these points are core factors for our business and integrated into our thinking. We’ll talk about the UN Principles for Responsible Investment and the UN Sustainable Development Goals and what they mean to us. We will explain how we translate this thinking into our investment process, the projects that we invest in and how they are consistent with our values. Thank you for your support.

Jonathan Maxwell
Founder and CEO of SDCL
4. The Year in Review: an interview with Purvi Sapre and Jonathan Maxwell

Lolita Jackson, Executive Director of Communications and Sustainable Cities talks with Purvi Sapre, Managing Director at SDCL and Fund Manager of SEEIT, and Jonathan Maxwell, CEO and Founder of SDCL, about how ESG principles are part of everything that SDCL does.

LJ: What stands out among new acquisitions in SEEIT's portfolio secured over the last 12 months? It would be great to get some detail on what the projects are and, in particular, their ESG credentials.

PS: We've made some really interesting acquisitions over the last 12 months in the EU, and also in the UK and North America. We've diversified and managed to invest across a range of technologies, including, for example, in electric vehicle charging infrastructure in the UK. We've invested in the gas distribution sector in Stockholm, Sweden. That's an interesting addition for us because it primarily delivers biogas. Among our US acquisitions is our investment in Onyx, a solar power generating and storage technology platform. And we also recently invested in RED-Rochester, one of the largest district energy systems in North America.

LJ: It's clearly been a busy year. What is the potential of these projects to enhance the environmental impact of the portfolio? Are there some specific exciting opportunities?

PS: Whenever we look at an investment, we always focus on the value we can bring, financially and from an ESG perspective. Take, for example, Värtan Gas in Sweden. This platform is servicing over 53,000 individual gas customers in the Stockholm region. Right now 70% of what we're delivering is biogas, but we want to get up to 100% – that's one of the targets that we've set for ourselves and the Värtan Gas management team. We want to do more for our individual customers to enhance their energy efficiency. Some have homes that would benefit from better insulation. That's just one example of the additional services we can provide. In the US, our recent acquisition, RED-Rochester, is especially interesting. Just before we acquired the system, it converted from coal to natural gas, which is of course very positive in terms of reducing its carbon footprint. But there's so much more that can be done as there are more than a hundred customers in the district energy park. We can help them develop rooftop solar systems, for example, or perhaps introduce some EV charging infrastructure. We will be offering to those customers anything that fits within our sustainability mandate.

It's exciting that we can utilise our interesting platforms across different investments. For example, Onyx, which we acquired this year, is one of the leading players in commercial and industrial solar in the US and they can deploy their technology across our other investments in North America.

LJ: What are the principal areas of development for expansion of the portfolio? Thinking, for example, about the ongoing debate over natural gas as a transition fuel as the energy mix moves to renewables – this approach has its critics, but what's your view?

PS: What we strive to do is to use best available technology. We want to give the best service and solutions to our clients. The key objective is to ascertain what they need to become more efficient and to provide them with more reliable power. Right now, this requires a range of options including natural gas, cogeneration, and solar generating and storage capacity. What's important is that we ensure that we structure our investments, and the technologies we deploy, so they can be transitioned as technology develops. This means that our current cogeneration projects can be repurposed using different fuel sources over the next 15 to 20 years. A key strategic objective is ensuring that service to our clients is reliable, efficient and agile.

LJ: What are the key developments you see in energy efficiency markets in particular?

JM: Focus on energy efficiency has scaled up substantially in the last three to five years, driven by a number of market factors. On the simplest level, reducing energy waste cuts costs. It also cuts carbon, which is increasingly important to companies and governments. Equally, a reduction in waste increases supply resilience and reliability.

In addition, over the last two to three years we've seen companies and governments really demanding punchier solutions. Business is asking how carbon emission reductions can be achieved by 2026. Governments want to plan for 2030 and beyond. Energy efficiency has a very big role to play in seriously cutting carbon emissions. Developing renewable energy generation has had a lot of policy attention and investment, but energy efficiency is the other half of the battle and has had far less of either.

LJ: The S in ESG is, of course, a key element driving our investment choices. Are there any particular examples you can highlight where the business is really delivering on social issues?

JM: Social as well as environmental matters are very important to us, and we must not forget the reason we're doing all of this and investing in protecting our environment is to protect the lives, livelihoods and health of people on the planet.

We spend a lot of time thinking about community outreach at both portfolio companies and directly. On a personal level, I've been doing a lot of work over the last 18 months with the National Health Service in the UK. My children live in a city where air pollution is considered unsafe, in fact, four times the level considered safe by the World Health Organisation. So, when we put electric vehicles on the road or charge them, yes, we're doing a service for the economy but we're also doing a service of stopping people dying prematurely in cities: a combination of environmental and social outcomes.

Over the years, SDCL has grown considerably and we've worked hard to ensure diversity at every level of our business. We have our headquarters in London, and offices in the US, in Asia and continental Europe, so bringing diversity in at all levels is something that's been really important as we've been building SEEIT's portfolio. SEEIT, through its portfolio companies, now employs over 300 people and building a culture of diversity and collaboration across the group is very, very important to us.

Watch the full discussion here:

“The key thing is what the end customers, the commercial and industrial clients, want. What we ensure is that we're offering them a suite of technology options.”

Jonathan Maxwell
Founder and CEO of SDCL
5. Delivering a greener and more equitable future: the role of the investment community

Investing sustainably and ensuring that net zero carbon can be achieved through a just transition – ensuring the benefits of the green economy are shared widely whilst also supporting those who lose out economically, will require actions in all sectors of the economy and not only in energy generation. This is the greatest challenge of our generation which will require innovation and change in everything we do.

We asked three leading thinkers to tell us how they think the investment community should play its part.

We are immensely grateful to each of our contributors and hope you find their essays as interesting and thought-provoking as we have.
5. Delivering a greener and more equitable future: the role of the investment community

SDCL CEO Jonathan Maxwell recently met with Lord Deben to discuss the importance of energy efficiency and climate change.

Jonathan Maxwell: Sustainable Development Capital has been designed to identify the biggest bang for the buck from an emission reduction perspective and other critical factors that are going to help society move forward more sustainably. What do you think are the most important priorities for today?

Lord Deben: I've never understood why people have thought you don't make money out of being sustainable. On the contrary, sustainability is about long term profitability. There are three reasons for this.

Firstly, sustainability is about doing more with less, which means your raw materials cost comes down. Secondly, sustainability is about being here in a hundred years’ time, so there’s a real focus on longevity. And, thirdly, the business context and direction of travel right now means that governments are going to legislate on corporate sustainability issues and sensible companies will run with the agenda.

Sustainability has always been, to me, about the ability to make a profit over the long term, and those who don’t realise it will find themselves with stranded assets and fewer customers. And the return of the role of the investor is one of the most exciting things that’s happening because the investor becomes now a more creative figure.

JM: You’re right, for the last 14 to 15 years what’s really struck me is that investment and capital markets have an incredibly important role to play.

LD: There are several things that capital markets need to think seriously about. Take, for example, the transition. We got to help people and businesses transition. An oil company has got to be something different in 20 years’ time if it’s not going to have stranded assets. Another area is helping the commercialisation of the technologies that we’ll need and which will help people to do the things they need to do.

JM: The language of 2021 is about net zero. How do we get there? Should we be helping companies make a transition through a series of steps or should we hold back until later when there might be something which enables them to take three or four steps at the same time?

LD: I’m a believer that it’s both/and rather than either/or. This is an incremental business - you can’t hang around waiting for something that’s better – you need time to improve. There are incremental things, but there is the need to accept that we’re going to have to make some big jumps, and a problem with our investment system is that we find it difficult to back winners. We must be better at spotting the people and the changes that can be made and helping commercialisation – that’s the crucial thing that we’ve got to get better at.

JM: You’re talking about regulation not subsidy?

LD: Good regulation is what it’s all about. Take personal transport. We wouldn’t be able to even have cars if we hadn’t decided which side of the road we were going to drive on. More recently, the government’s biggest contribution has been to say that after 2030, you won’t be able to buy anything but an electric or equivalent car. That’s changed not only our market but the world because it shows that the Paris Agreement and other promises are going to be translated into action.

JM: We’ve seen that markets can drive change too. Over the last three to five years, solar panels on commercial and industrial rooftops can generate power at the same or even lower cost than buying from the grid. And that has happened without regulation – generating power where it’s needed cuts out the generation transmission and distribution losses that are deep in the energy system. We’re developing power sources that are cleaner and cheaper to use. In fact, I believe that we can achieve half of the 2030 carbon emission reduction targets through switching to renewable sources of energy, and half of them, at least, through greater energy efficiency.

LD: I have no doubt that we can do that. One of the reasons that regulation is important is that the market tends to have a short-term view. What regulators must do is to push for longer term thinking that includes ultimate zero emission targets, and interim targets that must be met along the way.

Another thing that regulation can do effectively is to show how a lot of companies or people doing the right thing individually adds up to a bigger good. For example, if you have a kettle that shows you how much you need for a cup of coffee, you’re much more likely to boil the amount of water that you need. It’s not going to make much difference to you on an individual basis. However, if everybody does that, the difference in generation needs could close two big power stations.

For me measurement is a crucial thing because otherwise, you don’t know whether you’ve done the right thing or anything at all. One of the wonderful changes from the investment community has been applying the same rigour and discipline to measuring and quantifying environmental and social impacts of potential investments as for their financial return. I really welcome this growing focus and I think that is doing a huge amount of good.

Lord Deben is the Chair of the UK’s Climate Change Committee (CCC). The CCC is an independent, statutory body established to advise the UK and devolved governments on emissions targets and to report to Parliament on progress made in reducing greenhouse gas emissions and preparing for and adapting to the impacts of climate change. Lord Deben is Chair of Sancoft which is an advisor to SEEIT.
5. Delivering a greener and more equitable future: the role of the investment community

The climate has hit the headlines this year, and not for the right reasons.

Wildfires in the Pacific Northwest have been so extreme that they started causing their own weather systems; floods across Europe & China; temperatures topping 60°C in Pakistan. It’s no longer possible to deny that the climate has changed. The latest IPCC report makes clear that the changes are due to human-caused emissions, and that every fraction of a degree of temperature rise matters.

But while the models created by IPCC scientists may be being proved right, this isn’t a domain in which being right feels good.

And yet, 2021 is the year in which the tailwinds behind climate action have been, finally, picking up. There are a few causes for some optimism in the face of the climate catastrophe.

The first is a shift in national governments. President Biden fulfilled his election promise to re-join the Paris Agreement on day one of his presidency. The USA submitted a new Nationally Determined Contribution (NDC) - the commitment made by each signatory under the Paris Agreement – in April, promising a 50% to 52% cut on a 2005 baseline, by 2030. China has similarly been making some moves. In late 2020 it committed to a 52% cut on a 2005 baseline, by 2030.

China has similarly been making some moves. In late 2020 it committed to peaking emissions by 2030 and hitting net zero in 2060. If it hits those targets it will spare the world from 0.25°C of warming, and the impact will likely be greater since advances in China tend to lead to rebound effects elsewhere in the world – take for example how its huge investment in solar manufacturing has led to rapid deployment of solar power across the globe.

The UK, which already has one of the most ambitious carbon reduction targets has also recognised the imperative of its role as the host of this year’s UN Climate conference (“COP26”) in showing leadership. In November 2020, it published a ten-point plan for a Green Industrial Revolution, including a rapid phase-out of combustion engines for cars (by 2030) and commitments to green hydrogen and clean aviation.

A second reason for some optimism is the huge amount of money pouring into the global economy to drive the recovery from the Covid-19 pandemic. Some of this is committed to the climate – 30% in the EU for example – or in countries such as France which has specific climate conditions tied to sectoral bail-outs. Public opinion has also moved. Partly driven by the school strikes of the late 2010s, partly a general awakening to the changes happening around us, and in some places a rejection of the idea of returning to “business-as-usual” post-pandemic, the public in countries such as the US and the UK is now, more than ever, asking politicians to deliver changes.

Finally, the so-called “hard to abate” sectors have seen considerable movement in the last few years. Where once steel, concrete, shipping, plastics and aviation were considered problems very much for the future, now companies in those sectors and on the demand side are stepping up and seeking solutions – and the investment capital required to deploy those solutions. At the Climate Group we launched SteelZero in 2020, in partnership with ResponsibleSteel with companies such as Lendlease and Ørsted committed to purchasing net zero steel by 2050, with interim targets at 2030.

So amidst the bad news, there is some good. Climate is so often on the front pages these days, and no longer only for the extreme weather. The political landscape has shifted and the world is finally waking up and signalling ambition.

But there is still so much to do, and time is running out. Ambition is just (more) hot air without the corresponding actions to deliver.

We need to halve emissions by 2030, and more beyond. The most urgent task is a radical and rapid decarbonisation of the energy system. That means shifting to renewable energy and continually upping our game on energy efficiency. We can’t offset our way out of this – what offsets we use in 2050 will need to be for agriculture and industrial processes for which no zero carbon solutions have been found.

That makes energy efficiency investments, like the ones SEEIT is making, absolutely critical. This is all work that can be done now, not in 20 years’ time. Whether that’s through moving assets off inefficient grids, installing vehicle charging infrastructure, driving the transition to zero emissions vehicles, or improving the energy efficiency of critical sectors such as steel and cement in which process emissions reductions remain a few decades away.

The weather we’re seeing now is the result of approximately 1.2°C of global warming. The globe is currently on track to a much higher rise, and action to limit further warming needs to be swift. Governments, the public, businesses, all now share a broad consensus that we need to act. That’s great and a huge step forward. But now we’ve got to deliver.
2021 has seen a tragic series of climate change related extreme weather events - from floods washing away towns in Germany and Belgium, to wildfires burning so badly in Canada that a flash fire destroyed an entire town, Lytton British Columbia, in minutes.

The impact of these events has been serious and a massive challenge for governments still struggling with the impact of the Covid-19 pandemic. The increasing frequency and impact of extreme weather has been predicted by scientists for decades, often in quite specific ways (the extent and unpredictability of forest-fires in Canada is an example). We are witnessing climate change now.

In this context the latest IPCC report issued in August 2021 is grim reading indeed. Science says the maximum average temperature rise allowable without climate catastrophe is 1.5°C. To hold the increase to that level, we need to make this the decade of climate action by halving overall emissions by its end, 2030, on a path to net zero by 2050. If we are to succeed in this task, we also need to take one of the most important lessons for the Covid-19 pandemic to heart – that these actions must be fair, equitable and inclusive – and be seen to be so.

This year, by the time of the COP26 meeting in Glasgow, national governments were meant to have publicly stated how they will increase ambition to meet what science requires. The UK’s COP President, Alok Sharma, has been working incredibly hard, using all of the country’s considerable diplomatic heft to persuade recalcitrant countries such as India, Australia, Brazil and Russia to step forward. And he may yet succeed.

But in a way, it doesn’t matter if every single country makes the right pledge, because the direction has been set - by the EU, by the USA under President Biden, by the UN and its Secretary General Antonio Guterres. Most of all, the path has been set by the world’s great cities. Together, these leaders have made it clear that addressing climate change is the single most important global imperative, and the necessity of addressing it will cause profound economic change.

The necessity to act rapidly in halving emissions by 2030 means that we need to take what is working somewhere now, and do it everywhere. New technologies and inventions will no doubt help for the future, but today we must rely on what works now. And the place with our greatest potential for immediate equitable climate action lies in the world’s cities.
6. Investing responsibly

SEEIT invests in projects that contribute to a greener, low carbon future, driving sustainability through efficiency.

It was the first London Stock Exchange listed company to invest exclusively in energy efficiency projects. Its investment focus serves to provide positive environmental outcomes. However, focusing on environmental performance alone is not enough and the Company has evolved its ESG approach to integrate a broader range of material social and governance issues centred on four key focus areas that maximise long term value creation for both investors and society.

SEEIT’s Responsible Investment Policy sets out these four focal areas and its ESG Principles outline how material ESG risks and opportunities are identified, systematically analysed and assessed, monitored and managed throughout the investment lifecycle of projects, from initial screening and due diligence to acquisition and asset management.

The ESG Principles specify the overarching ESG standards and best practice that operators and other service providers must adhere to and set out more detailed requirements in relation to SEEIT’s ESG Focus Areas. This includes key performance indicators which are used to measure, monitor, and manage ESG outcomes.

Read SEEIT’s Responsible Investment Policy and ESG Principles to find out more about how these focus areas are incorporated into its investments. Section 7 includes examples of outcomes from our investment activities in each of the four ESG focus areas.

ESG is systematically integrated throughout the investment lifecycle:

- **Red Flag Review**
  - Identification of carbon emission reductions achievable in the project, including high-level environmental benefits
  - ESG screening identifies any ESG-related areas of concern from SEEIT’s ESG criteria to inform detailed due diligence

- **Detailed Due Diligence**
  - An ESG due diligence plan is prepared if a decision is taken to proceed, providing a detailed picture of material ESG issues

- **Onboarding**
  - Findings from the ESG questionnaire and ESG due diligence provide a baseline against which to measure future performance and identify opportunities for improvement, which are included in the onboarding plan

- **Asset Management**
  - ESG asset management plans are prepared in order to drive ESG improvements and address any adverse impacts

- **Monitoring and reporting**
  - Regular monitoring and reporting tracks key ESG data, measuring performance against the Company’s ESG Principles together with key performance indicator (KPI) information, allowing the Investment Manager to identify areas for engagement and improvement

**Portfolio ESG monitoring and reporting**

As part of SEEIT’s annual ESG process, the Investment Manager conducts a monitoring exercise of all projects in the Company’s portfolio. Included in this process is the distribution of an ESG questionnaire across each portfolio investment for completion by the project managers, developers and operational partners for each asset. This annual exercise, along with regular engagement, measures individual project performance against SEEIT’s ESG Principles and identifies opportunities to deliver improvements in projects and develop best-practice models across the portfolio.

In addition to the annual ESG questionnaire SDCL has, in 2021, introduced quarterly monitoring of key ESG KPIs for all of SEEIT’s portfolio projects. These are the basis of ESG reviews that provide greater visibility of operational and reputational risks and opportunities to add value through ESG improvements. Further work is planned in 2022 to set targets for key KPIs and monitor against these.

**SEEIT’s ESG progress**

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<thead>
<tr>
<th>Year</th>
<th>Key Events</th>
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<tr>
<td>2018</td>
<td>At the time of its IPO, SEEIT was the first London Stock Exchange listed company of its kind to invest exclusively in energy efficiency projects</td>
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<tr>
<td>2019</td>
<td>ESG focus areas and ESG Principles approved and implemented</td>
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<td>2020</td>
<td>SEEIT’s Investment Manager, SDCL, joined UN PRI</td>
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<tr>
<td>2021</td>
<td>SEEIT published inaugural TCFD reporting in annual March 2021 Report</td>
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**SEEIT identified as an Article 9 investment company with a sustainability objective**
6. Investing responsibly

The SEEIT Board of Directors welcome the fact that SDCL has formalised its long-standing commitment to sustainable development and the broader sustainable finance agenda by becoming a signatory to the UN-supported Principles for Responsible Investment (UN PRI).

The reporting process, which SDCL became subject to for the first time in 2021, has helped elevate the visibility and understanding of responsible investment, and the spectrum of material ESG issues, across the firm. SDCL is committed to further embedding the PRI’s six principles into both SEEIT’s practices and investments, to deliver enhanced ESG outcomes and will seek to capitalise on the PRI’s extensive resources and opportunities for collaboration.

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

For SDCL, the implementation of the UN PRI reporting framework and process has been an incredibly useful exercise that has served to identify, in a systematic way, where there are opportunities to further improve practices and strengthen the group’s approach on ESG matters.

The growing number of ‘green’ and climate related regulations, standards and disclosure obligations are driving deeper analysis and consideration of what the transition to a zero carbon economy looks like in practice and how industries can align with future climate scenarios over time.

SEEIT welcomes the fact that regulators are taking a more proactive approach to ensure that finance will flow to green activities and fund the transition to a net zero economy.

Policy Developments

The Company is committed to strengthening its transparency and disclosure and recognises that having a common language and shared standards for monitoring and reporting ESG impacts improves disclosure, and in turn leads to awareness, accountability and ultimately better ESG outcomes.

Emerging regulations and disclosure obligations such as the EU’s Taxonomy Regulation, the Sustainable Finance Disclosure Regulation (SFDR) and the Task Force on Climate-related Financial Disclosures (TCFD) support the Company’s positioning and ambition to accurately measure, monitor, manage and demonstrate the environmental impact of its assets and their contribution to reaching net zero. TCFD, in particular, is helping to strengthen SEEIT’s approach to responsible investment, including the need to enhance the governance of climate risk and evaluate the broader environmental risks that assets are exposed to. SEEIT is aiming to further implement the TCFD recommendations during 2022. In line with evolving best practice, the Investment Manager plans to incorporate more detailed physical risk assessments across the portfolio and to develop further climate-related scenario analysis based on a range of long-term climate outcomes.

Sustainable Finance Disclosure Regulation (SFDR):

The SFDR is an EU regulation which came into force on 10 March 2021. The regulation requires financial market participants such as fund managers to disclose the characteristics of the funds they manage depending on whether the fund has ‘environmental or social characteristics’, which are subject to Article 8 of SFDR and referred to as ‘light green’, or sustainable investment objectives which are subject to Article 9 and known as ‘deep green’. SFDR further sets out the disclosure obligations of fund managers in respect of each fund depending on whether a fund is Article 8, 9 or neither.

The detailed disclosure requirements under SFDR are set out in a delegated regulation known as the ‘Regulated Technical Standards’ or ‘RTS’. The RTS have been published in draft form but will not come into effect until June 2022.

As a UK company SFDR does not apply directly to SEEIT but the Company recognises that its EU investors will need to have regard to SFDR requirements. SDCL has therefore confirmed that SEEIT meets the requirements of an Article 9 fund and will incorporate the disclosure requirements of SFDR accordingly.

More details on SEEIT’s disclosure of climate-related risks and opportunities can be found in Section 6 and in SEEIT’s March 2021 Annual Report.
7. Approach to Climate Risks and Opportunities

SDCL is an organisation that invests principally in energy efficiency projects contributing to GHG emission reductions. As such, managing climate-related risks and opportunities have always been central to its investment approach, alongside generating attractive returns for investors.

TCFD’s guidelines for assessing and reporting on climate-related risks are now being widely adopted and will become obligatory for all UK listed companies between 2021 and 2023. SDCL welcomes the adoption of the TCFD guidelines, which will allow SEEIT to highlight the intrinsic environmental benefits of its investment activities while providing valuable guidance on improving risk assessment and management approaches.

The TCFD guidelines break down climate-related risk disclosure into four categories: governance; strategy; risk management and; metrics and targets.

SDCL continues its efforts to implement full TCFD disclosure, which will be further developed during 2022. Below we set out how we approach and manage climate-related risks and opportunities for SEEIT based around the TCFD framework for reporting on how these risks are managed and disclosed.

SEEIT’s investment mandate, delivered by the Investment Manager, is focused on achieving environmental objectives, primarily climate change mitigation, and supports the SDPR and EU Taxonomy as part of a universal framework that will make this transparent. Subject to publication by the EU of the remaining technical standards, in particular for technologies consuming natural gas, the Company’s intention is for the majority of its assets to be classified as in line with the Taxonomy, and to meet the standard for substantial contribution to climate change mitigation.

SDCL is developing in-house tools to register and classify all assets against the EU Taxonomy classifications with the aim to align its regular asset monitoring and reporting with related sustainability performance data set out in the Taxonomy.

SEEIT supports the recommendations of the Task Force on Climate-related Financial Disclosures.

SDCL is a signatory of the UN PRI.

SEEIT is a boutique investment manager of the year.

LSE Green Economy Mark – SEEIT carries the Green Economy Mark that recognises equity issuers with green revenues of 50% or more.

EU Taxonomy in operation
Example: Moy Park Biomass: The 86 biomass-fired heat only boilers in Moy Park’s poultry farms around the UK use wood pellets derived from forest or industry residues manufactured at a UK plant where a combined heat and power unit, fed with pre-dried wood chips, is used to provide the electricity and heat to the pellet mill. Delivery is within 500km of source. This project would meet the sustainable investment objective under the following analysis:

Does it meet an applicable Environmental Objective under Article 9 of the Taxonomy Regulation (EU 2020/852)?
Yes – climate change mitigation.

What is the relevant technical standard?
Production of heat/cool from bioenergy (section 4.24 of the Regulated Technical Standards).

What is the criteria for substantial contribution to climate change for this technical standard?
Assets must generate not less than 80% GHG savings against the benchmark for heat generated from wood pellets made from forest or industry residues and utilising CHP for manufacture for a transport distance of up to 500km (as set out in the Renewable Energy Directive).

Can the project demonstrate that it does no significant harm (DNSH) to any other of the environmental objectives of the Taxonomy?
SDCL already screens all projects against these criteria and designs its asset management plans to achieve compliance where required. The DNSH test is therefore considered to be met.

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7. Approach to Climate Risks and Opportunities continued

Governance

Board oversight

The Investment Manager provides regular updates and discussions with the SEEIT Board at least quarterly about issues affecting the portfolio and the potential impact on SEEIT’s strategy.

Investment Manager’s role

The Investment Manager is responsible for implementing SEEIT’s ESG policy under instruction and supervision of the Board. The Investment Manager’s Head of ESG supports all aspects of ESG policy development and implementation including how ESG considerations, including climate-related factors, are incorporated into processes for investment appraisal and as well as asset management and performance monitoring. Ongoing consideration of climate-related matters is the responsibility of all investment and asset management staff under direction of the Fund Manager.

Strategy

Risks and opportunities

SEEIT aims to hold assets for their useful operating life, which may be up to 25 years, but it can be longer through proactive maintenance and refurbishment to extend useful life. The strategic ESG considerations involved in the acquisition and management of such assets take account of shorter-term climate-related targets such as net zero by 2050. This may involve planning for technology transition to maintain a path towards net zero within that planning horizon. In the shorter term, the Investment Manager’s focus for acquisitions will include integrating a project into its asset management systems (“on-boarding”) and ensuring operations are running smoothly and in the case of development projects completing construction and successfully commissioning assets. These shorter-term considerations will normally apply over a period of one to two years. Based on these considerations and in line with TCFD methodology, SEEIT generally considers short-, medium- and long-term planning horizons to be one to two years, ten to 15 years, and 20 to 30 years, respectively.

SEEIT focuses on enhancing long-term asset performance and sustainability through energy efficiency improvements and implementation of appropriate renewable energy resources. The Investment Manager assesses risk primarily in terms of the capability of those assets to deliver sustainable solutions in accordance with the Company’s investment strategy. It considers potential policy changes or technology improvements, while maintaining net income to deliver financial returns. From a strategic perspective of TCFD disclosure, climate risks relate to both long-range planning for SEEIT’s existing portfolio and planning for the acquisition or development of new projects. While each project faces climate challenges, the impact and opportunities differ. A key strength in SEEIT’s strategic focus lies in minimizing risks and adding value to the portfolio together with the flexibility within its investment mandate to seek a wide range of opportunities to deliver sustainable energy outcomes in the new project pipeline while considering climate-related issues.

Strategic impact of climate-related risks

SEEIT aims to develop its project portfolio strategy so that it is resilient to the adverse impacts of climate change:

- The projects provide solutions to climate-related challenges by improving the efficient use of energy or employing renewable energy solutions such as solar power. As these mitigate against climate-related negative impacts, it is anticipated that demand for these solutions will increase.
- The companies implementing and supporting SEEIT’s projects are committed to providing solutions to climate-related impacts, as well as delivering longer-term innovations. On-going energy industry research and development efforts lead to new and more effective solutions, which SEEIT can evaluate and implement proactively.
- Effective long-term climate positive solutions are complex and require significant capital investments. This favours SEEIT, which has access to the necessary resources and capacity to identify acquisition and development opportunities where the Company can add value using the in-house experience and expertise of the Investment Manager along with deployment of additional capital resources when required.

Resilience of strategy to climate related risks

TCFD recommends that organisations should describe how resilient their strategies are to climate-related risks and opportunities. This should take into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario and, where relevant, scenarios consistent with increased physical climate-related risks. SEEIT is currently establishing the processes to conduct this analysis for portfolio assets, which it aims to implement during 2022.

Risk management

During 2021, SDCL further developed and implemented systems for ESG due diligence, monitoring, and management. The aim of these systems is to support a comprehensive risk management approach that incorporates a wide range of ESG considerations from early due diligence to asset management, eventual exit or disposal or holding to maturity. The system supports not only a comprehensive level of analysis and disclosure against TCFD principles but also the emerging EU regulatory framework based around the SFDR and Taxonomy regulations as discussed in Section 6.
Process for identifying and assessing climate-related risks
SDCL assesses climate-related risks under TCFD as part of its due diligence process before making any investment for SEEIT. This involves a two-stage process carried out by the Investment Manager to first identify any immediate “red flag” potential problems against a check list of climate-related considerations. Simultaneously, a qualitative review is conducted to prepare a more project-specific assessment. The Investment Manager then conducts a review of the initial due diligence as part of its initial investment evaluation. If ESG red flag issues are identified that the Investment Manager considers cannot be satisfactorily resolved, the proposed project will be rejected. The Investment Manager is planning to broaden the scope of its climate-related risk assessment as part of its adoption of the TCFD guidelines.

If SEEIT decides to proceed, the Investment Manager then prepares a detailed ESG due diligence plan. This involves a detailed assessment of multiple elements of the ESG risk management system, as well as any specific due diligence requirements arising from the initial red flag assessment.

Detailed due diligence also gives consideration to specific external risks such as regulatory and market impacts, which are assessed in terms of the impact on project returns over different time periods.

Managing climate-related risks
ESG due diligence results are an important and integral element of review when a project is presented for final consideration by the SEEIT Investment Committee. Where relevant, climate-related or other ESG issues are reflected in the on-boarding and asset management plan that is put in place on acquisition.

The investment review and subsequent on-boarding process also includes establishing the parameters for monitoring ESG performance relative to identified climate-related risks. These parameters are then reflected in the arrangements established for the operation and maintenance of each project, including contracts with third-party service providers. Using the ESG management system and asset register, SEEIT collects data periodically and assesses this against established performance metrics to identify remediations should deviations occur.

Metrics and targets

Emissions disclosure
The key ESG metrics used to measure and manage climate-related risks and opportunities aim to include, but need not be limited to, the relevant carbon footprinting and exposure metrics recommended by the TCFD. These include total carbon emissions and at least one carbon intensity metric. SEEIT uses asset value as the denominator for the intensity metric as this most usefully reflects the contribution of its assets to climate change mitigation. Currently the Company reports the following TCFD-related KPIs which are monitored quarterly as part of SDCL’s in-house ESG management platform:

- Total Scope 1 and 2 carbon emissions
- Total Scope 1, 2 and 3 carbon emissions
- Carbon footprint (by portfolio value)
- Exposure to carbon-related assets

In addition to the TCFD metrics relating to carbon emissions, the Company also reports on the following elements of energy and carbon saving performance from its energy efficiency investments:

- Total carbon saved
- Total renewable energy generated
- Total energy saved (electricity and heat)
- Total demand side capacity reduction

SEEIT portfolio

Since the publication of SEEIT’s 2020 ESG Report in October 2020, the portfolio has further expanded to include seven new investments, each associated with providing on-site generation, demand reduction or energy efficiency technologies to provide solutions to combat climate change:

**EV Networks**
SEEIT is funding the construction of a network of rapid and ultra-fast electric vehicle charging stations across the UK, working with charge point operators such as bp pulse, the UK’s largest operator of public electric vehicle charging points.

**Värtan Gas**
A predominantly green gas distribution utility in Sweden, Värtan Gas (previously also referred to as Gasnätet in SEEIT publications) provides mostly biogas from waste treatment plants to 54,000+ customers in Stockholm encompassing households, restaurants, small businesses, transport and real estate.

**Onyx**
Onyx oversees an operational portfolio of solar photovoltaic and energy storage projects providing renewable energy to commercial and industrial companies as well as schools and other public sector entities in the US. Additionally, SEEIT holds a 50% stake in the solar power generation development and asset management company that developed them.

**GET Solutions**
This portfolio includes highly efficient combined heat and power plants in Holiday Inn and Crowne Plaza hotels across the United Kingdom, providing efficient on-site heating and electricity to hotel guests.

**SEEIPL**
A portfolio of six energy efficiency projects in Singapore including chillers and compressors.
7. Approach to Climate Risks and Opportunities

As of 31 March 2021, SEEIT has created a diversified portfolio of 37 projects that cover a broad range of technologies that help to reduce the carbon footprint and energy cost of private and public sector organisations in the US, Spain, Sweden, the UK and Singapore.

<table>
<thead>
<tr>
<th>Project</th>
<th>Phase</th>
<th>Customer</th>
<th>Industry</th>
<th>Technology</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Utility</strong></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Olive Spanish Cogeneration (includes nine projects)</td>
<td>Operational</td>
<td>Spanish energy market and olive processing plants</td>
<td>Industrial: Food production</td>
<td>CHP, biomass and olive processing plants</td>
<td>On-site and efficient generation of heat and power to support the process of recycling waste from olive oil production for energy production as well as secondary olive oil products.</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td><strong>Sweden</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Värtan Gas</td>
<td>Operational</td>
<td>54,000+ customers</td>
<td>Utility: Biogas and natural gas supply</td>
<td>Biogas and natural gas pipeline</td>
<td>Gas supply and distribution to buildings across Stockholm, with high levels of system-efficiency.</td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Orxys (includes five projects)</td>
<td>Operational, construction and development pipeline</td>
<td>67 full-takers across 229 assets</td>
<td>Public and private sector</td>
<td>Solar and energy storage</td>
<td>On-site solar and battery energy storage providing efficient renewable power for public and private sector customers.</td>
</tr>
<tr>
<td>Primary Energy (includes five projects)</td>
<td>Operational</td>
<td>Cleveland-Cleve and US Steel</td>
<td>Industrial: Steel production</td>
<td>CHP, Steam turbines, and pulverized coal injection plant</td>
<td>Recycling of waste gases from steel processing as well as other fuel sources to produce onsite energy to the customer sites which is more efficient and cleaner than the grid.</td>
</tr>
<tr>
<td>Spark US Energy Efficiency I</td>
<td>Operational, construction and development pipeline</td>
<td>Various (120 contracts)</td>
<td>Commercial Various</td>
<td>Lighting and energy efficiency measures</td>
<td>Multi-technology energy efficiency measures in buildings for small and medium-sized companies, resulting in decrease in consumption of energy on site.</td>
</tr>
<tr>
<td>Spark US Energy Efficiency II</td>
<td>Operational, construction and development pipeline</td>
<td>Various</td>
<td>Commercial Various</td>
<td>Lighting and energy efficiency measures</td>
<td>Multi-technology energy efficiency measures in buildings for small and medium-sized companies, resulting in decrease in consumption of energy on site.</td>
</tr>
<tr>
<td>Northeastern US CHP</td>
<td>Operational</td>
<td>Various (US)</td>
<td>Commercial Various</td>
<td>CHP</td>
<td>On-site and efficient generation of power and heat for the public and private sector customers.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Moy Park Biomass</td>
<td>Operational</td>
<td>Moy Park</td>
<td>Industrial: Food Production</td>
<td>Biomass boilers</td>
<td>On-site and efficient generation of renewable heat.</td>
</tr>
<tr>
<td>Santander UK Lighting</td>
<td>Operational</td>
<td>Santander plc</td>
<td>Commercial Banking</td>
<td>Lighting and energy efficiency measures</td>
<td>Energy-efficient measures for buildings including more efficient lighting, resulting in decrease in consumption of energy across the customer's site.</td>
</tr>
<tr>
<td>Huntman Energy Centre</td>
<td>Construction</td>
<td>Huntsman</td>
<td>Industrial: Polysulfone manufacture</td>
<td>Steam raising boilers</td>
<td>Recycling and reduction of waste gases from chemical manufacturing to produce onsite and efficient energy to the site.</td>
</tr>
<tr>
<td>Citi Riverside CCHP</td>
<td>Operational</td>
<td>Citigroup</td>
<td>Data centres: Banking</td>
<td>Combined Cooling, Heating and Power (CCHP)</td>
<td>On-site and efficient combined cooling and power for a data centre.</td>
</tr>
<tr>
<td>Moy Park Lighting</td>
<td>Operational</td>
<td>Moy Park</td>
<td>Industrial: Food Production</td>
<td>LED lighting</td>
<td>Efficient lighting, resulting in decrease in consumption of energy across the customer's estate.</td>
</tr>
<tr>
<td>GET Solutions</td>
<td>Operational and Construction</td>
<td>Holiday Inn and Onowara Plaza hotels</td>
<td>Travel: Hotels</td>
<td>CHP</td>
<td>On-site and efficient generation of heat and power.</td>
</tr>
<tr>
<td>St Barts CCHP</td>
<td>Operational</td>
<td>St Bart's Hospital</td>
<td>Healthcare: Hospitals</td>
<td>Combined Cooling, Heating and Power (CCHP)</td>
<td>On-site and efficient power, heating and cooling for England's oldest hospital.</td>
</tr>
</tbody>
</table>

Projects acquired after 31 March 2021

<table>
<thead>
<tr>
<th>Project</th>
<th>Phase</th>
<th>Customer</th>
<th>Industry</th>
<th>Technology</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>United Kingdom (continued)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Supermarket Solar UK</td>
<td>Operational, construction and development</td>
<td>Tesco plc</td>
<td>Commercial Retail</td>
<td>Rooftop solar</td>
<td>On-site solar projects providing efficient renewable power to the customer's sites.</td>
</tr>
<tr>
<td>EVN</td>
<td>Construction</td>
<td>Charge point operators (e.g. BP Chargemaster, Gristrene, ESB Energy)</td>
<td>Infrastructure</td>
<td>Electric vehicle charging stations</td>
<td>Rapid and ultra-fast EV charging stations, providing enhanced system efficiency compared to petrol or diesel.</td>
</tr>
<tr>
<td>Kingspan Holoped Solutions</td>
<td>Operational</td>
<td>Kingspan</td>
<td>Industrial: Manufacturing</td>
<td>Lighting and energy efficiency measures</td>
<td>Energy-efficient measures for building materials manufacturing site, resulting in decrease in consumption of energy on-site.</td>
</tr>
<tr>
<td>SmartEnergy</td>
<td>Operational</td>
<td>Various</td>
<td>Industrial: Various</td>
<td>CHP, HVAC, BMS and other EE solutions</td>
<td>Energy-efficient measures for small- and medium-sized businesses, resulting in a decrease in consumption of energy on customer sites.</td>
</tr>
<tr>
<td><strong>Singapore</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>SEEPI (includes three projects)</td>
<td>Operational</td>
<td>Various</td>
<td>Industrial: Various</td>
<td>Chillers and compressors</td>
<td>Energy-efficient chillers and compressors, resulting in decrease in consumption of energy on customer sites.</td>
</tr>
</tbody>
</table>

Projects acquired after 31 March 2021

<table>
<thead>
<tr>
<th>Project</th>
<th>Phase</th>
<th>Customer</th>
<th>Industry</th>
<th>Technology</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>United States</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>RED Rochester</td>
<td>Operational</td>
<td>100+ companies</td>
<td>Industrial: various</td>
<td>Multiple energy and utility services</td>
<td>On-site and efficient power and heat generation and distribution, as well as energy, water, and waste management for industrial and commercial companies located within a large commercial and industrial business park.</td>
</tr>
<tr>
<td>Blount</td>
<td>Operational</td>
<td>NPSDO, a public utility</td>
<td>Utility: Biogas and green gas supply</td>
<td>Biogas fired energy generation</td>
<td>Conversion of agricultural and food waste into biogas for energy generation, and green gas supply.</td>
</tr>
<tr>
<td>SLI</td>
<td>Construction</td>
<td>Sustainable Living Innovations</td>
<td>Residential</td>
<td>Direct energy efficiency systems, solar and control systems</td>
<td>Direct energy efficiency systems, solar and control systems, which collectively support the Net Zero Energy designation of 323 Battery Street building in San Francisco, CA.</td>
</tr>
<tr>
<td><strong>Vietnam</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOGA</td>
<td>Construction</td>
<td>Various</td>
<td>Industrial Manufacturing</td>
<td>Rooftop solar</td>
<td>On-site solar projects providing efficient renewable power to the customer sites.</td>
</tr>
<tr>
<td><strong>Ireland</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tallaght Hospital</td>
<td>Construction</td>
<td>Tallaght Hospital</td>
<td>Healthcare: Hospital</td>
<td>CHP, HVAC, BMS and other EE solutions</td>
<td>Energy-efficient measures for one of Ireland’s largest hospitals resulting more efficient and generation of power on site as well as overall reduction in consumption of power on site.</td>
</tr>
<tr>
<td><strong>Singapore</strong></td>
<td></td>
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</tr>
<tr>
<td>Lyora</td>
<td>Construction</td>
<td>The UCRA Company</td>
<td>Industrial Manufacturing</td>
<td>Chillers</td>
<td>Energy-efficient chillers, resulting in decrease in consumption of energy on customer sites.</td>
</tr>
</tbody>
</table>

Reported data set out below is based on all portfolio projects as at 31 March 2021 except: Huntsman (not operational); Smart Energy (no activity); and EVN (not operational). Data is provided to SDCL by individual project companies or operators, upon which SDCL places reliance.
Aiding the transition to a low carbon economy: by maximising energy efficiency through its investment strategy and operations

654,205t CO₂e emissions saved
the equivalent of removing 579,969 cars from the road
(2019-20: 165,260t CO₂e which is the equivalent of 129,210 cars off the road).

90,430MWh energy saved annually
the equivalent of powering 6,069 households in the UK for the year
(2019-20: 74,776 MWh equivalent to 5,019 households).

2,336,641 MWh
total energy generation in 2020-21
(2019-20: 74,776 MWh equivalent to 5,019 households in the UK).

655MW total energy generation capacity on 31 March 2021
(2019-20: 511MW)

420MW
Total renewable energy generation capacity on 31 March 2021
(2019-20: 372MW)

2,336,641 MWh
total energy generation in 2020-21
(2019-20: 74,776 MWh)

c. 4 million Negawatts
demand side energy reduction capacity
(2019-20: 3.6 million)

730 tonnes CO₂e/£m portfolio value
Carbon footprint per unit of value
(31 March 2021)
(2020: 494 tonnes CO₂e/£m portfolio value)
### 2020-21 Portfolio GHG Emissions

<table>
<thead>
<tr>
<th></th>
<th>SCOPE 1</th>
<th>SCOPE 2</th>
<th>SCOPE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct Emissions tCO2e</td>
<td>Direct Emissions MWh</td>
<td>Indirect Emissions tCO2e</td>
</tr>
<tr>
<td><strong>EU</strong></td>
<td>365,157</td>
<td>2,804,683</td>
<td>2,010</td>
</tr>
<tr>
<td>Ohio</td>
<td>363,238</td>
<td>2,794,191</td>
<td>1,940</td>
</tr>
<tr>
<td>Vartan Gas</td>
<td>1,931</td>
<td>10,462</td>
<td>60</td>
</tr>
<tr>
<td><strong>USA</strong></td>
<td>34,872</td>
<td>189,676</td>
<td>-</td>
</tr>
<tr>
<td>Onyx</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Primary Energy</td>
<td>34,872</td>
<td>189,676</td>
<td>-</td>
</tr>
<tr>
<td>Spark Energy</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Northeastern US CHP</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>UK</strong></td>
<td>1,031</td>
<td>6,443</td>
<td>-</td>
</tr>
<tr>
<td>Moy Park Biomass</td>
<td>550</td>
<td>2,563</td>
<td>-</td>
</tr>
<tr>
<td>Santander UK Lighting</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Citi Riverdale CCHP</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Moy Park Lighting</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>St Barts CCHP</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supermarket Solar</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GFT Solutions</td>
<td>1,081</td>
<td>5,880</td>
<td>-</td>
</tr>
<tr>
<td>SEEIPL</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>ASIA</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL PORTFOLIO</strong></td>
<td>401,660</td>
<td>3,002,802</td>
<td>2,010</td>
</tr>
</tbody>
</table>

- Emissions from gas consumed by Vartan Gas customers are included in Scope 3.
- Primary Energy Scope 3 emissions are from 1) LPG purchased by the steel works but used in the primary plant 2) emissions associated with vent gasses used in the plant 3) emissions associated with transportation of waste 4) emissions from transportation of purchased materials 5) emissions from employee commuting.
- Emissions from Moy Park Biomass are from the use of LPG as a backup fuel. Since this is purchased by the SPV from Moy Park, and burned in the energy centres, this is a Scope 1 emission. Scope 3 emissions are 1) emissions from transportation of purchased materials 2) emissions from employee commuting.
- Emissions from Citi Riverdale CCHP and St Barts CCHP primarily relate to combustion of natural gas by the assets. As the gas is procured and owned by the host these are counted as Scope 3.
7. Approach to Climate Risks and Opportunities

Minimising the environmental footprint of operations: through managing negative impacts, such as waste, biodiversity loss, and emissions;

No major reportable environmental incidents occurred during the reporting period.

99% of the portfolio by value have environmental management systems in place to manage environmental risks and impacts in line with their specific circumstances and risk exposure. These are operated by either portfolio companies directly or the contracted operator. The EMS is not in place for one project which was acquired during the course of the reporting period and this will be addressed as part of its asset management plan.

2 out of 4 projects projects that are operational but have exposure to development or construction have procedures in place to consider the sustainability credentials of suppliers and the equipment and materials used as part of the project. We will engage directly with project managers where this is not yet in place and also consider joining industry initiatives to help manage industry wide supply chain risks.

Dave Hermanson, Vice President of Operations, Primary Energy:
I am Vice President of Operations for our Primary Energy assets. I’ve been working in electric utilities all of my career, which at this point is multi-decades, but I still enjoy it. My day-to-day function is helping all of our active generating assets, coordinate activities, find best practices together, and keep our availability as high as possible.

The Coke Energy drying ovens are always producing waste heat so we must always be ready to accept the heat and turn it into steam we can use. If the steam turbine is not there or the condenser is not there, the waste heat goes to a bypass stack ... and then you have an EPA permit staring you at the face saying you have to vent less than 4% a year. We have a stellar team that kicks that 4% permit limit in the tail by a large safety margin because we care about that margin. It’s not because there is a permit limit there but it’s also because we don’t even want to get close to it”.

Luke Ford, Director of Environmental, Health and Safety, Primary Energy:
I’ve been with Primary Energy for seven years now. I have been in the power industry for over 20 years and been in the environmental health and safety field for well over 30 years so I’ve been doing this a long time. As the Director of Environmental, Health, and Safety for all of the Primary Energy assets, I’m responsible for all reporting and record keeping, making sure folks receive the training they need to follow the applicable safety and environmental rules. I also get involved in a lot of field activity, getting out and doing safety observations, checking up on folks doing their work safely and interacting with the crews. The best safety practice is always management by walking about. You see things when you’re interacting with the folks out in the field so that’s a big part of the role.

That’s really the true importance of the Coke Energy facility. We are recovering the energy off the 2,000+ degree [Fahrenheit] heat coming off that. But the true magic is those heat recovery steam generators are cooling the gas so that we can treat for sulphur dioxide removal and pollution control. The scrubbing process does not work on the hot gas, so our heat recovery systems basically cool the gas enough in order for us to allow us to scrub the gas. And then the energy is just an added benefit of the whole process”.

Luke Ford
Director of Environmental, Health, and Safety
Securing robust governance and business integrity: including assessing resilience to physical climate risk and engaging on ESG with its delivery partners

No instances of sanctions from non-compliance with laws, regulations or voluntary codes of practice or guidelines (2019-20: 1).

100% of the portfolio by value is covered by codes of conduct or policies that relate to one or more aspects of business integrity and governance standards (2019-20: 98%). Broadening the coverage of the codes of conduct for those operating companies that do not cover all aspects will be an engagement focus for the coming year.

No cyber security attacks reported

95% of the portfolio by value has put in place cybersecurity measures to safeguard the project from unauthorised access (2019-20: 92%).

51% of the portfolio by value has further assessed the effectiveness of cyber security measures in the last 12-24 months, for example through third party audits or cyberattack penetration tests. Having regard to the general levels of increased cyber security risk the Investment Manager is conducting a cyber security review of SEEIT’s portfolio on a selective basis in order to identify any additional measures needed to further improve cyber security.

Three stakeholder complaints were reported against projects (2019-20: 1). These were all minor in nature and have since been resolved.

9% of portfolio companies where SEEIT has control of board appointments or equivalent have 30% or more female board directors (or members of their highest governance body) (2019: 0%)

25% of portfolio companies where SEEIT has control of board appointments or equivalent have one or more ethnic minority members (or members of their highest governance body) (2019: 16%)

Renee Joseffson, CEO of Stockholm Gas

It’s the purchase and sales company in the VGSAB group, and we buy biogas and natural gas, selling to over 60,000 customers in Stockholm. We have mostly private customers, that use gas for cooking, but also restaurants that really like to cook on gas, real estate and other industries. What I’m focused on is sustainable growth and to make gas popular again in Sweden. To go towards 100% biogas, that is the vision for us.

In Stockholm Gas (a subsidiary in the Värtan Gas group) right now there are more women employees than men.

Cecilia Hedqvist, CEO of Gasnätet Stockholm:

This is the company within the VGSAB group that is responsible for the gas grid and the gas plants, where we receive the gas that will be transferred into the grid. We are responsible for making sure that we have a gas system that is ready for growth, but also ready for development of more sustainability for the city, meaning that we should be able to increase the biogas share within the system.

We conduct an annual employee satisfaction survey and we can see that we have very good results in both companies.”
Providing safe environments: for all workers, contractors and members of the community who use or come into contact with its projects.

333 jobs were directly supported in the operation and maintenance of projects.

99% of the portfolio by value has processes through which health and safety hazards, risks and impacts are identified, assessed and prioritised with respect to the operation of the project (2019-20: 98%).

Four project company employees (2019-20: two) were involved in health and safety incidents. One incident led to one employee losing four days and one employee losing one day resulting in five lost days in total. (2019: 29 lost days)

No health and safety incidents reported (2019-20: 0) related to the projects took place that involve SEEIT project companies' customers, workers, or members of the local communities in which the projects operate. This metric excludes project companies employees or direct contractors, which are noted above.

99% of the portfolio by value has a commitment that those who are employed, or do work on their behalf, will be paid the prevailing living wage (2019-20: 97%).

98% of the portfolio by value has measures in place to ensure that their suppliers, vendors and subcontractors uphold labour standards and human rights (2019-20: 98%).

99% of the portfolio by value has initiatives to promote and/or improve the health, safety and wellbeing of their employees (2019-20: 97%).

98% of the portfolio by value has initiatives in place specifically targeting mental health of workers. (2019-20: 62%)

98% of the portfolio by value introduced or reinforced measures to ensure the safety of workers during the Covid-19 pandemic.

Cecilia Hedqvist, CEO of Gasnätet Stockholm:
In Värtan Gas, the most important safety issue is for us knowing that we are working with something that could cause fire or explosion. We have an ISO 14001 environmental management program but we also have our own management system so that we really cover all identified risks. For example, we have regular safety walks, where members of the team go out in the field to look with new eyes, so someone else is checking what operators are doing. We also do training based on the major risks, such as fire-fighting and vehicle operations under emergency conditions including icy roads.

It’s really important to have a good work environment so that everybody returns home safely every day.

Luke Ford (Primary Energy):
From day one when you walk into one of our sites, the first thing you are going to get is a safety introduction to the facility to make sure you’re prepared to go out. Communication is the most important thing. You have to make sure that folks are getting the information they need to be safe and successful to complete their work.

Another thing we focus on is hazard recognition. Hazards are everywhere in a facility like ours and really being able to notice them and deal with them is critical. One of the other critical pieces is everyone that comes on this site learns in the training that they all have the ability to stop the work if conditions change. If there’s a new hazard that turns up, they can stop work and take the time out or notify an employee. So, everyone has that right to stop work and make sure conditions are safe to continue on.

“You have to make sure that folks are getting the information they need to be safe and successful to complete their work. Another thing we focus on is hazard.”
SEEIT’s contribution to the UN Sustainable Development Goals

In 2015, 197 countries came together behind a common vision for achieving a better and more sustainable future for all. The UN formalised this vision in 17 interconnected global goals - the Sustainable Development Goals (SDGs) - that set out to address the world’s most pressing social, environmental, and economic challenges by 2030. Generating positive social and environmental outcomes is fundamental to SEEIT and how the Company manages its operating portfolio. SEEIT aligns its ESG objectives and initiatives with the UN SDG agenda. SEEIT’s initiatives contribute directly to 11 of the 17 UN SDGs as shown in the table below.

SDCL looked at the expected outcomes and established practices of each individual project in SEEIT’s portfolio against the UN SDGs and their 169 underlying targets. This analysis shows that SEEIT’s portfolio primarily contributes to two goals: SDG 7 – Clean and affordable energy and SDG 9 – Industry, innovation and infrastructure. All Company activities are underpinned by the principles of SDG 17 – Partnership for the goals. Projects also contribute to other SDGs based on their specific circumstances and scale within their respective industries.

SEEIT Portfolio Case Studies
SeeIT acquired a 100% interest in Värtan Gas Stockholm AB (VGSAB or “Värtan Gas”), the ultimate owner of the established regulated gas supply and distribution network for Stockholm. Värtan Gas, through its subsidiary Gasnätet, owns and operates Stockholm’s regulated gas grid, the majority of which (around 70%) is sourced from locally produced biogas. Its other subsidiary, Stockholm Gas, supplies and distributes to over 58,000 residential, commercial, industrial, transportation and real estate customers in Stockholm. It is an essential infrastructure service that helps to reduce pollution and greenhouse gas emissions by collecting and reusing waste gases both at the point of production (e.g., municipal waste-water treatment plants) and the point of use, through the displacement of natural gas in buildings and diesel in transport. SeeIT aims to increase the proportion of green gas in the network to 100% over time. The gas grid is an essential component of an integrated system, aligned with national and regional strategies to attain carbon neutrality by 2040.

The group’s revenues, within Sweden’s regulatory structure, are predominantly based on fixed tariffs with relatively low sensitivity to customer demand or consumption. The Investment Manager believes that, in addition to existing revenues, opportunities for growth include serving new transport customers, as commercial and municipal vehicle fleets continue to switch to cleaner fuels, including biogas. Additionally, opportunities exist to deliver new energy and infrastructure services to customers by expanding the gas grid and through vertical integration.

Biogas is made from renewable, non-fossil, energy sources that are constantly being regenerated such as biomass or food waste. The production of biogas also creates a biofertiliser as a by-product. So that is the great thing with the biogas, it’s a sort of circular economy that doesn’t affect the climate.

Case study: Värtan Gas – Green gas distribution network in Stockholm

ESG Highlights (1 October 2020 - 31 March 2021)

- 3,698 tonnes of CO₂ saved
- >50% female board members in all three of the group’s corporate entities
- Zero reportable H&S incidents

Key facts
- Customers: 54,000+ customers
- Industry: Energy
- Technology: Primarily biogas supply and distribution
- Phase: Operational
- Location: Stockholm, Sweden
- Year of investment: 2020

Värtan Gas – Biogas distribution network, Stockholm
SEEIT acquired from Blackstone in 2021 a 100% interest in four portfolios of commercial and industrial (C&I) on-site solar and energy storage projects in the US for $150 million, together with a 50% interest in Onyx Renewable Partners – the platform that has developed the portfolio – alongside Blackstone who remains a 50% partner. The four portfolios comprise over 175 MW of solar generation capacity, and provide renewable energy generated on-site directly to various end-users. In addition SEEIT acquired a 50% interest in Onyx’s follow-on project pipeline, which is projected to exceed 500MW over the five years from acquisition. The four portfolios comprise over 200 operational, in construction, and development projects made up of rooftop, carport, and “private wire” ground-mounted solar PV installations, across 18 US states. Clients include municipalities, universities, schools, hospitals, military housing providers, utilities, and corporates.

Operational projects are contracted under long-term power purchase agreements with predominantly investment grade C&I counterparties. At present 36% of the portfolio (by installed MWs) is either operational or near operational, with the remainder expected to become fully operational over the next 12 to 24 months. All projects benefit from robust contracts with experienced EPC and O&M contractors.

Onyx has a highly experienced and dedicated project development and asset management team based in New York. It will develop and manage additional C&I on-site solar and energy storage projects in the US, for which SEEIT will have a right of first refusal to purchase at a pre-agreed rate of return. The investment provides SEEIT with a substantial initial portfolio and a scalable pipeline of opportunities in a major growth market. It also has strong diversification benefits with investments being made in portfolios of projects, including smaller projects under 5 MW as well as larger projects of 5 to 15+ MW.

The Onyx projects are well aligned to SEEIT’s investment policy as they increase the supply of renewable energy generated on-site and help to reduce greenhouse gas emissions arising from the supply, distribution, and consumption of energy. They deliver cheaper, cleaner, and more reliable energy solutions directly to the end user. The investment will help SEEIT to achieve its total returns targets – offering the opportunity for capital growth from the pipeline as well as income – and to support its progressive dividend policy.

In July 2021, the Onyx team participated in an event with school children in Connecticut supporting their STEM program explaining the benefits of renewable energy at one of SEEIT’s operating systems, further demonstrating Onyx’s commitment to the communities in which it works.
7. Approach to Climate Risks and Opportunities

continued

Case study: Project Update - Primary Energy

**Key facts**
- **Customers:** Cleveland-Cliffs (which bought the assets of ArcelorMittal) and US Steel
- **Sector:** Steel manufacturing
- **Technology:** 3 steam turbines, 1 CHP and 1 pulverized coal injection plant (five projects in total)
- **Electricity generating capacity:** 298MW
- **Steam generating capacity:** ~2,200 Mlb/h
- **Phase:** Operational
- **Location:** Indiana, USA
- **Year of investment:** 2020 (50%), 2020 (15%), 2021 (35%)

**ESG Highlights**
<table>
<thead>
<tr>
<th>451,280</th>
<th>842</th>
<th>56,528</th>
</tr>
</thead>
</table>
| tonnes of CO2 saved | GW of energy generated (renewable and CHP) | UK households could be powered by the clean energy generated

~70% energy cost saved compared to alternative sources

35 jobs supported in the operation and maintenance of the project

Reduced air pollution by utilising excess furnace gas and coke heat

Steel remains a key strategic commodity with an array of benefits such as durability, strength, design flexibility and infinite recyclability. More than 90%13 of steel is used in construction, providing not only structural rigidity but also solutions that enable energy-efficient buildings. Steel production requires significant amounts of energy and generates a large volume of waste heat and gases. This presents strong incentives for the industry to optimise its energy efficiency through energy recycling and achieve significant cost savings as a result.

In early 2020, SEEIT invested in one such opportunity through the acquisition of a 50% interest in Primary Energy’s portfolio of five assets in the US. SEEIT acquired a further 15% interest in late 2020. The company owns and operates four energy recycling projects and assets in the US. SEEIT acquired a further 15% interest in late 2020.

Primary Energy also took part in the regeneration of the blast furnaces, which are supplied to steam turbines and a highly efficient CHP plant. Primary Energy also substituted a significant portion of the coke, natural gas, and fuel oil used in the iron production process with pulverised coal, which is now processed and injected on site. This also ensures that the blast furnace gas has a higher energy content, thus increasing the energy recovery potential for producing process steam and electricity.

In addition, Primary Energy replaced an existing onshore boiler house with a state-of-the-art CHP at US Steel’s Midwest Plant. The 63MW facility supplies all process steam and hot softened water, and significant portion of the electricity required by the Midwest Plant’s steel rolling operations.

The projects are an excellent demonstration of utilising waste heat and gases to deliver cheaper, cleaner and more reliable energy infrastructure solutions to a critical sector of the economy. They deliver low-cost energy to Primary Energy’s customers and are about 70% cheaper than energy supply from the grid. Projects also offer strong environmental benefits, which means they qualify annually for Renewable Energy Certificates (RECs), which are equivalent to those generated by 536MW of solar or 374MW of wind projects. The portfolio has saved around 1 million tonnes of CO2 emissions annually compared to using separate heat and power sources, or the equivalent of removing 260,000 cars from the road. Primary Energy’s environmental equipment also handles waste gases, which results the project emitting fewer pollutants into the atmosphere. The utilisation of waste gases from the steel production process allows for a reduction in flaring of the off-gases and a reduction in greenhouse gas emissions by recovering heat and reducing the amount of energy required from conventional sources on the grid.

Steel manufacturing produces a large volume of waste heat and gases. This is a major source of fuel handling and/or emissions control. The portfolio has a combined electricity generating capacity of 298MW and a combined steam generating capacity of approximately 2,200 Mlb/h.

Primary Energy works closely with the Cleveland-Cliffs and US Steel teams to ensure the proper, reliable and safe operation of all plants. The coke plant mechanical contractors completed a highly creditable seventh consecutive year of zero injuries.

In addition to the positive environmental and social outcomes achieved by the projects, Primary Energy is actively contributing to other local initiatives. The company has supported many local charities including provision of food and monetary assistance to those particularly hit hard by Covid-19. As a member of the Wildlife Habitat Council, Primary Energy also took part in the regeneration of the native dune and swale habitats along the southern shore of Lake Michigan at the Portside.

Primary Energy’s employees were not able to volunteer in person this year due to Covid-19 safety restrictions, however the need for assistance is greater than ever as families and the elderly have been impacted by the pandemic. Donations across Northwest Indiana and Illinois, where the company and many of its employees reside, were distributed throughout June 2021. Primary Energy targeted a local community food pantry that supply resources to those hit particularly hard by Covid-19.

During 2021, some of the organisations that Primary Energy supplied food and monetary assistance to included:
- People’s Resource Center: Wheaton, IL
- 25 Alive Food Pantry: Gary, IN
- Clare’s Closet: Gary, IN
- Leaves & Fishes Food Pantry: Naperville, IL
- Morning Star Missions: Ioliet, IL
In 2019, SEEIT successfully completed its first investment in continental Europe through the acquisition of a portfolio of five CHP facilities totalling 100MW, two biomass plants with an aggregate capacity of 25MW and two olive processing facilities.

The Oliva portfolio is located in Andalusia, the southernmost region of Spain that produces about 35% of the world’s olive oil, over one million tonnes each year. This places it at the heart of an industry associated with significant raw material losses - to produce a single tonne of olive oil, the primary extraction process generates about four tonnes of solid residue called olive pomace, which includes olive waste, skins, pulp and stones.

Food loss is a serious problem worldwide and that encompasses all stages of the food production process. It is a significant waste of economic value and involves precious natural resources and labour. But perhaps most importantly, it generates significant levels of potent greenhouse gas emissions (methane) when waste material ends up in a landfill site.

As part of the due diligence process on the acquisition of Oliva, we identified a number of ESG opportunities that included expanding the health and safety team to enhance the focus on ESG.

The acquired assets deliver a highly energy efficient solution to the food loss problem in the olive oil industry by turning its by-products into valuable goods and renewable energy. The nine plants in the portfolio are organised as integrated complexes along the olive oil value chain to maximise utilisation of waste and recycling of energy.

In 2021, SEEIT’s £6 million commitment in June 2021 to Tallaght Hospital involves an investment in the installation of a range of energy efficiency equipment, including high efficiency CHP, LED lighting and building management system, providing cleaner and more efficient on-site energy generation for one of Ireland’s largest public sector hospitals.

The contract consists of fixed, index-linked revenues, payable by the hospital counterparty, monthly for 15 years once the equipment is installed and commissioned. The project will deliver energy cost savings of €0.95 million per annum with performance guaranteed by EPC partner Centrica.
7. Approach to Climate Risks and Opportunities

Case study: EVN – Electric Vehicle Network

**Key facts**
- **Customer:** Charge Point Operators (BP pulse, Others)
- **Industry:** Transportation
- **Technology:** Electric Vehicle charging points
- **Phase:** Development
- **Location:** United Kingdom
- **Year of investment:** 2020

SEEIT is working with a number of electric vehicle charge point operators to roll out a UK-wide network of rapid and ultra-fast electric vehicle (EV) charging infrastructure.

SEEIT signed an agreement with Chargemaster Limited (bp pulse) in March 2021 and with ESB Energy in September 2021. These agreements represent a significant step forward in the roll out of national EV charging infrastructure, expected to result in the development and construction by EVN of a significant number of rapid and ultra-fast EV charging locations, contracted through a 20-year, fixed price, CPI inflation Energy Service Agreement. EVN will also manage the operation and maintenance of all sites.

This national EV station roll out will include ultramodern hubs of between three and 12 chargers, as well as the next generation of e-forecourts with up to 24 ultra-fast charge points (300kW) and on-site solar photovoltaic panels and battery storage systems. The e-forecourts will have both retail and convenience facilities for the drivers while they are waiting for their cars to be charged.

Development of the charging stations is underway, with the first sites targeted to be operational by Q1-22, at which point they are expected to start generating availability-based revenues for SEEIT. SEEIT has the right of first refusal to provide an additional £150 million of funding in the next 24-36 months.

COP26 was galvanising in its focus and alignment around the target to limit global temperature rise to 1.5°C by transitioning to a net zero carbon economy.

COP26, the 26th UN climate-focused Conference of the Parties, ended with a global agreement to accelerate action on climate change this decade, completing the Paris Rulebook and for the first time agreeing a position on “phasing down” unabated use of coal power and, for the first time, a call to rapidly scale up energy efficiency measures. While the agreement fell short of many expressed hopes and expectations, COP26 nonetheless demonstrated a significant convergence between business, finance and government to drive decarbonisation.

Nearly 200 countries agreed the Glasgow Climate Pact, aimed at keeping the ambition of limiting global temperature rise to 1.5°C alive. All countries agreed to revisit and strengthen their current emission targets to 2030, known as Nationally Determined Contributions (NDCs), in 2022, combined with an annual political roundtable to consider a global progress report and a leaders’ summit in 2023. The Paris Rulebook was completed, with an agreement on transparency over targets and a framework for countries to exchange carbon credits through the UNFCCC. Loss and damage from the existing impacts of climate change were recognised and commitments made for financial support for developing countries.

COP26 was galvanising in the convergence between investors, businesses, cities, regions, sub-national and national governments in aligning around the 1.5°C goal. Major announcements during COP included a pledge by the US and China to boost climate co-operation over the next decade, a pledge by 130 countries representing 90% of the world’s forests to stop deforestation by 2030 and a scheme to cut 30% of current methane emissions by 2030 agreed by more than 100 countries. Two years ago, only 30% of the world was covered by net zero targets. The figure is now around 90%. On the roads, some of the largest car manufacturers announced plans to cooperate to make all new cars zero emission by 2040 and by 2035 in leading markets. Several countries and cities set dates for the phasing out petrol and diesel cars.

While all current policies, even if fully implemented, would still fall significantly short of the target to limit temperature rise to 1.5°C, they represent a constructive step forward and illustrate an unprecedented commitment and sense of urgency across all sectors of global community.

SDCL was well represented at COP26 and took the opportunity to emphasise the role that energy efficiency can play in decarbonisation, where it represents some 40% of the answer to stated climate and carbon emission reduction targets. It also emphasised the role that practical climate solutions ‘on the ground’ have to play, as illustrated by the fact over 1,000 global cities signed on to the “Cities Race to Zero”, involving a goal of reaching net zero emissions by 2050 and cutting their fair share of global emissions in half by 2030. During COP26, SDCL hosted elected and appointed representatives from the United States, Scottish and European sub-national governments at a day-long side event for cities, states, and regions on solutions around heating and cooling, water, buildings and energy, transportation, environmental justice and just transition. SDCL was represented both at official events at the heart of the conference and at side parallel events, such as the Atlantic Council’s Climate Action Solution Centre.

SDCL also announced its commitment to the Glasgow Financial Alliance for Net Zero, a global coalition leading financial institutions representing some 40% of global financial assets – equivalent to approximately US$130 trillion – which aligns them to accelerate the transition to a net zero carbon economy. SDCL’s CEO, Jonathan Maxwell, said: “COP26 and GFANZ are illustrating an inspiring and tangible commitment by business and finance to accelerate investment at scale in a lower carbon economy and sustainable infrastructure solutions such as clean energy and energy efficiency. Increasingly, these investments are not only more environmentally and socially sustainable but actually improve cost efficiency, productivity and resilience. GFANZ and the commitments it represents here at COP26 are certainly grounds for optimism. We also welcome new Treasury requirements for firms in the UK to publish plans for decarbonising through 2050. We will be working hard to help UK companies to decarbonise and apply energy efficiency measures in order to achieve their goals.”
9. Looking ahead

Key priorities in the year ahead to further embed and strengthen SEEIT’s approach to ESG include

• Continuing to identify opportunities to meet the Company’s sustainable investment objective – to make a significant contribution to climate change mitigation by investing in energy efficiency projects, with a focus on energy intensive sectors

• Setting a pathway to decarbonise the Company’s portfolio, in alignment the Paris Agreement – including setting targets at the portfolio and asset level

• Fully implementing the TCFD recommendations including conducting scenario analysis and evaluating the broader environmental risks to which assets are exposed

• Continuing to strengthen and formalise the Company’s ESG procedures in line with evolving regulatory obligations and disclosure requirements, including building the capacity of its team and embedding ESG in performance objectives

• Deepening SEEIT’s engagement with its delivery chain, including portfolio company management and O&Ms, in order to mitigate risks of adverse sustainability impacts occurring and to capitalise on ESG opportunities. Priority areas include climate and cybersecurity risk management, holistic wellbeing of workers and procurement and employment practices.

10. References

3. Defined as working for a SEEIT company for at least 8 hours in any 3-month period. In 2019/2020 total reported jobs included approximately 1,000 contractors working on projects with Sparkfund. As these were not engaged as a direct result of SEEIT’s activities they have been excluded from the analysis so the reported figure better represents SEEIT’s impact.
4. The ten point plan for a green industrial revolution - GOV.UK (www.gov.uk)
5. LSEG_GREEN_ECONOMY_MARK_FACTSHEET_ISSUER_OCT_2020_02.pdf (londonstockexchange.com)
6. See Annex to the TCFD Recommendations page 43: Recommendations Overview - TCFD Knowledge Hub (tcfdhub.org)
7. Negative carbon savings from Citi Riverdale relate to use of absorption chillers.
8. One project failed to submit an air quality filing on time but has since provided the relevant data. One query related to a local authority checking on emission levels but these were confirmed to be below the required threshold. The other complaint related to the failure of a contractor to install appropriate low voltage communication wires, following the complaint a new contractor was appointed who has satisfactorily completed the work.
9. This metric is based off the “30% Club”, an initiative focused on increasing companies’ female board representation to at least 30%. (www.30percentclub.org).
10. Defined as working for a SEEIT project company for at least 8 hours in any 3-month period. In 2019/2020 total reported jobs included approximately 1,000 contractors working on projects with Sparkfund. As these were not engaged as a direct result of SEEIT’s activities they have been excluded from the analysis so the reported figure better represents SEEIT’s impact.
11. Lost Time Incident: Jan 2021 (Oliva): An incident occurred in which, due to low visibility, a worker was hit by a loader, causing minor injuries to the worker (4 days of medical sick leave) and the driver (1 days of medical sick leave). The area will be marked off when there are low visibility days. Injury (No lost time): Jan 2021 (Oliva): A worker when performing manual work suffered a blow due to the misuse of a lever. The worker has received additional training.
12. Deepening SEEIT’s engagement with its delivery chain, including portfolio company management and O&Ms, in order to mitigate risks of adverse sustainability impacts occurring and to capitalise on ESG opportunities. Priority areas include climate and cybersecurity risk management, holistic wellbeing of workers and procurement and employment practices.
14. Primary Energy owns 50% of the pulverised coal facility in JV with Cleveland-Cliffs.
To share your comments and feedback or to obtain further information, get in touch:

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