SDCL Energy Efficiency Income Trust Plc Annual Report and Audited Financial Statements for the year ended 31 March 2023

SEEIT

SDCL ENERGY EFFICIENCY INCOME TRUST PLC

Annual Report and Audited Financial Statements

For the year ended 31 March 2023

SEEIT

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Pictured: Baseload Capital site

1. HIGHLIGHTS AND OVERVIEW

1.1 Summary of the Year to 31 March 2023

INVESTING IN ENERGY EFFICIENCY

SDCL Energy Efficiency Income Trust plc ("SEEIT"), managed by Sustainable Development Capital LLP ("SDCL"), is a constituent of the FTSE 250 index and the first UK listed company of its kind to invest exclusively in the energy efficiency sector.

Recognising that most energy is lost in the energy system, SEEIT targets energy efficiency investments that reduce wastage in the supply, demand and distribution of energy. These solutions in turn reduce carbon emissions and costs and can strengthen energy security, the grid and the energy market as a whole.

Servicing over 50,000 buildings across its portfolio, SEEIT's project investments provide a range of essential energy services, focused on contracts with essential industries in the United States, Europe, the UK and other select markets with attractive risk-adjusted returns.

101.5p

Net Asset Value ("NAV") per share(APM)

of 101.5p as at 31 March 2023 (31 March 2022: 108.4p), which includes a reduction of 7.3p from 70bps increase in weighted average unlevered discount rate in the year

1.2x

Dividend cash cover(APM)

of 1.2x for the year to 31 March 2023 (March 2022: 1.2x)

£1,100m

Portfolio valuation(APM)

of £1,100 million as at 31 March 2023, up from £913 million at 31 March 2022

£84m

Investment cash inflow from the portfolio(APM)

of £85 million, up 31% on a portfolio basis(APM) (2022: £65 million)

6.24p

Target dividend[1]

of 6.24p per share for the year to March 2024, a 4% year-on-year increase

c.£240m

Investment

of c.£240 million in new and organic investments and existing commitments during the year and a further c.£30 million invested since the year end

6.0p

Aggregate dividends(APM)

of 6.0p per share declared for the year ended 31 March 2023, in line with target (March 2022: 5.62p)

£18.6m

Loss before tax

of £18.6 million for year to 31 March 2023 (31 March 2022: Profit of £79.8 million), includes unrealised loss of £81 million from discount rate increases

1,202,528 tCO_2

Carbon Savings

of 1,202,528 tCO_2 (March 2022: 1,060,617[2] tCO_2) from Company's portfolio

[1] The target dividend stated above by the Company is based on a projection by the Investment Manager and should not be treated as a profit forecast for the Company

[2] Per SEEIT's ESG Report, November 2022

APM Alternative Performance Measure: See Glossary Of Financial Alternative Performance Measures for further details for APM's used throughout this report.

1.2 Chair's Statement

Tony Roper
Chair of SEEIT

On behalf of the Board, I am pleased to present the annual report and financial statements (the "Annual Report") for the SDCL Energy Efficiency Income Trust plc ("SEEIT" or "the Company") for the year ended 31 March 2023.

This financial year has been characterised by global economic instability, driven by high power prices, high inflation, rising interest rates and energy price volatility in the wake of Russia's invasion of Ukraine. Government interventions in energy markets responded to this environment with varying degrees of success. An energy crisis was followed by a liquidity and banking crisis as inflation, interest rates and bond yields rose quickly in the second half of the year, accompanied by recessionary concerns in major markets where the Company is active. A low interest rate, low inflation environment is unlikely to return in the short term.

Higher risk-free rates, and higher costs of capital, have fed through into the market valuations of all income-oriented investment companies listed on the London Stock Exchange. Generally, share prices moved from a premium to a discount to net asset value across the listed infrastructure sector.

The Board and the Investment Manager have reflected the higher interest rate environment in the Company's valuation assumptions at the year end. SEEIT's NAV per share declined to 101.5p in the year to 31 March 2023 and the Company recorded a loss before tax of £18.6 million, largely as a result of increases in discount rates applied in the valuation but including certain project specific adjustments described in Section 2.3, Financial Review and Valuation Update.

The Company owns a large, diversified portfolio of energy-efficiency assets, which provide several opportunities for future growth. Our assets reduce energy wastage and are focussed on providing essential energy services often to essential industries. The range of technologies in SEEIT's portfolio creates opportunity to provide a wide variety of energy solutions to end users, helping them cut costs; reduce their carbon footprint; and improve resilience.

One consequence of the tragic Ukraine war and its impact on energy markets has been a growing focus by governments and corporates on how to save energy. We believe that energy efficiency should be considered one of the three main "pillars" of infrastructure investment, alongside but distinct from (i) renewable energy and (ii) social and other infrastructure. More detail on what distinguishes energy efficiency is in Section 1.4, Investment Proposition.

Portfolio and Financial Performance

The portfolio, as a whole, generated sufficient cash to comfortably cover the Company's dividends paid in the year.

During this financial year, levels of volatility in global energy markets not seen for many years, and regulatory responses to them, created both short-term and "one-off" setbacks for some of SEEIT's investments.

Pictured: On.Energy site

Both SEEIT Oliva and Värtan Gas were materially impacted by higher fuel costs combined with regulatory changes that have since been updated or appealed. At the same time, some investments, such as Primary Energy, Värtan Gas, Onyx and Future Energy Solutions, faced specific operational challenges.

Details in relation to the operational performance of specific projects and asset management initiatives undertaken during the year are outlined in Section 2.4, Portfolio Summary.

While SEEIT's portfolio is positively correlated to inflation over the medium to long term, in the short term, increases in labour costs impacted returns on certain investments. Although most of the debt financing at the project level in SEEIT's portfolio was secured on fixed terms or hedged at relatively attractive terms, rising interest rates increased some project-level borrowing costs.

Notwithstanding these challenges, several investments have also made progress, with for example RED-Rochester, Onyx and EVN all presenting opportunities to deliver additional long-term value.

The Investment Manager is focused on outperforming the Company's return target. In an environment characterised by a higher cost of capital, and given the upside performance potential from the portfolio, we remain confident that the Company can meet or exceed its stated target net total return of 7-8% per annum[3] from its IPO price over the medium to long term.

Capital Structure

The Company secured successfully the equity capital it needed through a £135 million fundraise conducted in September 2022, shortly before capital markets effectively closed. We are grateful for the support that shareholders have given SEEIT since its inception.

This fundraise, along with the existing revolving credit facility ("RCF"), underpin the capital position of the Company, allowing it to manage liquidity, invest in growth across existing portfolio projects and, as suitable opportunities arise, make attractive new investments.

The Company continues to pursue a low-gearing(APM) strategy relative to the wider infrastructure peer group, with consolidated outstanding debt across the Group representing approximately 32% of NAV as at 31 March 2023, in line with the Company's medium-term structural gearing(APM) target of 35%. We do not have any near-term refinancing risk. Further details in relation to the Company's existing leverage can be found in Section 2.3, Financial Review and Valuation Update.

As we are more focused on value enhancement from the Company's existing portfolio and our organic pipeline than on sourcing new investments, our existing liquidity is considered sufficient for the foreseeable future.

3 Net of fees and expenses by reference to the IPO Share Price of 100.0 pence per share

Investment Activity

The Investment Manager has been focused on initiatives within the existing portfolio, which involves identifying sources of additional revenue, reducing costs or investing incremental capital for accretive returns. Planning and implementation of these initiatives takes time, and while some value enhancement activity has been recognised in our current valuation of the portfolio, the majority will not be recognised until its implementation is proven.

During the year, SEEIT invested c.£121 million into six new investments and commitments and a further c.£119 million into organic follow-on investments and commitments across 16 existing portfolio projects. Since the year end, a further two new investments of c.£4 million, plus a further £26 million in follow-on investments across four existing portfolio projects have been made. Details of these investments are provided in Section 2.4, Portfolio Summary.

The Investment Manager continues to focus on new opportunities associated with our existing portfolio (the "organic" pipeline) typically at rates of return above our stated investment objectives, as opposed to acquisitions of new projects in the market. Opportunities for capital growth could also include utilising the capacity the Company has to increase selectively its exposure to construction and development phase investments.

SEEIT generally approaches investment opportunities with the intention to acquire and improve assets and will thus typically hold an investment to the extent that it is consistent with total return targets and until value has been optimised. The Company will contemplate disposing of assets opportunistically or via targeted sales where it considers that doing so would deliver value to shareholders. SEEIT materially exited one investment during the financial year, through early repayment of its loan to the Biotown green gas project in the United States at a return above expected return for this investment. Disposals of less strategic or smaller projects, where a third party could derive greater value, are being evaluated.

Dividends

In line with previous guidance, in June 2023 the Company announced its fourth interim dividend for the year ended 31 March 2023 of 1.50p per share, providing an aggregate dividend of 6.00p per share declared for the year ended 31 March 2023, which was fully covered by net cash income.

Based on our assessment of current cashflow forecasts, the Company is announcing new dividend guidance of 6.24p per share for the year to 31 March 2024 (an increase of 4%) and as before, targeting progressive dividend growth thereafter.[4]

Share Price and Buyback Programme

As noted above, rising interest rates had a major impact on the valuation of listed infrastructure since September 2022, compounded by a dislocation in markets where demand from buyers did not match pressure from sellers, particularly those needing to raise liquidity to manage redemptions.

We do not believe that SEEIT's recent trading price reflects the value of the portfolio or its total return prospects and took proactive steps to address this.

On 3 April 2023, the Company announced a share buyback programme in response to the discount at which its share price traded relative to its reported NAV per share(APM). As at the date of this report, the Company has deployed c.£14 million of the £20 million total buyback allocation.

Corporate Governance and Stakeholder Engagement

The Company held its Annual General Meeting ("AGM") on 12 September 2022, at which all resolutions were duly passed by shareholders. The Articles of the Company provide that a continuation vote be put to shareholders at the first AGM following the fourth anniversary (which falls in the current year) of initial admission and, if passed, at every third AGM thereafter.

4 The target dividend stated above is based on a projection by the Investment Manager and should not be treated as a profit forecast for the Company

Pictured: Sustainable Living Innovations site

Investment companies undertake continuation votes alongside share buybacks as a means, inter alia, for discount control. Share buybacks can be an effective means of managing short-term dislocations between price and value. Continuation votes provide investors with the ability to mitigate any long-term fundamental problems with value itself.

The Board recognises the importance of this mechanism for shareholders and believes that there is no fundamental concern with the Company's prospects and our ability to deliver value for shareholders. Despite the current macroeconomic situation, we believe the Company is well positioned, with substantial scale and a diversified portfolio able to deliver attractive returns. Further details of the Company's first continuation vote will be provided to shareholders in the notice of the 2023 AGM.

The Investment Manager hosted a Capital Markets Day on 14 March 2023 at the London Stock Exchange. The event explained the key market drivers for energy efficiency and provided greater insight into some of the Company's larger holdings.

The Board was pleased to visit SEEIT Oliva in Spain during the year and was able to engage directly with members of the management and operations teams at one of SEEIT's larger portfolio of investments to understand the key risks and growth drivers of the projects concerned.

Over the past few months, I have met with some of SEEIT's larger shareholders to discuss their expectations and collect feedback on the performance of the Company. These meetings have been helpful in shaping the Company's disclosure in this Annual Report, which we have revised and expanded, both at Company level and at project level for our larger investments. The Investment Manager and I look forward to continuing regular dialogue with investors going forward.

Outlook

SEEIT is well positioned to be able to unlock long-term growth opportunities from its established and diversified portfolio of investments. Energy efficient technology is a critical part of the energy transition because its implementation is typically much quicker and cheaper compared with the time and cost to develop new sources of energy generation.

More and more private and public sector counterparties are focused on meeting carbon targets; enhancing energy security and resilience; and seeking to better manage energy price volatility. Demand for on-site generation, efficient distribution, and demand-side reduction solutions continues to grow substantially.

The Investment Manager has remained selective in making new investments and continues to evaluate organic and inorganic investments that can deliver attractive risk-adjusted returns for investors. The Company remains well capitalised, with a strong balance sheet and low levels of gearing(APM) relative to the infrastructure investment company sector.

The Board recognises the current challenges facing UK-listed investment companies, and is working with the Investment Manager to ensure that SEEIT manages and adapts to the current market dislocation evident across the sector. Our objective is to provide top quartile levels of disclosure to help investors better understand current performance and the long-term prospects of SEEIT, which we expect will evolve. I would like to thank personally all our shareholders for their continued support of the Company, and I look forward to continued engagement in the year ahead.

Tony Roper
Chair

1.3 Company Overview

SDCL Energy Efficiency Income Trust plc (“the Company” or “SEEIT”)

SDCL Energy Efficiency Income Trust plc (“the Company” or “SEEIT”) is the first listed company in the UK to invest exclusively in the energy efficiency sector. The Company’s objective is to generate an attractive total return for investors, comprising stable dividend income and capital preservation, with the opportunity for capital growth.

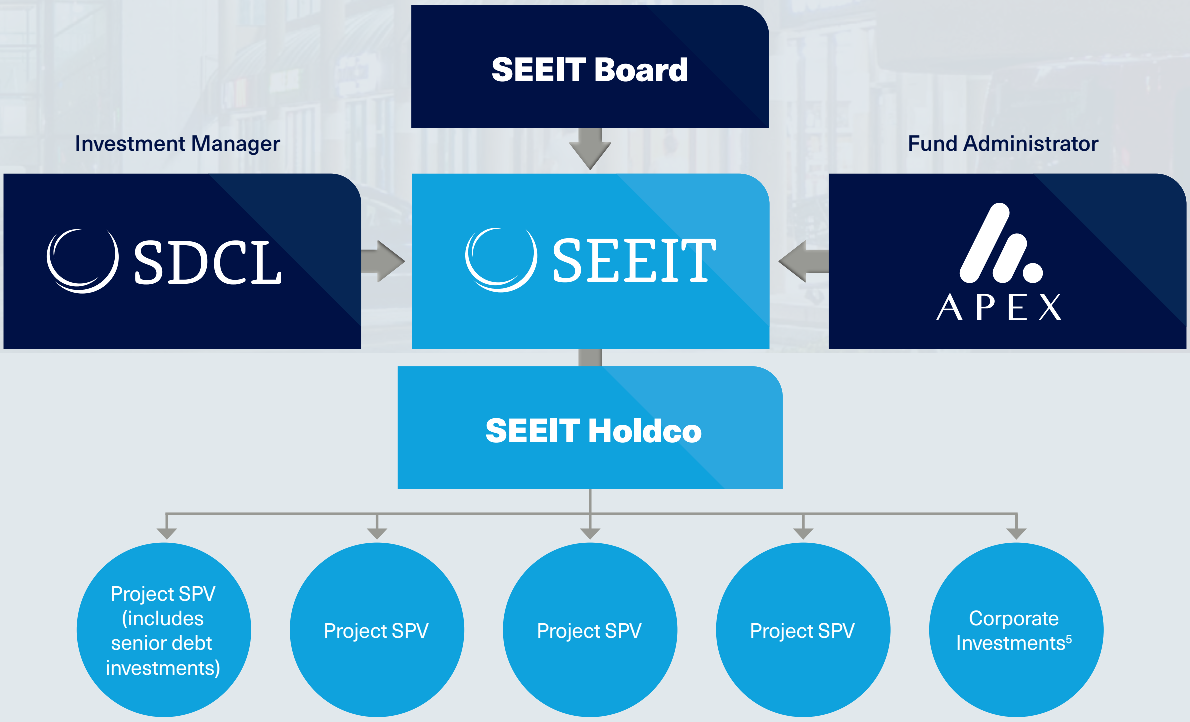
The Company’s current portfolio comprises assets across the United Kingdom, Europe, North America and Asia. The Company is a FTSE 250, closed-ended investment company incorporated in England and Wales that was admitted to the Official List and to trading on the London Stock Exchange’s Main Market on 11 December 2018.

Sustainable Development Capital LLP (“SDCL” or “Investment Manager”)

Sustainable Development Capital LLP (“SDCL” or “Investment Manager”) is a London-based investment firm with a proven track record of investment in energy efficiency and decentralised energy generation projects in the United Kingdom, Europe, North America and Asia. SDCL was established in 2007 and has a team of over 50 professionals across offices in London, Dublin, New York and Singapore.

With over 15 years of sector experience in energy efficiency, SDCL has specialist origination, project development, execution, ESG, asset management and portfolio management teams with support from finance, compliance and risk. Since 2012, the Group has raised over £2 billion in capital commitments, including seven funds, all exclusively focused on energy efficiency.

Pictured: FES Lighting site



SEEIT Management

The Company has been established in the United Kingdom as an investment trust to provide shareholders with access to investment into energy efficiency infrastructure investments. The Company has an independent Board of Directors and has appointed SDCL as Investment Manager to manage the investments on its behalf.

The Company makes its investments via its sole direct subsidiary and main investment vehicle, SEEIT Holdco Limited ("SEEIT Holdco" or "Holdco").

The Investment Manager controls the actions of Holdco and its direct and indirect subsidiaries manage the existing investments that Holdco has directly or indirectly invested in. Holdco typically invests in project special purpose vehicles ("SPVs"), which provide energy efficiency solutions to counterparties through long-term contracts with a fixed lifespan. An SPV – and by implication the portfolio of investments as a whole – therefore normally has a limited lifetime over which it provides target returns to Holdco and ultimately the Company. These SPVs are structured so that they can be sold in an active secondary market for energy efficiency assets although each of the investments will also have been assessed individually to ensure appropriate alternative exit strategies are in place.

1.4 Investment Proposition

Investment Objectives

Generate an attractive total return for investors, comprising stable dividend income and capital preservation, with the opportunity for capital growth.

Cashflows underpinned by contracts[5]

- Operational investments have an underlying contract for energy services
- Targeting to limit and manage exposure to merchant power pricing over medium to long term, mitigating risk where possible
- Targeting to limit and manage exposure to counterparty demand risk and regulatory risk over medium to long term, mitigating risk where possible

Creditworthy counterparties

- High proportion of investment grade counterparties

A diversified, mostly operational portfolio

- Well diversified by geography, technology, project and counterparty
- Exposure to construction and development stage assets limited to 35% of GAV

Aiding net zero transition

- First LSE listed company to invest exclusively in energy efficiency projects
- Government policies highlight role of energy efficiency in mitigating climate change
- Sustainability considerations integrated into all processes and operations

Total Return Opportunity

- Scale of portfolio provides pipeline of follow-on investments
- Asset management initiatives can generate incremental cashflows from long-term accretive investment opportunities

Low Gearing Strategy

- Medium-term gearing[(APM)] target of 35% of NAV
- Gearing[(APM)] limit of 65% of NAV available for short-term funding of new investments

5 Cashflows are derived from a combination of existing contracts, future growth assumed from existing contracts and extended or new contracts in the future – see Section 2.3 for further details

Energy Efficiency: The Third Pillar of Infrastructure Investment

Energy efficiency is considered the third pillar of infrastructure investment, alongside but distinct from renewable energy infrastructure and social and other infrastructure. It can be distinguished from other classes of infrastructure in part due to the operational features associated with energy efficiency assets. In addition, energy efficiency investments usually benefit from relatively low levels of exposure to energy price fluctuations and policy factors such as price caps, which can affect traditional renewable energy infrastructure assets from time to time.

Comparing Types of Infrastructure

	Energy Efficiency	Social and other infrastructure	Renewables
Heritage	Emerging investment class	Established investment class	Growing investment class
Assets / Technology	CHP Units, lighting projects, behind-the-meter, etc	PFI/PPP, hospitals, toll roads, utilities, broadband, schools, etc	Grid-connected wind farms, solar farms, etc
Typical counterparty	Commercial and industrial or government entities	Public sector entity	Utilities
Key risk	Counterparty credit	Political / regulatory	Subsidy / energy pricing
Typical construction periods	Short: Within 18 months and often within 3-6 months	Long: 2+ years, sometimes extending to several years	Medium: 1-2+ years
Role in energy transition	Important, particularly in short term	Not directly tied to energy transition	Important

Pictured: Baseload Capital's site

1.5 SEEIT Business Model

SEEIT invests in a portfolio of energy efficiency assets and platforms designed to deliver a total return underpinned by long-term contracted cashflows that cover a growing dividend. SEEIT assesses investment opportunities based on defined characteristics that apply to projects across its portfolio. A project must typically:

1) fit the definition of an energy efficiency investment;
2) have, or will follow, a specified contractual structure with a suitable counterparty or counterparties; and
3) have the potential to generate accretive returns through asset management and follow-on investments.

1

Energy Efficiency Investment: All of SEEIT's investments fall into one or more of three energy efficiency categories.

Green Energy Distribution

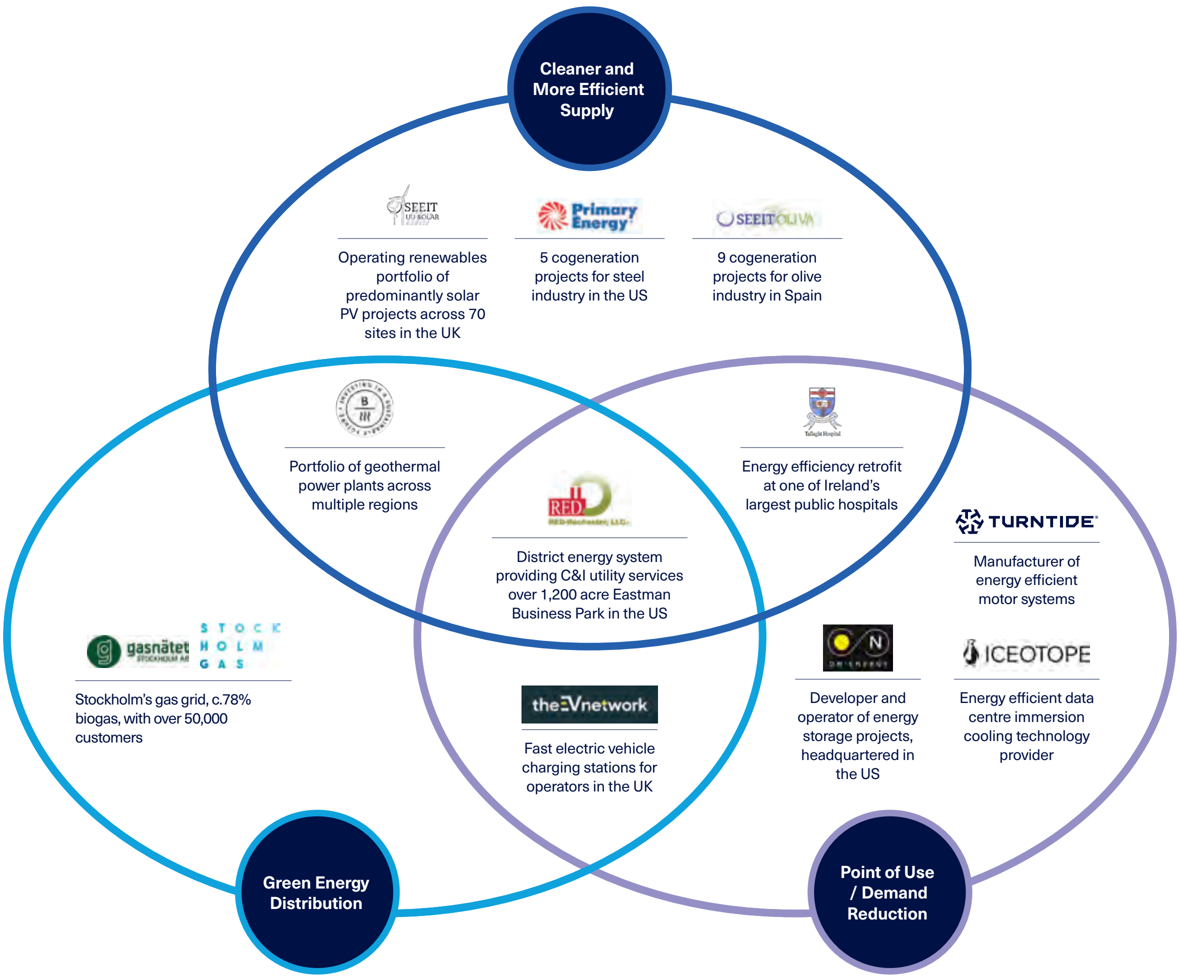
Connect supply with demand in the most efficient way through green energy distribution, utilising green fuels.

Point of Use / Demand Reduction

Help to manage or reduce the demand for energy at the point of use through energy-efficient technology and initiatives.

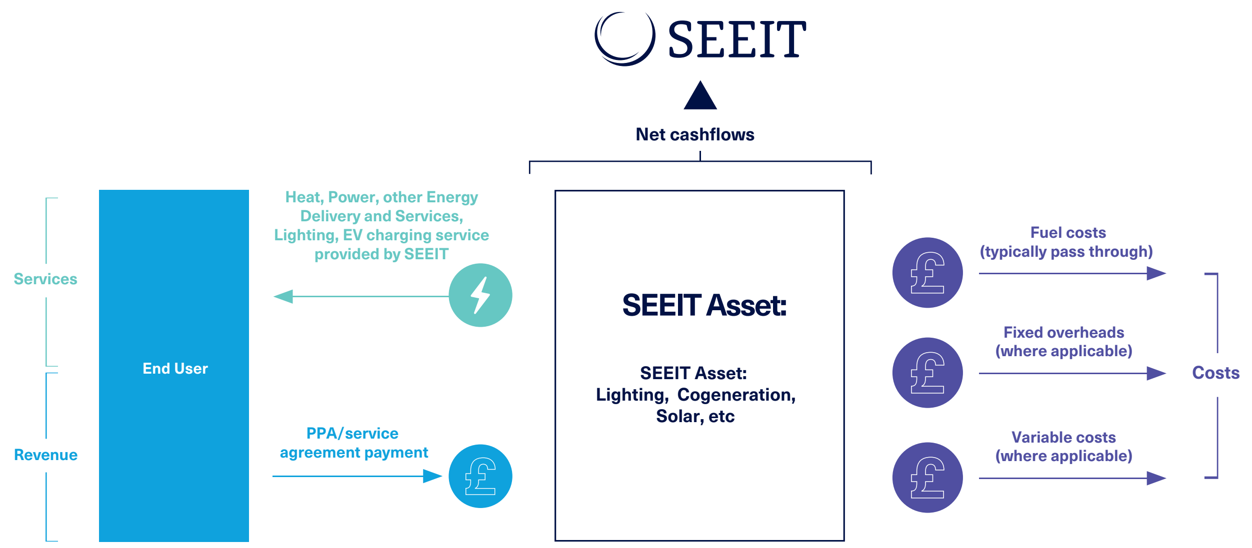
Cleaner and More Efficient Supply

Generate energy close to or at the point of use, reducing transmission and distribution losses.



2

Contractual Structure: SEEIT's operational projects typically have predominantly long-term contracted cashflows and fixed costs, delivering energy efficiency services directly to the end user.



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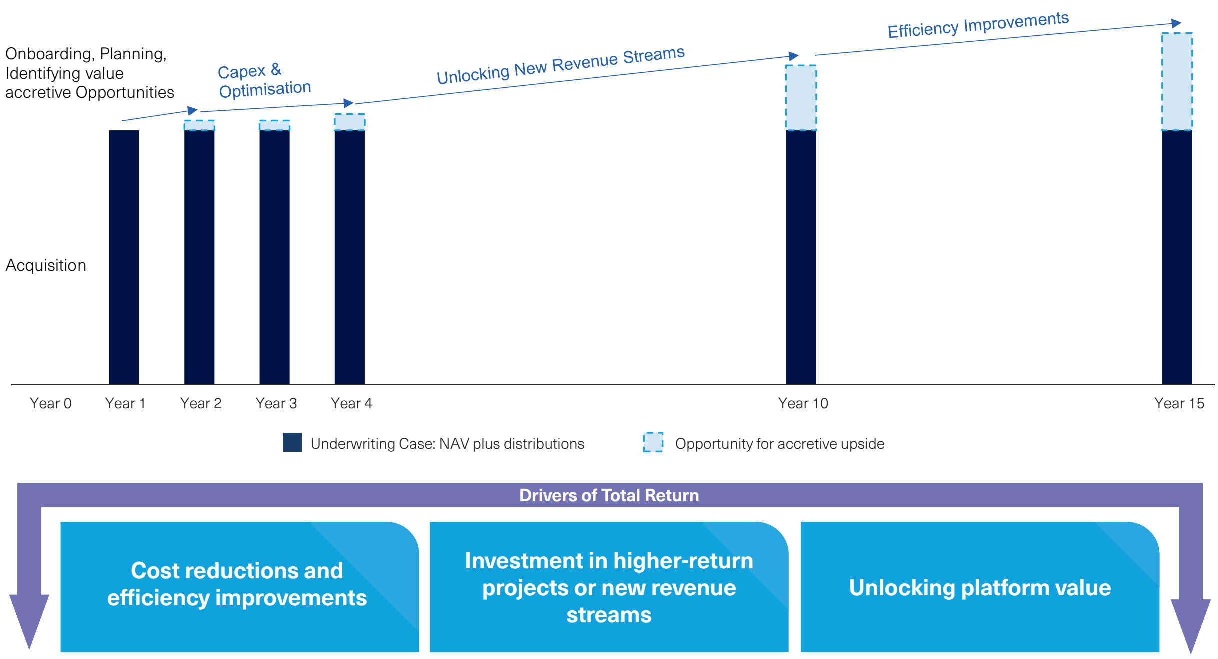
Potential for Upside to Total Return: The Investment Manager also targets investments with the ability to generate accretive upside over the medium to long term. This can be through asset management initiatives or follow-on investment into development-stage opportunities.

Illustrative Project NAV Over Time



2.
STRATEGIC REPORT: THE COMPANY AND PORTFOLIO REVIEW

Pictured: UU Solar site

2.1 Overview

Why Invest in Energy Efficiency

Key characteristics of the energy efficiency investment proposition include some, or all, of the following:

- behind-the-meter projects with identifiable end users and counterparties;
- quick to integrate and install, lowering construction risk;
- results in carbon emissions reductions and helps to improve energy security and reliability, while cutting energy costs for end users;
- predominantly contracted cashflows, with managed exposure to merchant power pricing;
- nature of operational projects and relationships with counterparties creates opportunity to improve total return through asset management initiatives, expansion of services for customers and management of costs; and
- low gearing relative to other forms of infrastructure investment.

Market Landscape

A challenging macroeconomic environment has hurt asset values across the listed infrastructure space in the short term due to:

- sharply rising interest and discount rates;
- extreme volatility in energy prices and commodity prices;
- high levels of inflation, driving labour, construction and operational costs; and
- Delay in supply chain and planning capacity.

Notwithstanding these headwinds, energy efficiency is expected to benefit over the medium to long term from policy tailwinds supporting investment in the sector.

Further detail on the market landscape and policy tailwinds for energy efficiency can be found in Section 2.2, The Investment Manager's Report.

Asset Management Initiatives

Focus on unlocking additional value from the existing portfolio. Examples include:

- short-term accretive project investments, together with a long-term investment plan to optimise performance and asset life across the RED-Rochester portfolio;
- investment in project development, including at EVN as well as the newer, low carbon solutions represented by Turntide (energy efficient motors), Iceotope (data centre cooling); and
- working closely with new management at Onyx to progress the development pipeline.

Further detail on the Company's asset management function can be found in Section 2.2, The Investment Manager's Report.

Portfolio Performance, Pipeline and Exit Strategy

During the year, headwinds from the macroeconomic environment as well as short-term operational challenges at certain projects impacted on the Company's portfolio valuation.

However, The Investment Manager was able to unlock long-term value in certain projects. A detailed summary of the portfolio performance is outlined in Section 2.4, Portfolio Summary.

Focus during the year has been on value enhancement from the Company's existing portfolio and organic pipeline.

The Investment Manager continues to evaluate exit opportunities for certain investments where it believes more value could be delivered to shareholders versus holding the assets to maturity in line with its typical investment strategy.

Further detail on the portfolio performance in the year is outlined in Section 2.4, Portfolio Summary and the Company's pipeline and strategy in relation to disposals in Section 2.2, The Investment Manager's Report.

2.2 The Investment Manager's Report

Market Landscape and Macroeconomic Factors

In the current landscape, energy efficiency is providing essential solutions to a growing list of global issues.

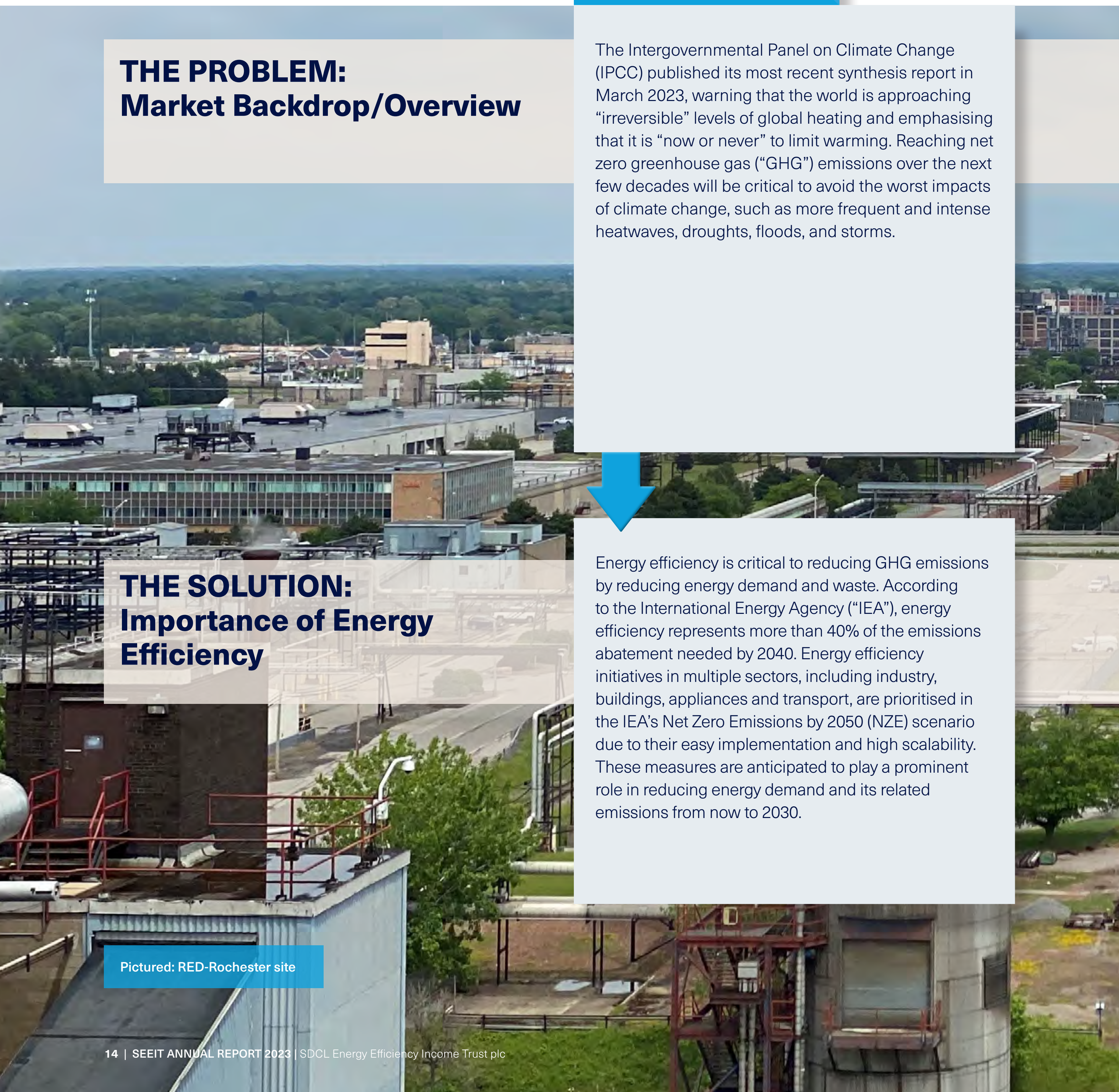
Net-Zero

THE PROBLEM: Market Backdrop/Overview

The Intergovernmental Panel on Climate Change (IPCC) published its most recent synthesis report in March 2023, warning that the world is approaching "irreversible" levels of global heating and emphasising that it is "now or never" to limit warming. Reaching net zero greenhouse gas ("GHG") emissions over the next few decades will be critical to avoid the worst impacts of climate change, such as more frequent and intense heatwaves, droughts, floods, and storms.

THE SOLUTION: Importance of Energy Efficiency

Energy efficiency is critical to reducing GHG emissions by reducing energy demand and waste. According to the International Energy Agency ("IEA"), energy efficiency represents more than 40% of the emissions abatement needed by 2040. Energy efficiency initiatives in multiple sectors, including industry, buildings, appliances and transport, are prioritised in the IEA's Net Zero Emissions by 2050 (NZE) scenario due to their easy implementation and high scalability. These measures are anticipated to play a prominent role in reducing energy demand and its related emissions from now to 2030.



Pictured: RED-Rochester site

Energy Security

Following Russia's invasion of Ukraine, the global energy landscape changed dramatically, with high prices and supply chain disruptions highlighting the energy security risks associated with relying on polluting fuels supplied by a few major external producers. Extreme weather conditions such as hurricanes, heatwaves and wildfires are also posing challenges to energy infrastructure, leading to power outages and supply chain disruptions.

Additionally, the introduction of variable renewable energy generation is posing structural changes in the generation profile of electricity systems, potentially impacting the grid's ability to provide a reliable energy supply, unless and to the extent it is balanced by alternative generation, storage and demand reduction.

Energy efficiency plays a crucial role in addressing energy security concerns that arise due to geopolitical conflicts, extreme weather events and infrastructure constraints. By reducing energy consumption and dependence on fossil fuels, countries can reduce their vulnerability to supply disruptions caused by conflicts or infrastructure failures.

Furthermore, energy efficiency measures such as demand response programmes and energy storage technologies help to tackle the energy security risks posed by ageing infrastructure and renewable energy capacity additions.

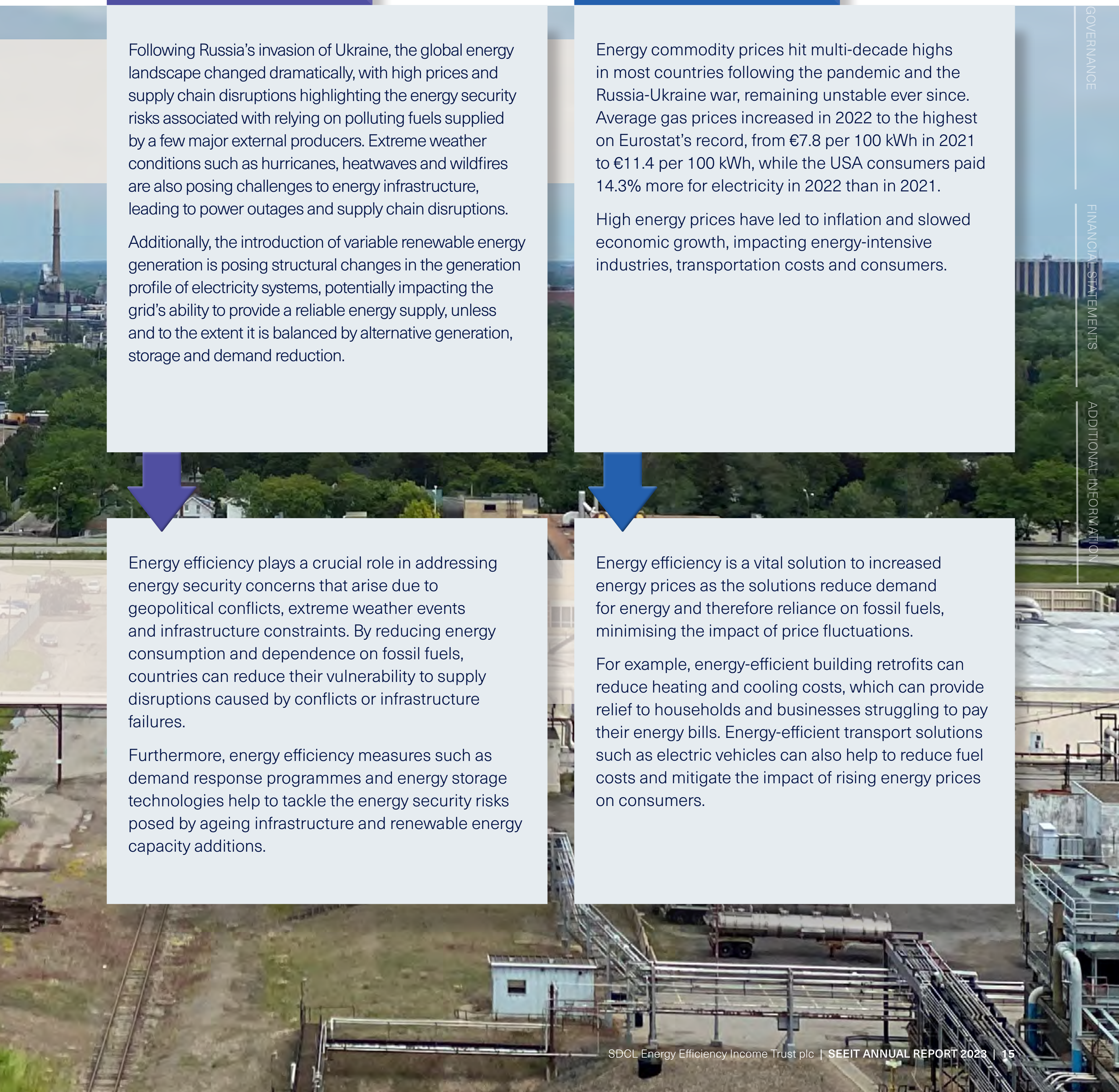
Energy Prices

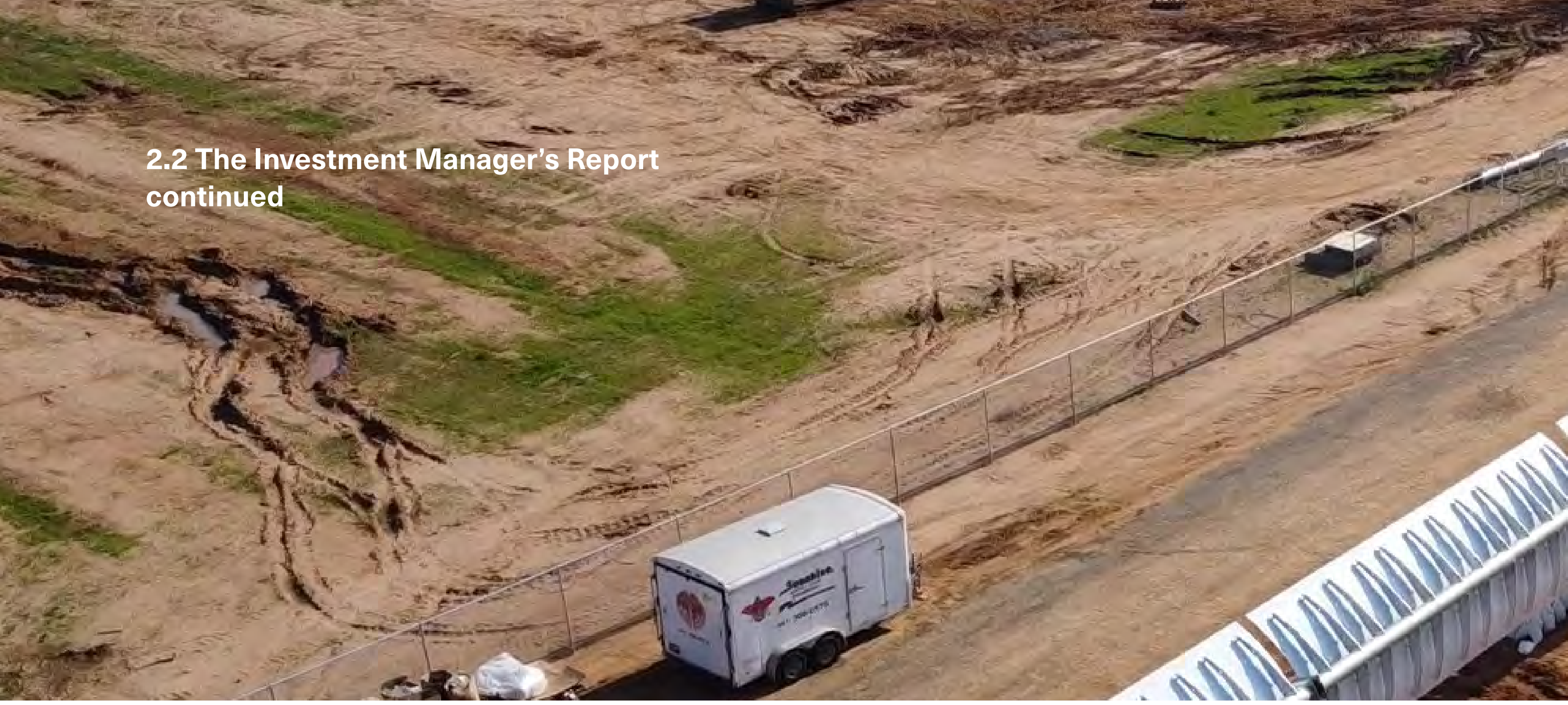
Energy commodity prices hit multi-decade highs in most countries following the pandemic and the Russia-Ukraine war, remaining unstable ever since. Average gas prices increased in 2022 to the highest on Eurostat's record, from €7.8 per 100 kWh in 2021 to €11.4 per 100 kWh, while the USA consumers paid 14.3% more for electricity in 2022 than in 2021.

High energy prices have led to inflation and slowed economic growth, impacting energy-intensive industries, transportation costs and consumers.

Energy efficiency is a vital solution to increased energy prices as the solutions reduce demand for energy and therefore reliance on fossil fuels, minimising the impact of price fluctuations.

For example, energy-efficient building retrofits can reduce heating and cooling costs, which can provide relief to households and businesses struggling to pay their energy bills. Energy-efficient transport solutions such as electric vehicles can also help to reduce fuel costs and mitigate the impact of rising energy prices on consumers.





Inflation and Discount Rates

Global inflation rates underwent significant volatility during the financial year, although economic indications suggest we have now seen the peak of the cycle. The 2022 calendar year saw 8.8% global inflation per the IMF.

Central banks around the world have responded to the spikes in inflation by raising interest rates. This was compounded by turmoil in the banking sector towards the end of the financial year, following the collapse of Silicon Valley Bank and take-over of Credit Suisse, which put pressure on banking company balance sheets.

The Company reflected the movement in discount rates across the infrastructure sector, having raised underlying rates by 50 bps (on weighted average unlevered basis) at the 30 September 2022 interim period and a further 20 bps at 31 March 2023, following independent discount rate reviews across SEEIT's whole portfolio.

Rising interest rates have had a significant impact on the listed infrastructure investment company sector – not just in terms of short-term pressure on discount rates, but also from a yield competitiveness perspective, as alternative fixed income investments, such as government bonds, have become comparatively more attractive.

SEEIT, along with nearly all members of its wider listed infrastructure peer group, has experienced a decline in share price because of these factors, leading to a period of trading at a discount to NAV per share(APM). The Board and the Investment Manager are focused on managing this discount through investor engagement and measures such as the recent share buyback, and continue to build a compelling portfolio proposition which offers attractive returns to shareholders over the medium to long term.

Inflation Linkage Strategy

Approximately half of SEEIT's current portfolio by value has revenues that are partly or wholly inflation-linked, which culminates in an overall positive inflation correlation. Therefore, higher than expected inflation has had an overall small positive impact on the Company's returns during the year.

The Company's projects are in a number of different geographic regions, which diversifies and mitigates the impact of inflation volatility for the portfolio. The Company has the highest overall exposure, by country, to the USA at 59% by Gross Asset Value(APM) ("GAV"), followed by the UK with 20% and the rest of Europe with 20%.

The Investment Manager aims to construct and maintain a portfolio that generates year-on-year revenue growth on a progressive basis. The Investment Manager does not exclusively target investments with fully inflation-linked returns, but inflation correlation is a relevant metric when evaluating new investment opportunities and when re-contracting existing projects within the portfolio.

The portfolio includes some flexibility to recontract certain non-inflation-linked revenues periodically during a project's lifecycle. Some examples the Investment Manager actively works with project management teams to implement include:

- at Värtan Gas, individual customer contracts are re-evaluated on an annual basis. Typically, historic inflation and short to medium-term inflation is a key consideration when setting customer tariffs; and
- periodic re-contracting of revenue contracts is assumed in the Primary Energy projects, providing an opportunity to recover inflation exposure on costs or introduce direct inflation linkage.

Pictured: Spark Energy site

SEEIT's Ability to Adapt to Changing Market Conditions

The Investment Manager has sought to construct a resilient portfolio with defensive characteristics through its contractual structures and credit quality of counterparties.

Counterparty credit is a key risk that the Investment Manager has focused on when constructing the portfolio. As at 31 March 2023, c.62% of the portfolio by investment value (March 2022: 60%) is associated with investment grade or equivalent counterparties. Those which are non-investment grade are typically highly diversified or providing vital services, often via essential industries. Since listing, the Company has not suffered any material credit defaults across its portfolio.

SEEIT maintains a relatively low level of gearing(APM) versus the wider infrastructure investment company peer group, with total Group and project level debt leverage as at 31 March 2023 of 32% of NAV, in line with the medium-term target of 35% of NAV.

These qualities seek to ensure that whether the Company is operating in a high inflationary environment, a high interest rate environment, a volatile merchant pricing environment or a recessionary environment, overall portfolio cashflows can remain relatively predictable over the medium to long term and downside risk is mitigated.

Notwithstanding these contractual protections, the Investment Manager's asset management team also works closely with the senior management teams within its portfolio project companies to address the impact of changing market conditions on operations. This includes, for example, rising labour costs in certain markets in which SEEIT operates. Labour is actively managed at a project level through a number of initiatives, which include but are not limited to, apprenticeship schemes and comprehensive succession planning strategies at both RED-Rochester and Primary Energy.

Supply chain challenges have also been a prevailing issue across a number of industries, particularly in the wake of the Covid-19 pandemic. The Company is seeking to leverage its procurement power across its portfolio, with the Investment Manager connecting certain project company procurement teams such as UU Solar and Onyx in order to improve their ability to secure key equipment. In addition, forward purchasing of equipment has always been a key part of the Company's procurement strategy, with regular review of stock inventory and consideration for lead times in all procurement activity at a project company level.

> **"The Investment Manager has sought to construct a resilient portfolio with defensive characteristics through its contractual structures and credit quality of counterparties.**

Policy Tailwinds for Energy Efficiency

USA

The Inflation Reduction Act ("IRA"), passed in August 2022, is the most significant climate legislation in US history, offering funding, programmes and incentives to accelerate the transition to a clean energy economy. The climate and energy industries are central to the overall financial support extended under the IRA, committing c.$369 billion to the energy transition and climate change mitigation. A sum of $47 billion has been earmarked for tax credits for rebates for energy efficiency in buildings (commercial and residential). By 2030, the Act will help cut US greenhouse gas emissions by roughly 42%.

The IRA introduces tax credit support for clean energy generation, storage and transmission, which is a crucial development for renewable energy projects. The legislation provides certainty and continuity for clean energy incentives, benefiting decentralised energy generation assets like Onyx Renewables. Along with the IRA, another significant policy development is the Bipartisan Infrastructure Law ("BIL"), which was signed in November 2021 and will provide more than $1 trillion in federal investment to improve the nation's infrastructure. Of the $550 billion of new funding provided in the BIL, approximately $76 billion is committed to be invested in energy.

Overall, the recent focus on energy efficiency in two of the most significant infrastructure-spending bills ever passed in the USA has made investment opportunities in the country increasingly appealing for SEEIT. The Company is monitoring changes in policies in the USA and evaluating areas where legislative support is applicable for both new and existing investments.

Pictured: Onyx Renewable Partner site

European Union

Throughout the year, the European Union has been working on several legislative packages to guide member states through the energy transition.

In May 2022, the European Commission published the REPowerEU plan, which aims to rapidly decrease the EU's dependency on Russian fossil fuels, outlining a legal amendment to raise the target reduction in final energy consumption from 9% to 13%. The European Parliament proposed to raise it further, to 14.5% by 2030. The plan recognises that energy efficiency is a key solution to the energy crisis resulting from the Russia-Ukraine conflict.

Furthermore, in March 2023 a provisional political agreement of the recast Energy Efficiency Directive ("EED") was reached, outlining the target to reduce final energy consumption by at least 11.7% by 2030. Also in March, the European Parliament adopted draft measures on the proposed revision of the Energy Performance of Buildings Directive ("EPBD"), which would mandate that new buildings occupied, operated or owned by public authorities are zero-emission from 2026, and from 2028 would make rooftop solar panels mandatory for new residential buildings.

The impact of the European Union's energy-related policies on the Company varies widely. The Investment Manager is currently assessing how EU directive revisions can help to unlock additional opportunities and revenue streams for project companies located within the EU, such as Värtan Gas.

United Kingdom

The UK Government has set an ambitious target to reduce final energy demand from buildings and industry by 15% by 2030. In order to reach the net zero target, in March 2023 the government released a package of policy plans termed "Powering Up Britain", which includes the Great British Insulation Scheme that aims to deliver up to £1 billion additional investment by March 2026 in energy-efficient upgrades.

Further, the government strives to continue its support towards the decarbonisation of the public sector, with £1.4 billion in grant funding for low-carbon heat and energy efficiency retrofits made available over the period 2022/23–2024/25. The UK continues the decarbonisation of the national heat network market through the Green Heat Network Fund and the Heat Network Efficiency Scheme.

Additionally, the UK government launched its Energy Efficiency Taskforce in February 2023 to accelerate improvements that will bring down energy bills for households and businesses. In March 2023, a £1.8 billion outlay was announced to increase energy efficiency and cut emissions of homes and public buildings across England.

The government's commitment to energy efficiency and the energy transition has been made more apparent during the year, and the Investment Manager expects this to result in greater investment and public-private collaboration opportunities for the Company in the UK.

Asset Management

Overview

The Investment Manager manages the portfolio to achieve operational efficiency, provide reliable and sustainable services to customers and develop value-enhancing projects.

While the Investment Manager manages operational challenges that arise from time to time, it also benefits from the upside opportunities associated with improving project company operations and working hands-on with management at the ground-level. Through this approach the Investment Manager aims to mitigate downsides, unlock new revenue streams and improve margins across the portfolio.

The portfolio is managed through a combination of:

- the active day-to-day involvement of SDCL's 50+ employees, including an asset management team of senior and experienced professionals focused solely on driving value through financial management and operational improvements;
- over 250 full-time employees at the project level, predominantly dedicated to "on the ground" operations of the Company's largest assets in the UK, Europe and North America; and
- the coordinated full-time presence of on-site teams of professional advisers.

Unlocking Additional Value

The Investment Manager seeks opportunities to improve margins by enhancing operational and financial performance, unlocking platform value and expanding the energy efficiency characteristics of an asset. Details of some key asset management initiatives undertaken during the year can be found in Section 2.4, Portfolio Summary.

Identifying accretive investment opportunities

The Investment Manager identifies, assesses and implements additional investment opportunities for existing projects to achieve higher returns and provide improved services to customers. These improvements can include unlocking additional revenue streams, identifying new customers, renegotiating existing contracts, and increasing generation capacity and efficiency.

Improving operational and financial performance of a project

The Investment Manager engages with management teams to identify and solve operational inefficiencies and improve the financial performance of a project.

The Investment Manager's engagement involves ensuring that the management teams have the proper governance, leadership and technical support to run the project efficiently.

Enhancing sustainability characteristics

The Investment Manager consistently assesses the efficiency of a project to improve its performance and seeks to ensure the usage of the best available technology at the point of investment. The Investment Manager also manages the ESG performance of companies based on its ESG principles, more information about which can be found in Section 3.1, ESG.

Achieving platform value

Energy-as-a-service platforms allow for the Company to achieve scale through opportunity to make follow-on investments in new projects.

The Investment Manager helps these platforms unlock potential value through investment and management support, such as governance and operational reforming.

Mitigating Downside

Operational issues are ongoing risks in infrastructure-based portfolios, especially in the volatile macroeconomic conditions defining the market backdrop during the past year. The Investment Manager's asset management team dedicates a similar level of attention and resource focused on overseeing portfolio performance, managing risks and adapting to potential obstacles facing projects as it does to unlocking additional value.

Further information in relation to the risks around asset operations performing in line with expectations is outlined in Section 3.2, Risk Management Framework.

Details of operational issues impacting the operations of the portfolio and mitigation strategies can be found in Section 2.4, Portfolio Summary.


Pictured: Oliva Spanish Cogeneration site

Investment Pipeline Overview

The Investment Manager is focused on building a pipeline of investment opportunities that can complement the existing portfolio, create synergies between projects and maximise overall value for SEEIT.

While the prevailing market environment can present some interesting opportunities, the Investment Manager remains selective in making new investments, with a very small percentage making it to the stage of Investment Committee review. A significant proportion of the Investment Manager's focus is currently on evaluating initiatives within the portfolio to optimise assets and unlock additional value within individual projects.

Organic growth of the existing SEEIT portfolio currently comprises over 70% of near-term pipeline by value through follow-on opportunities, often at attractive pre-agreed rates of return.

Further, the Company is reviewing a good pipeline of new investment opportunities, taking into account the higher discount rate environment and focusing on opportunities considered to be accretive to key portfolio metrics. While the Company remains flexible in terms of which technology to employ to address client needs and secure required investment returns, the Investment Manager seeks opportunities with competitive advantages and proprietary pipeline for the Company by investing in developers, managers or operators of energy efficiency projects, some of which involve newer, commercially proven technologies. Examples include rare-earth-free motors, liquid cooling for datacentres and, more recently, thermal storage.

The Investment Manager exercises robust pricing discipline when evaluating any opportunities within its target markets and geographies, preferring to make investments where it could add value and through a private or bilateral negotiation with a vendor, rather than through a competitive auction process competing on price alone.

Over the next 12 to 24 months, the Investment Manager expects that in excess of £200 million could be invested into organic opportunities, of which approximately £50 million is contractually committed and the remaining is at the discretion of the Investment Manager.

The organic pipeline includes several investment opportunities within the existing portfolio, which are expected to contribute positively to portfolio project valuations, such as:

- efficiency improvement projects at RED-Rochester, which contribute directly to increasing the project company's profit margin;
- further scaling of EVN as it continues to establish itself as one of the UK's largest EV charging developers; and
- continued rollout of solar and storage projects through Onyx, which benefits from the substantial policy tailwinds associated with the Inflation Reduction Act of 2022.

The Company is also evaluating two efficient heat project opportunities in Europe, utilising biogas technology and heat pumps.

Assuming that current market conditions remain such that the Company is not able to undertake an equity capital raise, the Investment Manager is confident it can source funding for these investments through a combination of current cash resources, existing acquisition facilities, investment disposals and co-investment opportunities.

Enhancing Returns Through Development and Construction-Stage Investments

While the Company invests predominantly in operational investments, SEEIT may invest in projects that are in a construction phase or development phase. The Investment Manager recognises the value potential inherent in construction and development-stage assets progressing through stages to become operational.

The Investment Manager is therefore pleased that during the year, multiple investments under construction became operational. These investments include the first six sites at EVN in the UK, energy-efficiency retrofits at Tallaght Hospital in Ireland and energy-efficient chillers at Lycra's facility in Singapore. At Red-Rochester, construction work commenced to replace chillers as well as a strategically important new CHP plant (see Section 2.4 Portfolio Summary for details). At 31 March 2023, the Company had c.17% of Gross Asset Value(APM) ("GAV") exposed to construction-stage projects, well below the 35% of GAV across both construction and development-stage projects allowed under its investment policy.

While construction phase investments offer opportunities for capital gains as well as income once they become operational, it is important that construction risks are managed. The Company has seen some construction delays during the year, notably in Onyx, but continues to manage those situations so that the investments become operational as close as possible to budget and expected timelines. The Huntsman Energy Centre, which had previously suffered from extensive delays, reached steam on date, the point at which it generates revenues, in June 2023.

Additionally, within the 35% of GAV that may be invested in construction and development-stage projects, the Company may invest up to 3% of GAV in companies that are developers, managers, or operators of energy efficiency projects. This offers the opportunity for capital gains but also the ability to access or secure pipeline for project investment, particularly where such companies are innovating in the context of a large total addressable market. Examples of such investments include Iceotope, which provides energy efficient cooling technology for datacentres; Turntide, which provides energy efficient and rare-earth-free motors; and, after the year end, a company which provides industrial scale thermal storage solutions. More information on these investments is in Section 2.4, Portfolio Summary.

Strategy in Relation to Disposals

The Company may choose not to exit certain investments until they reach the end of their contracted life. At this point, it may be possible for the Company to extend the life of the project, subject to contractual negotiations.

SEEIT will contemplate disposing of assets opportunistically or via targeted sales, in the near to medium term, where these deliver value to shareholders. Timing of such disposals will be partly driven by market conditions to achieve best outcomes for shareholders or in order to secure capital for potentially accretive investments. There may be instances where a portfolio project is of greater value to an external stakeholder than to the Company – for example due to synergies within the third-party's portfolio, or the ability of a third party to recognise enterprise value or upside potential earlier in the project's lifecycle.

The Company is investing in a sector for which there is an active secondary market, and the Investment Manager has received inbound interest in respect of the disposal of certain assets within SEEIT's portfolio. These enquiries are evaluated on a case-by-case basis to determine whether pursuing an early exit would be in the best interests of shareholders.

Capital Markets Day

On 14 March 2023 the Investment Manager hosted a Capital Markets Day for the Company at the London Stock Exchange. The Board and the Investment Manager were grateful for the support for the event, with over 250 in-person and virtual attendees, made up of institutional investors and analysts.

The event consisted of a video interview with International Energy Agency (IEA) Executive Director Fatih Birol. This was followed by four panel discussions, each based around one of the Company's larger groups of investments – Onyx Renewable Partners, Oliva Spanish Cogeneration, Primary Energy and RED-Rochester. A video about the investment preceded each panel, which comprised footage of the sites in operation, with commentary from key senior managers from the relevant project companies.

A full video recording of the event, as well as the separate video interview and the investment introduction videos, can be found on the SEEIT website.

Outlook

SEEIT's portfolio has grown significantly since IPO and continues to deliver diversified income and growth opportunities from a combination of follow-on investments.

The Investment Manager is seeking opportunities to improve returns and achieve capital gains from operational projects while looking to mitigate any potential downsides. Some of these opportunities have already been included in the valuation of underlying projects. A selection of other opportunities identified and described further in Section 2.4 Portfolio Summary could seek to offset adverse value impacts experienced in this financial year.

Energy efficiency has significant potential as a solution to economic, climate and energy security challenges. Reducing energy usage and energy waste is as valuable as ever, providing new opportunities for the Company and its portfolio.

The Investment Manager is seeking opportunities to improve returns and achieve capital gains from operational projects while looking to mitigate any potential downsides. A selection of these opportunities is described further in Section 2.4, Portfolio Summary.

The Investment Manager continues to assess potential investment opportunities with a focus on operational and follow-on investments, in addition to more limited investments in the development or construction phase.

Against an outlook of heightened risks to energy prices, energy security and decarbonisation, energy efficiency has a crucial role to play, with the potential to offer large-scale, proven, rapid and cost-effective solutions. The Investment Manager believes that SEEIT is well placed to continue to perform, deliver on its investment objectives and remain a leader in energy efficiency investment.

2.3 Financial Review and Valuation Update

Financial Performance

The Company's investment strategy and the Investment Manager's focus on asset management helped manage downside risks and target value accretive opportunities during the year, notwithstanding market volatility. Efficient financial management, including the focus on treasury management described further below, helped maintain consistent dividend cover and allowed the Company to capitalise on new investment opportunities.

£(19)m

loss before tax reflects performance below management expectations, caused by the unrealised loss of £81 million from increased discount rates and specific portfolio adjustments (March 2022: £80 million profit).

£85m

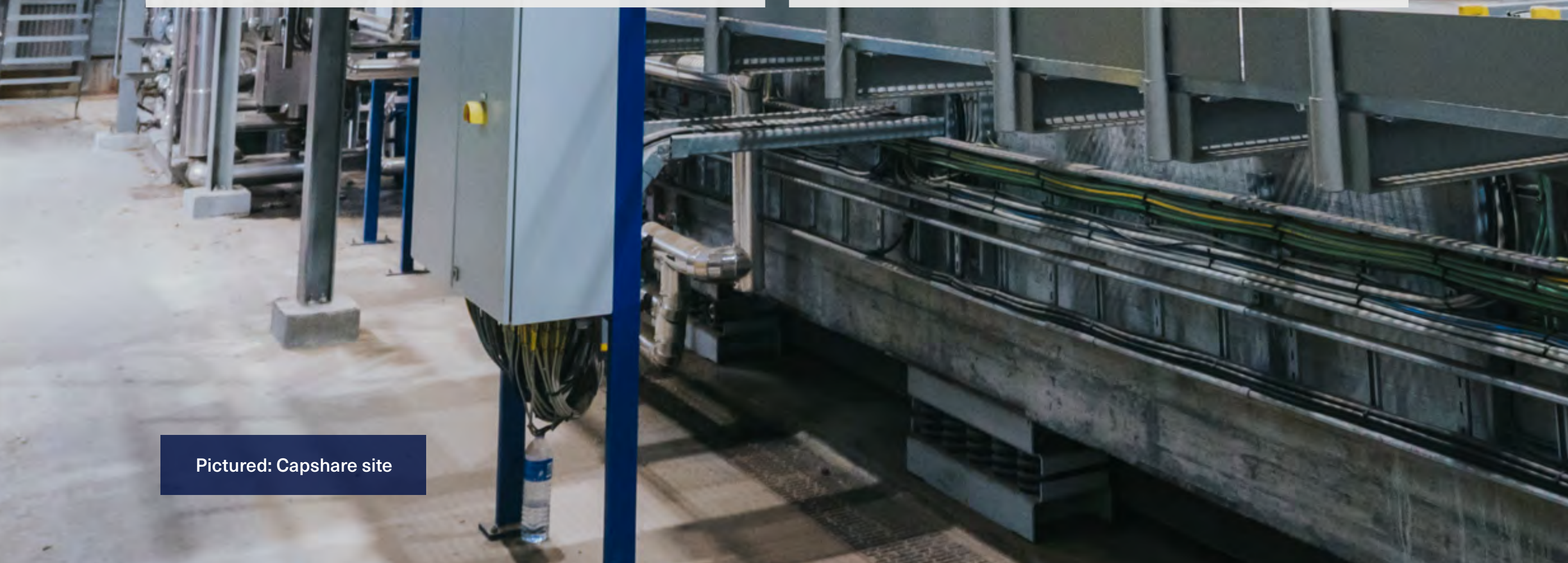
Investment cash inflow from the portfolio(APM), up 31% on a portfolio basis(APM) (2022: £65 million), providing 1.2x dividend cash cover(APM)

£135m

capital raised in September 2022 – accretive to NAV, adding 0.7 pence.

(1.8)p

loss per share, comprising income components of 5.5 pence, made up from inflation increases, FX gain and portfolio performance, less capital component of 7.3 pence, made up of discount rate movements.



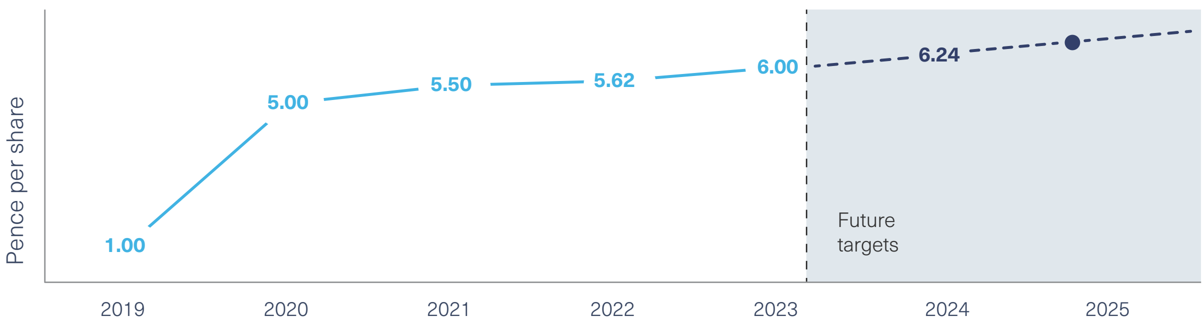
Pictured: Capshare site

Dividends

The Company paid a total of £62 million in dividends to shareholders during the year. This included the last quarterly dividend for the year ended 31 March 2022, and the first three quarterly dividends for the year ended 31 March 2023. The Company has declared the fourth quarterly dividend for the year ended 31 March 2023, payable at the end of June 2023, thereby delivering the target of a 6.00 pence per share total dividend related to the year ended March 2023.

Based on the projected investment cashflows from the current portfolio prepared by the Investment Manager and approved by the Board, the Company announced new dividend guidance of 6.24p per share for the year to March 2024 and, as before, will target a progressive dividend growth thereafter. The Company intends to continue to pay interim dividends on a quarterly basis through four broadly equal instalments (in pence per share).

Dividend Growth



The Company paid a stub dividend of 1 pence per share for the four-month period between its IPO and March 2019. Thereafter, dividends reflect the full-year dividends paid or targeted in relation to each financial year.

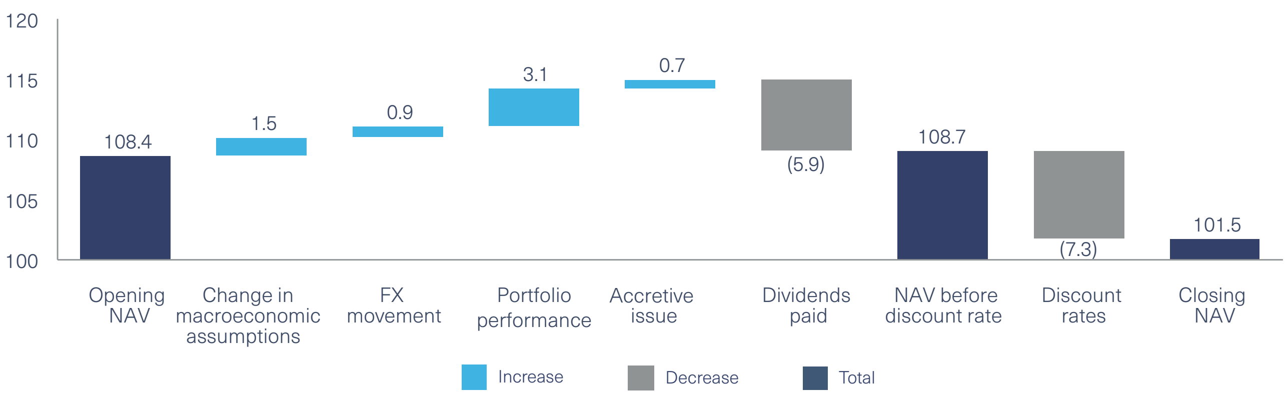
Analysis of Movement in NAV

During the year, the investment portfolio has seen benefits from net FX movements and high inflation levels. During the year, the performance of the operational assets in the underlying portfolio has generally been in line with expectations, apart from Oliva Spanish Generation (see 2.4 Portfolio Performance for additional information).

However there has been an overall increase in discount rates caused by global increases of risk-free interest rates. This has adversely impacted the discount rates of individual projects in the Company's investment portfolio, affecting the Company's financial performance and resulting in a decrease in the Company's overall NAV.

As of 31 March 2023, the NAV per share(APM) is 101.5p, a decrease of 6.9p from 108.4p at 31 March 2022. This decrease reflects the impact of increased discount rates (negative 7.3p) on Loss Per Share in the year offset by uplifts in macroeconomic assumptions related to inflation of 1.5p, FX movements of 0.9p, portfolio performance of 3.1p and accretive share issue of 0.7p – each of which is further described below.

Movement in NAV in the year (pence per share)



Portfolio Valuation(APM)

The Investment Manager is responsible for carrying out the fair market valuation of SEEIT's portfolio of investments (the "Portfolio Valuation"(APM)) which is presented to the Directors for their consideration and approval. A valuation is carried out on a six-monthly basis, as at 31 March and 30 September each year. The Portfolio Valuation(APM) is the key component in determining the Company's NAV.

The Company has a single investment in a directly and wholly owned holding company, SEEIT Holdco. It recognises this investment at fair value. To derive the fair value of SEEIT Holdco, the Company determines the fair value of investments held directly or indirectly by Holdco (the Portfolio Valuation(APM)) and adjusted for any other assets and liabilities. The valuation methodology applied by Holdco to determine the fair value of its investments is materially unchanged from the Company's IPO and has been applied consistently in each subsequent valuation. See Note 3 for further details on the valuation methodology and approach.

The Portfolio Valuation(APM) as at 31 March 2023 was £1,100 million, an increase of 20% compared with £913 million as at 31 March 2022. A reconciliation between the Portfolio Valuation(APM) at 31 March 2023 and Investment at fair value shown in the financial statements is given in Note 11.

After allowing for investments of £240 million (see Section 2.4, Portfolio Summary for more details) and cash receipts from investments of £85 million, the Rebased Portfolio Valuation(APM) is £1,069 million. After adjusting for changes in macroeconomic assumptions, foreign exchange movements and changes in discount rates, this resulted in a portfolio return of £49 million, equating to a 4.6% return in the year. The return was affected by a number of project specific valuation movements described under Balance of Portfolio Return below.

The Portfolio Valuation(APM) as at 31 March 2023 includes assumptions on future project level revenues that are both contracted and uncontracted (as at 31 March 2023). The definition of contracted revenues include:

- long-term fixed contracts
- rolling annual contracts (e.g. in Värtan Gas where the majority of customers have contracts that are rolled over automatically on an annual basis)
- contracts due to be recontracted in future, where there is a clear history of recontracting and the customer does not have another viable or contractual source of energy (e.g. extension of existing contracts in Red-Rochester and Primary Energy)

The uncontracted revenues typically relate to where assumptions have been made for:

- expansion of developer platforms (e.g., future C&I solar portfolios developed by Onyx)
- growth assumptions based on existing contracts (e.g., Red-Rochester where revenue growth is assumed from successful delivery of value accretive capital expansion and addition of new customers), and
- contract life extensions where the customer can be considered to have a viable alternative source of energy at the end of the existing contract (e.g., UU Solar and Onyx where it is assumed that the customer will seek an extension for a few years instead of decommissioning)
- ancillary revenues that are considered side products of primary revenues in certain projects (e.g., olive oil sales at Oliva Spanish Cogeneration and merchant revenues from excess capacity at UU Solar).

Based on the above characteristics, as at 31 March 2023, 79% (March 2022: 76%) of the Portfolio Valuation(APM) by value is considered to be contracted and 21% (March 2022: 24%) is considered to be uncontracted.

Furthermore , based on the assumed cash flows in the March 2023 Portfolio Valuation(APM), approximately 73% (March 2022: 77%) of portfolio revenues (contracted and uncontracted as described above) are linked to contracts with availability-based, regulated or pre-determined revenue characteristics, with a further 19% (March 2022: 18%) of portfolio revenues having capacity-based characteristics where there is typically a right of first dispatch, whereby an offtaker agrees to pay for a volume of output to the extent that it has demand for it.

The analysis above is based on the revenue projections included in the March 2023 Portfolio Valuation(APM) and excludes costs and terminal value assumptions.

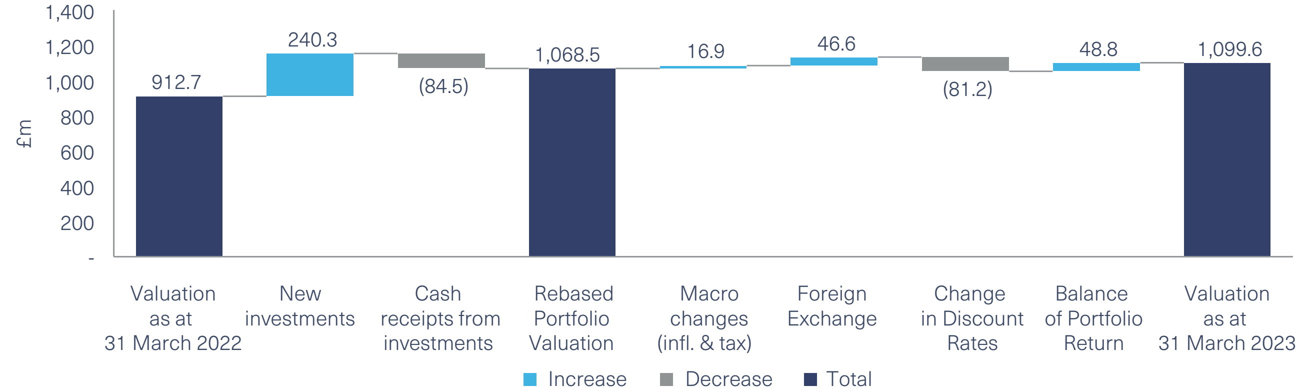
The weighted average remaining life of investments as 31 March 2023 is 15.9 years (March 2022: 14.8 years), when calculated purely on when current contracts end. When based on the March 2023 Portfolio Valuation(APM), which includes recontracting and contract life extensions, the weighted average remaining life is 28.0 years (March 2022: 21.7 years).

Further information on key assets and potential future valuation movements can be found in Section 2.4 Portfolio Summary and Note 3.

Valuation Movements

A breakdown of the movement in the Portfolio Valuation(APM) in the year is illustrated in the chart and set out in the table below.

12 month Valuation movement



Return from the Portfolio off the Rebased Portfolio Valuation(APM)

Each movement between the Rebased Portfolio Valuation(APM) of £1,069 million and the 31 March 2023 valuation of £1,100 million is considered in turn below:

(i) Changes in Macroeconomic Assumptions of £16.9 million:

- **Inflation assumptions:** consistent with March 2022, the approach in all jurisdictions is to apply a three-year near-term bridge to the relevant long-term inflation assumption. Given the rises in global inflation in the last 12 months, this has resulted in an uplift in the valuation due to high near-term inflation, compared with the assumptions applied for the March 2022 valuation or at the time of investments during the year.
- **Tax rate assumptions:** there were no changes to corporation tax rate assumptions during the year.
- Further details on the macroeconomic assumptions applied to the 31 March 2023 valuation and comparison to previous periods can be found in Note 3.

(ii) Changes in Foreign Exchange Rates of £46.6 million (before hedging):

- The investment portfolio gained £46.6 million during the year from movements in foreign exchange rates, driven by the movement of GBP against the US dollar, Euro, Singapore dollar and Swedish krona since 31 March 2022 or since new investments were made in the year. The most significant impact was due to the GBP's weakening against the US dollar, which had a pronounced effect on portfolio valuations as SEEIT has a significant portfolio exposure to the USA.
- However, it is important to note that this only reflects the movement in underlying investment values, and it does not take into account the offsetting effect of foreign exchange hedging that SEEIT Holdco applies outside of the Portfolio Valuation(APM).
- SEEIT Holdco experienced an aggregate loss of £36.3 million due to foreign exchange hedging. The overall foreign exchange movements did not have a significant impact on NAV during the year, resulting in a net gain of £10.3 million from foreign exchange movement.

(iii) Changes in Valuation Discount Rates of £(81.2) million:

- The discount rate used for valuing each investment represents an assessment of the rate of return at which infrastructure investments with similar risk profiles would trade on the open market.
- During the year, and in particular since early September 2022, there were significant increases in interest rates globally, including in SEEIT's key geographical areas. This has stemmed from geopolitical uncertainties and a high inflationary environment due, in part, to high energy costs. This has led to an increase in discount rates across the whole investment portfolio that in aggregate resulted in a decrease in the Portfolio Valuation(APM) of £81.2 million
- Since September 2022 there has been very little market activity to help set benchmarks for appropriate discount rates for the investments in the Portfolio Valuation(APM).

- The Investment Manager considered it necessary to apply a significant increase to discount rates, and having assessed geographical areas as a whole and each project individually, has applied discount rate increases that increased the weighted average discount rate by approximately 70bps to 7.7% on an unlevered basis (March 2022: 7.0%) and 8.5% on a levered basis (March 2022: 8.0%).
- For the valuation as at 31 March 2023, the Directors commissioned a report from a third-party valuation expert to provide their assessment of the appropriate discount rate range for each investment (excluding small investments with an aggregate value of less than 2% of the Portfolio Valuation (APM)) in order to further benchmark the valuation prepared by the Investment Manager. The discount rate applied to each investment by the Investment Manager were within the ranges advised by the third-party valuation expert.

Weighted average discount rate as at March 2023 (compared to March 2022)

Levered/unlevered	UK	US	Europe/Asia	Combined
Levered	7.1% (6.7%)	8.9% (8.3%)	8.4% (7.5%)	8.5% (8.0%)
Unlevered	7.1% (6.7%)	7.9% (7.2%)	7.4% (6.5%)	7.7% (7.0%)

Discount rate ranges (unlevered) as at March 2023 (compared to March 2022)

UK	US	Europe/Asia	Combined
4.75% - 8.75% (4.0% - 8.0%)	6.50% - 9.00% (5.2% - 10.0%)	4.75% - 10.25% (4.6% - 10.0%)	4.75% - 10.25% (4.0% - 10.0%)

(iv) Balance of Portfolio Return of £48.8 million:

- This refers to the balance of valuation movements in the year (excluding (i) to (iii) above), which provided an uplift of £48.8 million. The balance of portfolio return reflects the net present value of the cashflows unwinding over the year at the average prevailing portfolio discount rate, and various additional valuation adjustments described below. The portfolio delivered a return of c.5% in the year, lower than expected with details on key movements described below.
- The Portfolio Valuation(APM) as at 31 March 2023, and by implication the return achieved over the year, includes several key estimates and judgements of future cash flows expected from different investments. In addition, specific adjustments were required for events during the year that affected the actual outcome from certain investments.
- The key estimates, judgements and adjustments described below summarise those that have had a material impact on the March 2023 Portfolio Valuation(APM) and therefore the Company's NAV, defined for the purpose of this section as having a 1% impact or higher. The below movements are all between c. 1% and c. 3% of NAV:

Primary Energy

- Estimates of medium to long-term energy demand expected at PCI in the Primary Energy portfolio has been lowered materially, resulting in an adverse impact on the valuation of c. £16m.

RED-Rochester

- The projected growth of earnings is assumed to deliver a business capable of continuing to serve customers at the Eastman Business Park for a further 20 years beyond the lifetime previously assumed. As a result, estimates have been included, based on the assumed projected growth of earnings, that a gain share pay-out will be made to the external asset management team tasked with delivering the growth. The net positive impact of these is estimated at c. £30 million.
- Assumptions for operating costs over the life of the investment have been increased, including labour costs, chemical costs and maintenance costs. This has had an adverse impact of c. £24 million.
- Changes in the assumed future commodity pricing affecting both revenues and costs had a favourable impact of c. £17 million. In addition, due to changes in the expected energy demands of customers in the future and the increasing importance of providing electrical loads, the methodology for calculating power pricing has been updated to more closely align to current market pricing. A third-party power curve is now the basis of electricity pricing and this has had a positive impact of c. £12 million.

Onyx

- Based on the number of underlying assets that reached completion during 2022 and a revised target set for asset completions in 2023 and 2024 caused by operational delays, there is a reduction in value of c. £16 million in the construction portfolio (Obsidian II) of Onyx, after taking into account positive impact from the Inflation Reduction Act.
- An estimate has been included that assumes Onyx continues to deliver annual portfolios of C&I solar assets until the end of 2029 (previously 2026) with no terminal value thereafter for the development platform, which has positively impacted the valuation of the development platform of Onyx by c. £30 million. This is further substantiated through the acquisition after 31 March 2023 of the remaining 50% stake of the development platform as described in Note 18.

Oliva Spanish Cogeneration

- Following a long delay, in late 2022 and early 2023 the Spanish government published regulatory updates to the RoRi (incentive scheme to provide a return on operations and investments) for 2021 and the first half of 2022. The updates were below expectations and caused an adverse one-off impact of c. £21 million to the actual outcome of Oliva for 2022 and the expected outcome for 2023.
- The lack of RoRi updates and highly volatile commodity markets in 2022 resulted in a utilisation of the plants well below expectations, especially in the second half of 2022 – this had an adverse one-off impact of over £10 million to the actual outcome of Oliva for 2022.

Värtan Gas

- The periodic regulatory update relevant to Värtan Gas changed both the WACC and RAB used in calculating the value of the regulated investment, causing an adverse impact on the valuation of c. £17 million. There is no impact on medium term cashflows stemming from this update as the forecast revenues at Värtan remain comfortably below the allowed revenue cap. The valuation impact is primarily driven by the impact on the assumed terminal value which is calculated as a multiple of the RAB in line with broader market practice.
- Using third-party advice, long term assumptions on the rate of growth assumed for the use of biogas in the Stockholm transport industry have been revised downwards in the Värtan Gas investment by c. £11 million, although partially offset by assumed growth in revenues generated from restaurants of c. £2 million.

Other

- The availability of group relief for UK corporation tax has increased during the year, resulting in a positive impact on the Portfolio Valuation(APM) as a whole of c. £13 million.
- A provision of c. £13 million has been included for the recoverability of a loan to FES Lighting while it is undergoing a comprehensive review of its sales strategy, led by the Investment Manager.

Additional information and sensitivities are disclosed in the critical estimates and judgements section of Note 3.

Valuation movements during the year to 31 March 2023 (£'m)

Portfolio Valuation - 31 March 2022		**912.7**	
New investments	240.3		
Cash receipts from investments	(84.5)		
		155.8	
Rebased Portfolio Valuation		**1,068.5**	
Changes in macroeconomic assumptions	16.9		1.6%
Changes in foreign exchange	46.6		4.4%
Change in Discount Rates	(81.2)		(7.6%)
Balance of Portfolio Return	48.8		4.6%
		31.1	
Valuation as at 31 March 2023		**1,099.6**	

Financial information

As described in detail in Note 2, the Company meets the conditions of being an Investment Entity in accordance with IFRS 10. This report is prepared on a consistent basis to previous reports whereby the IFRS 10 Investment Entity exemption is applied to the financial statements.

To provide shareholders with more transparency into the Company's capacity for investment, ability to make distributions, operating costs and gearing(APM) levels, results have been reported in the pro forma tables below on a non-statutory "portfolio basis"(APM), as it has been done in previous years, to include the impact if SEEIT Holdco were to be consolidated by the Company on a line-by-line basis.

The Directors consider the non-statutory portfolio basis(APM) to be a more helpful basis for users of the accounts to understand the performance and position of the Company. This is because key balances such as cash and debt balances carried in Holdco and all expenses incurred in Holdco, including debt financing costs, are shown in full rather than being netted off.

The impact of including Holdco is shown in the Holdco reallocation column in the Income Statement and Balance Sheet, which reconciles back to the statutory financial statements ("IFRS") and constitutes a reallocation between line items rather than affecting NAV and Earnings. In the Cashflow statement the Holdco reallocation column simply represents the net difference between the portfolio basis(APM) and IFRS for movements that may occur only in Holdco or only in the Company.

NAV per share(APM) and Earnings per share are the same under the portfolio basis(APM) and the IFRS basis.

Summary Financial Statements

Portfolio Basis Summary Income Statement

	12 Month period to 31 March 2023			12 Month period to 31 March 2022		
£ million	Portfolio Basis	Holdco reallocation	IFRS (Company)	Portfolio Basis	Holdco reallocation	IFRS (Company)
Total (loss)/income	(1.8)	(4.8)	(6.6)	92.5	(3.8)	88.8
Expenses & Finance Costs	(16.7)	4.7	(12.0)	(12.7)	(3.7)	(9.0)
Profit/(loss) before Tax	**(18.5)**	**(0.1)**	**(18.6)**	**79.8**	**–**	**79.8**
Tax	**(0.1)**	**0.1**	**–**	**–**	**–**	**–**
(Loss)/Earnings	**(18.6)**	**–**	**(18.6)**	**79.8**	**–**	**79.8**
(Loss)/Earnings per share (pence)	**(1.8)**	**–**	**(1.8)**	**10.0**	**–**	**10.0**

Portfolio Basis Balance Sheet

	31 March 2023			31 March 2022		
£ million	Portfolio Basis	Holdco reallocation	IFRS (Company)	Portfolio Basis	Holdco reallocation	IFRS (Company)
Investments at fair value	1,099.6	28.3	1,127.8	912.7	15.5	928.2
Working capital	(39.9)	37.2	(2.7)	(10.6)	9.4	(1.2)
Debt	–	–	–	–	–	–
Net cash	65.7	(65.4)	0.3	170.9	(24.9)	146.1
Net assets attributable to Ordinary Shares	**1,125.4**	**-**	**1,125.4**	**1,073.1**	**–**	**1,073.1**
NAV per share (pence)	**101.5**	**–**	**101.5**	**108.4**	**–**	**108.4**

- Total income: Income at the Company level is the income it receives from Holdco which contrasts to Portfolio Basis where the income is received from the portfolio assets.
- Expenses & finance costs: Investment transaction costs are incurred at Holdco only and therefore not included in the Company Income Statement.
- Investment at fair value: Company valuation excludes Holdco's other net assets (see note 11 for detailed reconciliation).
- Working Capital and cash: Holdco working capital includes a large payable to a FX hedging counterparty.

Treasury Management

Cash cover(APM) for dividends paid

The financial year saw cash inflow from investments (on a portfolio basis(APM)) of £84.5 million, an increase of circa 30% from the previous year's £64.7 million. After allowing for fund level costs of £13.5m (March 2022: £10.8m), this enabled the Company to cover its cash dividends of £62 million by 1.2 times, maintaining the same level as the previous year. The Company's average cash cover(APM) is around 1.3x since its IPO to date, and the Investment Manager is targeting to grow the near to medium-term levels to above the historic average.

Maintaining these levels of cash cover(APM) has resulted in cumulative excess cash cover(APM) of c. £29 million since IPO, demonstrating the consistent nature of the income from the underlying assets in the portfolio, as well as the ability of the portfolio to generate excess cash that can be reinvested for an accretive return. Post year end, the surplus cash has assisted the Company with its programme of share buybacks.

Liquidity and The Company's Hedging Strategy

The Investment Manager has been proactive in ensuring significant liquidity headroom to meet existing investment commitments and capitalise on emerging opportunities in both organic and inorganic pipelines.

The heightened volatility in foreign exchange markets has increased the need for available liquidity to cover cash collateral requirements and mark-to-market losses associated with foreign exchange trades. In the year, due to sudden sharp movements in GBP/USD, the highest amount reached for cash collateral posted was £56 million. As at 31 March 2023, the amount outstanding for cash collateral was nil.

To further manage liquidity risk, the Investment Manager has taken measures to increase cash collateral thresholds and diversify its exposure across multiple hedge counterparties. This approach has significantly reduced Holdco's liquidity risk, ensuring that Holdco and the Company maintained ample liquidity levels throughout and beyond the reporting period.

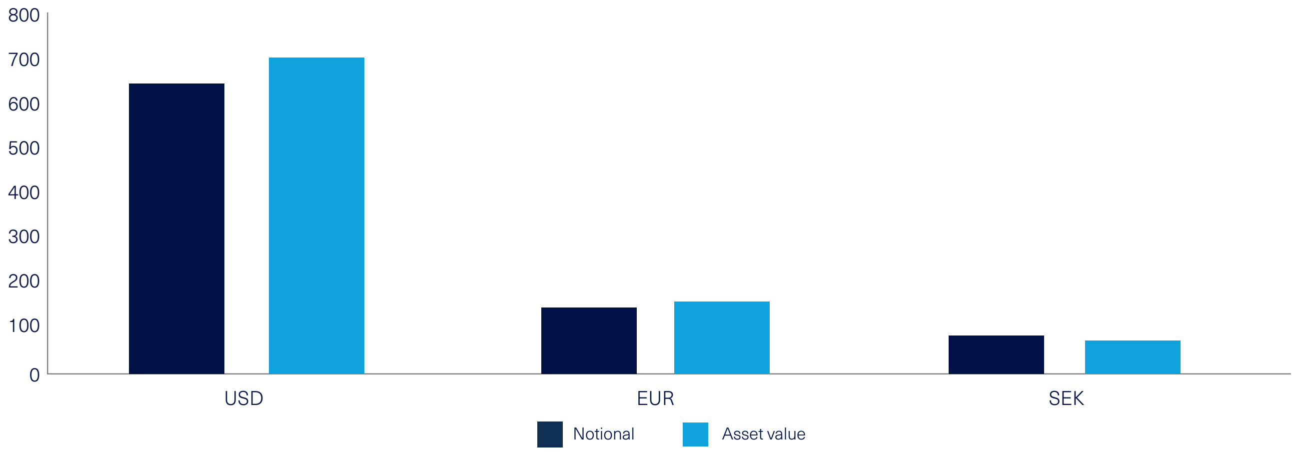
The Company's hedging strategy is executed at the level of Holdco, so the Company itself is only indirectly exposed to foreign exchange movements. The objective of the Company's hedging strategy is to protect the value of both near-term income and capital elements of the portfolio from a material impact on NAV arising from movements in foreign exchange rates.

This is achieved on an income basis by hedging forecast investment income from non-sterling investments for up to 24 months through foreign exchange forward sales. On a capital basis, it is achieved by hedging a significant portion of the portfolio value through rolling foreign exchange forward sales. The Investment Manager also seeks to utilise corporate debt facilities in the local currency to reduce foreign exchange exposure.

As part of the Company's hedging strategy, the Investment Manager regularly reviews the non-sterling exposure in the portfolio and adjusts the hedging levels accordingly while considering the cost-benefit of the hedging activity. The hedging strategy also involves ensuring regular calculation of sufficient cash headroom, so as to meet potential liquidity requirements imposed by hedging counterparties during periods of volatility that may adversely affect the Company.

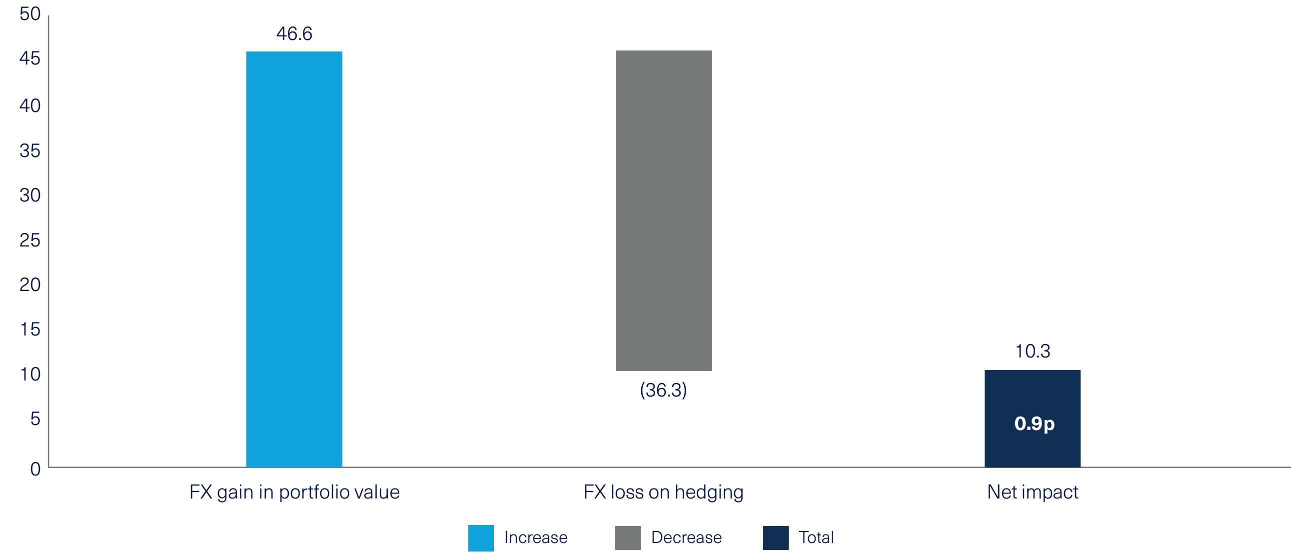
As demonstrated on the next page, the portfolio has a substantial exposure to non-GBP assets. In the execution of hedging strategy, the Investment Manager has chosen to retain high levels of hedging during the year, typically ranging between 90-100% of the value of the underlying non-GBP investments.

FX Hedging position (local currency) as at 31 March 2023



During the year marked by sharp fluctuations in GBP/USD and the USD's strengthening, the increase in portfolio value attributed to foreign exchange was mostly negated by the hedging's foreign exchange loss. Consequently, the impact on the Net Asset Value(APM) due to currency exchange was limited to £10.3 million (0.9p/share), which equates to less than 1% of NAV.

Impact on NAV arising from FX (£'m) in FY23



Following an assessment of liquidity risk and medium-term projections, the Investment Manager has concluded that SEEIT Holdco should lower its current hedging level and focus on hedging 75% to 90% of its non-GBP assets going forward. This target range remains within the parameters previously agreed with the Directors through the Company's Treasury Policy, thus the overall hedging strategy and objective are unchanged from before. This move is expected to result in reduced liquidity risks and increased cash and RCF availability, enabling the Investment Manager to invest in new and existing projects accretive to the Company's total return prospects without the need for higher levels of cash/RCF buffers for hedging commitments.

Revolving Credit Facility

The Investment Manager periodically considers refinancing options aligned to the pipeline of new and existing investments. During the year SEEIT Holdco increased its RCF by £35 million to £180 million, through a partial exercising of the accordion option. At 31 March 2023 the RCF was undrawn.

Ongoing Charges

The Portfolio's ongoing charges ratio(APM) remained in line with before at 1.02% (March 2022: 1.00%), the marginal increase stemming predominantly from the impact of increased discount rates and the associated adverse impact on NAV as described elsewhere in this section.

Ongoing charges, in accordance with AIC guidance, are defined as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted net asset value in the year). Ongoing Charges percentage has been calculated on the portfolio basis(APM) to take into consideration the expenses of the Company and Holdco.

Portfolio Basis Cash Flow Statement

	31 March 2023			31 March 2022		
£ millions	Portfolio Basis	Holdco reallocation	IFRS (Company)	Portfolio Basis	Holdco	IFRS (Company)
Cash from investments	85.1	(0.3)	84.8	64.7	(11.7)	53.0
Operating and finance costs outflow	(13.1)	3.1	(10.0)	(11.8)	2.9	(8.9)
Net cash inflow before capital movements	**72.0**	**2.8**	**74.8**	**52.9**	**(8.8)**	**44.1**
Cost of new investments including acquisition costs	(240.2)	(52.2)	(292.4)	(304.9)	(14.9)	(319.8)
Share capital raised net of costs	132.6	–	132.6	343.9	–	343.9
Movement in borrowings	29.6	(29.6)	–	(1.7)	1.7	–
Movement in capitalised debt costs and FX hedging	(37.3)	38.5	1.2	(1.3)	1.3	–
Dividends paid	(62.0)	–	(62.0)	(44.2)	–	(44.2)
Movement in the period	(105.3)	(40.5)	(145.8)	44.7	(20.7)	24.0
Net cash at start of the period	170.9	(24.9)	146.1	126.2	(4.1)	122.1
Net cash at end of the period	**65.6**	**(65.3)**	**0.3**	**170.9**	**(24.9)**	**146.1**

Investment cash inflows from the portfolio(APM) on a Portfolio Basis were £85.1 million (2021: £64.7 million), includes £84.5 million cash from portfolio investments plus other interest income.

The total cost of investments by the SEEIT group on a portfolio basis(APM) was £240.2 million (March 2022: £304.9 million), including a further £119 million invested as follow-on in existing investments and transaction costs (transaction costs are included at Holdco and not included in the Company Income Statement). Further details can be found in Section 2.4, Portfolio Summary.

Going Concern

The Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details of the processes carried by the Company in determining that the going concern basis continues to be appropriate including the upcoming continuation vote, can be found in Section 4.3, Report of the Directors and Note 2.

2.4 Portfolio Summary

Investment Update

During the financial year, SEEIT successfully invested c.£240 million in six new and seven follow-on investments and commitments. A further c.£30 million has been invested since 31 March 2023 into two new and four follow-on investments and commitments.

The Investment Manager has actively sought to make investments in a wider range of technological solutions for energy efficiency. For example, since 31 March 2022, SEEIT has made investments focused on supply and distribution and demand reduction involving:

- geothermal power and heating;
- energy-efficient motors, free of rare earth minerals;
- datacentre liquid cooling; and
- behind-the-meter solar PV, wind and hydropower.

Inorganic Investments Made During the Year

	Project	Description	Investment/ commitment date	Location	Investment/ commitment amount
Sweden	Baseload	Convertible debt investment into a portfolio of small-scale geothermal projects that utilise existing heat sources.	May 2022	Sweden	c.£4m[6]
USA	Turntide	Energy-efficient variable-speed motor systems technology that reduces carbon emissions, providing energy cost savings to various industries without incorporating environmentally damaging rare earth minerals used in alternatives.	May 2022	USA	c.£8m
UK	Iceotope	Data centre immersion cooling technology providing significant reduction in energy usage and associated CO_2 emissions versus traditional air-cooling technology.	June 2022	UK	c.£3m
UK	UU Solar	Portfolio of predominantly solar PV assets, providing renewable energy generated on site directly to the end user across North West England.	July 2022	UK	c.£100m
USA	On.Energy	Investment in battery energy storage systems ("BESS") and microgrids solutions provider, focusing on delivering long-term, on-site "energy storage as a service" projects.	August 2022	USA	c.£4m[7]
USA	Bloc Power	Energy efficiency solutions, including heat pumps, LED lighting, solar PV, battery storage, etc, for small and medium-sized enterprises and low-to-moderate income communities in New York State.	November 2022	USA	c.£0.2m[8]

6 A total commitment of c.£21m (€25m), of which c.£4m had been deployed by 31 March 2023

7 A total commitment of up to c.£9m (US$10m), of which c.£4m had been deployed by 31 March 2023

8 A total commitment of c.£6m ($8m), of which c.£0.2m had been deployed by 31 March 2023

2.4 Portfolio Summary
continued

Organic Investment Activity During the Year

Project	Location	Investment/ commitment amount
Biotown	USA	c.£1m
Onyx	USA	c.£50m
Spark US Energy Efficiency II	USA	c.£13m
Tallaght Hospital	Ireland	c.£4m[9]
EV Network	UK	c.£23m
FES Lighting	USA	c.£6m
Lycra	Asia	c.£3m
RED-Rochester	USA	c.£16m

Investment Activity Since Year End

Project	Investment Date	Type	Location	Investment/ Commitment Amount
Onyx Development Platform – remaining 50% interest	June 2023	Follow-on	USA	c.£4m[10]
CPP Biomass	June 2023	Inorganic	USA	c.£1m
Thermal energy storage company	June 2023	Inorganic	USA	c.£2m
Spark US Energy Efficiency	Various	Follow-on	USA	c.£7m
RED-Rochester	Various	Follow-on	USA	c.£12m
Onyx	Various	Follow-on	USA	c.£1m
FES Lighting	Various	Follow-on	USA	c.£2m

9 A total commitment of up to c.£6m (€6m), of which c.£4m had been deployed by 31 March 2023

10 £4m ($5m) upfront consideration, plus performance related contingent deferred consideration in future periods

Portfolio – Key Updates

Overview

Pictured: Oliva Spanish Cogeneration site

SEEIT has made several larger investments since listing, which form a foundation for overall portfolio cashflows as well as providing established platforms to generate growth opportunities. Some of these investments consist of a number of distinct individual projects and therefore 21 individual projects are represented by this section.

The largest six investments (consolidated) are diversified across the UK, North America and Europe and make up c.78% of SEEIT's total portfolio by value. A detailed summary of these investments and their performance during the year is outlined below.

In comparison to previous periods, this section increases the overall disclosure of SEEIT's key underlying portfolio investments, including the provision of specific project-level KPIs. The Board and the Investment Manager will continue to engage with the Company's shareholders and evaluate the benefits of increasing disclosure further in future.

For a more comprehensive understanding of these investments, Section 2.3, Financial Review and Valuation Movements, the principal risks in Section 3.2, Risk Management Framework and Note 3 in the financial statements provide further details.

The revenues referred to in this section describe the revenues that are assumed in the Portfolio Valuation(APM) and therefore includes both contracted and uncontracted revenues. This is explained further in Section 2.3, Financial Review and Valuation Update.

This section also highlights some of the upside opportunities, a number of which would require further upfront investment, that are being developed by the Investment Manager across the larger investments but not yet included in the March 2023 Portfolio Valuation(APM). These opportunities alone could potentially add over £150 million to the NAV over the next 2-5 years, although there can be no guarantee that this will be realised. In addition there is a pipeline of identified upside opportunities that are yet to be reliably quantified. As a result, the Investment Manager expects the NAV accretive opportunities to continue to develop over the next few years.

Data shown below in this Section 2.4, Portfolio Summary is as at 31 March 2023 unless otherwise stated.

RED-Rochester

One of the largest commercial district energy systems in North America

Investment Highlights

Investment type	Direct equity (100%)
Acquisition date	May 2021
Asset location	Rochester, NY
No. of projects	1
Project equity value and as a percentage of SEEIT's GAV	c.$314 million (c. GBP 254 million) (c.22%)
Project level debt	c.$75 million
Capacity	117MW
Technology	16 on-site services, primarily process/heating steam, electricity, and process/conditioning cooling
Forecast project life remaining	c. 40 years
Lifecycle stage	Operational[11]
Counterparties / offtakers	Over 115, including Eastman Kodak, Li-Cycle, Amazon, among others
O&M	RED-Rochester staff
Fuel supply	Natural gas supplied from Rochester Gas & Energy Corporation

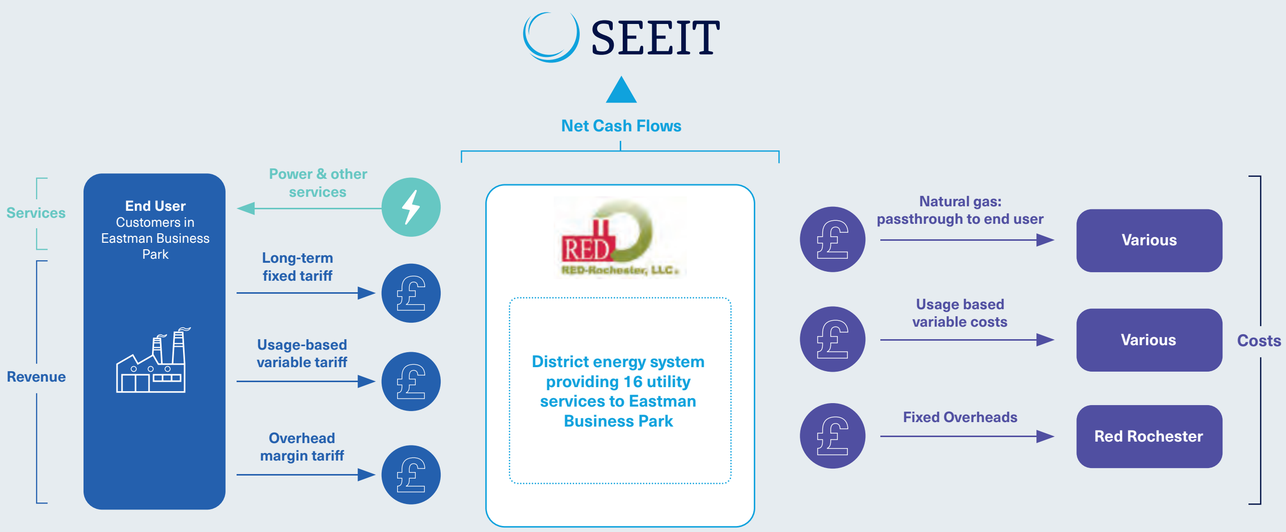
Investment

RED-Rochester is the exclusive provider of select utility services to customers within the Eastman Business Park ("EBP"), for which it has contractual and regulated utility-status franchise rights.

The asset provides 16 on-site services to customers that reduce customer energy demand compared with local utility and third-party service providers. These services include electricity, steam, chilled water, industrial wastewater treatment, compressed air, nitrogen, water treatment, industrial water and high-purity water distribution.

RED-Rochester provides SEEIT with a platform to grow the delivery of on-site energy efficient services to the local region, including the expansion of operations beyond the EBP to greater Rochester and the Northeast of the USA.

RED-Rochester Revenues and Cost Model



The project is underpinned by predominantly long-term contracted cashflows with positive inflation correlation. RED-Rochester has contracts with over 115 commercial and industrial customers on fixed terms under an approved tariff structure as follows:

- Customers typically sign a 20-year contract with no break clauses. Contract extensions are assumed in the March 2023 Portfolio Valuation(APM). Revenues are split:
  - **Fixed charge:** c.40% of revenues are generated from fixed fees paid, unrelated to demand or services procured.
  - **Capacity based charge:** c.50% of revenues are from a pre-determined tariff, based on the cost of delivery of the service and the customer's demand.
  - **Overhead:** c.10% of revenues are from a fixed mark-up for each customer on the total utility bill.

11 With opportunity to undertake construction/development stage accretive capital enhancements

Future cashflows are also assumed from growth opportunities, including the accretive capital enhancements such as the CHP plant described below that is expected to increase revenues in the future.

Investment Risks and Mitigants

Risk Type:	Description	Mitigation
Operational	Construction delays of capex projects, including the CHP plant.	The Investment Manager ensures that, where appropriate, project contracts include liquidated damages for delays should they overrun schedule. The schedules also assume a buffer for delays.
Credit	Default of counterparties.	By providing services to over 100 customers across the park, the credit risk is diversified. The Manager works with other stakeholders to ensure the creditworthiness of new customers does not degrade the overall credit profile. In addition, the fixed charge component of the tariff is joint and several between customers, thus limiting the impact of any potential default.
Operational	Demand risk resulting in the lower-than-expected variable tariff revenues.	Demand from the customers at RED-Rochester is relatively stable. The majority of the customers were deemed as "critical industry" during the Covid-19 pandemic period, with demand remaining in line with expectations. The diversification across 100 customers helps mitigate against individual customer demand volatility.

Project Key Performance Indicators (KPIs)

$14,628

EBITDA (US$ '000's)
Year to 31 December 2022[12]

7,005,222

MMBTUs[13] delivered to customers
Year to 31 December 2022

Value Accretion Potential

There are two potential sources of value accretion at RED-Rochester:

- Increasing Fixed Revenues: EBP is currently underutilised and has capacity to service more customers. As new tenants join EBP, RED-Rochester can benefit from increased profits from the additional fixed fee that each new customer will pay.
- Improving Efficiency: the variable charge is based on a baseline efficiency of the cost of delivering services. If RED-Rochester is able to improve the efficiency of its operations and reduce this cost, it is able to capture the financial benefit of this reduced cost.

There are several examples of upside opportunities at RED-Rochester that have not been reflected in its current valuation, but could provide additional value over the short to medium term, including:

Increasing Fixed Revenues:
Converting 5% higher new customers to the EBP above forecasted in the Portfolio Valuation(APM).

Estimated potential value uplift:	£10 million - £20 million
Time period:	2-4 years

Improving Efficiency:
CHP plant constructed on time and on budget (the Portfolio Valuation(APM) at 31 March 2023 applied a probability factor and higher discount rate for the construction activity).

Estimated potential value uplift:	£10 million - £15 million
Time period:	2-3 years

Investment in other energy efficiency projects that result in cost savings (the Portfolio Valuation(APM) at 31 March 2023 applied a probability factor and higher discount rate for the construction activity).

Estimated potential value uplift:	£5 million - £10 million
Time period:	1-3 years

Cost recovery of future fixed overheads based on management's planned actions over the medium-term.

Estimated potential value uplift:	£5 million - £10 million
Time period:	3-5 years

Investment Updates in the Year

The Investment Manager has progressed several growth initiatives that will support the operational and financial performance at RED-Rochester.

In July 2022, a three-year asset management agreement was signed with Ironclad for management oversight of the asset's administration, finance, operations and maintenance activities, as well as project management and execution of major accretive projects. As part of this agreement, the Investment Manager and Ironclad agreed on incentives aimed at growing RED-Rochester's EBITDA through marketing efforts to attract new customers and implement value-added projects.

The Investment Manager also completed negotiations to bring lithium-ion battery recycler Li-Cycle to the EBP, providing a new processing centre and warehousing multiple utility services.

Several capital projects were also approved in the year, including:

- a c. £7 million new chiller installation, for which construction commenced in 2022 and is expected to complete in 2024.
- a c. £69 million CHP plant (cogeneration turbine generator and heat recovery steam generator), for which construction commenced in 2023 and expected to complete in 2025.
- a c. £13 million investment to support Li-Cycle's new processing centre and warehouse, for which construction commenced in 2022 and is expected to complete in 2024.

Finally, the Investment Manager engaged with the RED-Rochester management team to strengthen governance and employment opportunities, including:

- The appointment of a new CEO to RED-Rochester to support business development at EBP and pursue new opportunities in district energy in the northeast USA.
- the creation of staffing and leadership succession plans to manage eventual staff changes and employee resource efficiency.
- the implementation of an internship programme to bring undergraduates and technical students to RED-Rochester and therefore support educational programmes, promote ESG community outreach and identify potential new hires.
- the hiring of additional managerial and technical staffing at the EBP wastewater treatment facility in order to improve environmental compliance.

EBITDA was c.11% below budget for the year to December 2022, primarily driven by some unplanned maintenance as well as higher than expected chemical costs, which could not be passed through during the period. This cost increase has been incorporated into the current valuation.

Additionally, the MMBTUs delivered were c.4% under budget, driven by lower heat demand due to a milder winter in Rochester. Slight weather adjusted fluctuations in output, both up and down, are to be expected over the long term.

12 Unaudited figures
13 Million British Thermal Units. This KPI represents annual heat demand from the customers.

Onyx Renewable Partners (“Onyx”)

C&I Solar and Storage Platform in the USA

Investment Highlights

Investment type	Direct equity (100% of operational assets, 50% JV in development platform)
Acquisition date	February 2021
Asset location	Currently operational in over 13 states in the USA
No. of projects	6
Project equity value and as a percentage of SEEIT's GAV	c.$200 million (c. GBP 161 million) - Onyx – SM III, Janus II, and CTAZ operational portfolios (c.3%) - Onyx – Obsidian I operational portfolio and Obsidian II construction/late-stage development portfolio (c.10%) - Onyx – Development Platform (c.2%)
Project level debt	c.$81 million
Capacity	72 MW operational
Technology	Solar and storage
Forecast project life remaining	c. 34 years
Lifecycle stage	Development, construction, operational
Counterparties / offtakers	Over 80 across operational and construction sites
O&M	Various
Fuel supply	N/A

Investment

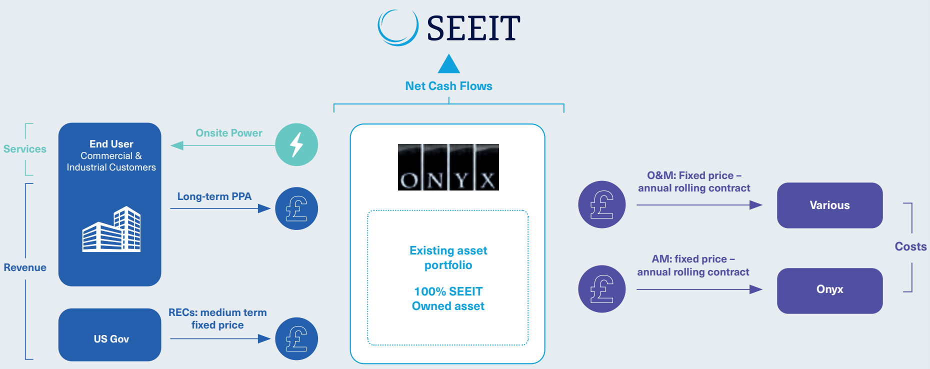
Onyx Renewable Partners is a large and established C&I solar and storage platform, with over 200 commercial and industrial customers across its operational, construction and development stage assets.

SEEIT's investment is structured as follows:

- 100% ownership of portfolios of projects that are operational (SMIII, Janus II, CTAZ, and Obsidian I, totalling 72MW) or in construction/ late-stage development (Obsidian II totalling 106MW).
- 50% ownership of the Onyx development platform with Blackstone, with SEEIT retaining the right to acquire pipeline projects at a pre-agreed price.

Onyx provides SEEIT with a well-established platform to expand its on-site solar and storage presence in North America. The investments have strong energy efficiency characteristics, increasing the supply of on-site renewable energy and helping to reduce greenhouse gas emissions from the supply, distribution and consumption of energy.

Onyx Portfolio Revenues and Cost Model



The 100% owned portfolio consists of operational, construction and late-stage development projects and makes up c.88% of the investment's value. The projects in the portfolio have the following revenue structure once they are operational:

- **Power Purchase Agreements (“PPAs”):** c.95% of asset revenues are generated from the end users. PPAs have fixed indexation and are typically 20 years (weighted average of c.18 years).
- **SRECs:** c.5% of asset revenues are generated from SRECs.

The valuation assumes that the current construction and development stage projects within this portfolio will become operational within a defined timeframe.

Onyx Developer Revenues and Cost Model

The Onyx development platform makes up c.12% of the total Onyx value and has the following revenue structure:

- **Asset Management fees:** c.52%, generated from AM fees charged by Onyx for managing operational portfolios.
- **EPC Development margin:** c.33%, achieved on commercial operation date for delivery of certain assets.
- **Asset sales:** c.15%, based on the net proceeds from the future sale of assets developed in the pipeline after the 130MW of 100% SEEIT-owned projects are constructed.

Investment Risks and Mitigants

Risk Type:	Description	Mitigation
Operational	Delay in the deployment of the short-term pipeline impacts the receipt of cashflows for the 100% owned assets as the valuation assumes them reaching commercial operations date ("COD") within a defined time period. Conversion of development pipeline to operational projects is less than projected.	The Investment Manager has been focused on accelerating the conversion of Onyx's pipeline by streamlining the development process and hiring key individuals. In addition, the pipeline has increased substantially so that, should some projects experience significant delays, other projects can make up the MW target.
Operational	Underperformance of operational projects.	Onyx minimises the potential of underperformance by building projects using tier 1 equipment with equipment warranties and using local subcontractors, with oversight, for O&M.
Operational	Supply chain issues/cost increases.	As projects are being developed, PPA pricing takes into account construction and operational costs identified at the time of signing. Additionally, recontracting opportunities exist to further enhance revenues to protect margins, if required.

Project Key Performance Indicators (KPIs)

14MW
New projects at COD
Year end 31 December 2022[14]

64,942
MWh produced (operational projects only)
Year end 31 December 2022

95%
Performance ratio[15]
Year end 31 December 2022

Value Accretion Potential

There are two potential sources of activity for value accretion:

- Increasing the pipeline of solar and storage projects in the Onyx development platform. This creates value uplift as follows:
  - The Onyx development platform valuation assumes a forecast level of MW under management over a period, with value created through cashflows from AM, EPC and Asset Sales. Increasing the MW in the pipeline increases the value of the platform.
- Improving the economics of new individual solar projects will create value for SEEIT given it has an option to acquire the projects at pre-agreed rates of return.

There are several examples of upside opportunities at Onyx that have not been reflected in SEEIT's valuation, but could provide additional value over the short to medium term, including:

A potential 10% increase in expected annual MW deployment in 2024 and 2025 would accelerate the receipt of cashflows for the 100% owned portfolio.

Estimated potential value uplift:	£5 million - £10 million
Time period:	3 years

In addition, the value of the Onyx development platform assumed a level of MW of projects developed per year and any increase in MW would increase the value of the platform.

Estimated potential value uplift:	£5 million - £10 million
Time period:	3+ years

Improved economics with the Inflation Reduction Act: this benefits the Onyx development platform as it improves the economics of any assets sales.

Estimated potential value uplift:	£2 million - £5 million
Time period:	3-5 years

14 Unaudited figures
15 MWh actual / MWh expected based on budget and available irradiance

Investment Updates in the Year

The Investment Manager has worked closely with the Onyx team to ensure that the investment has the right leadership and support to develop and convert its project opportunity pipeline. Specific actions included:

- The integration of a new CEO, who joined in January 2022 to oversee operations, asset management and business development.
- The expansion of the management team to enhance governance and leadership at Onyx, through the hiring of a Chief Commercial Officer and Executive Vice President, Operations.
- The reorganisation and prioritisation of business initiatives to drive improvements in portfolio operational performance, improve timely completion of development projects, and expand services and product offerings.

Additionally, the new management team is putting a focus on the business development strategy to expand beyond commercial and industrial solar and storage development. The Investment Manager continues to pursue new opportunities for behind-the-meter solar and storage development from Onyx's relationship network, as well as through the Company's portfolio through ongoing discussions at Primary Energy, RED-Rochester and FES Lighting.

The Company was also pleased, after year end, to acquire the remaining 50% interest in the Onyx Development Platform from Blackstone giving it 100% ownership of the entire Onyx Investment.

Annual delivery of projects to COD increased c.75% in the year to December 2022. However, this was under budget by c.74% due to continued supply chain issues relating to certain major components, partly resulting from lingering effects of Covid-19. Furthermore, permitting and inspection delays for construction activities have slowed the ability for projects to reach COD. In the short term, this has been mainly a timing issue rather than losing projects. As a result of positive changes in the business over the past year, management has brought a number of projects back on track and in the first quarter of 2023 Onyx achieved a new record for project PPAs signed since SEEIT's investment of 28MW.

Certain one-off maintenance issues with the operational projects resulted in c.5% lower production and performance than budgeted for the period. These issues are in the process of being resolved by the Onyx management team and are not expected to materially affect production going forward.

Primary Energy

Portfolio of on-site waste recycling cogeneration units, servicing the largest steel blast furnace in the USA

Investment Highlights

Investment type	Direct Equity (100% in four projects and 50% in one project)
Acquisition date	December 2019 (50%), December 2020 (15%), September 2021 (35%)
Asset location	Indiana, USA
No. of projects	5
Project equity value and as a percentage of SEEIT's GAV	c.$241 million (c. GBP 195 million) Consisting of: - Primary - Cokenergy (c.9%) - Primary - North Lake (c.4%) - Primary - Portside (c.2%) - Primary - Ironside (<1%) - Primary - PCI Associates (c.2%)
Project level debt	c.$180 million
Capacity	298MW
Technology	On-site cogeneration, waste heat recovery process efficiency
Forecast project life remaining	c. 32 years
Lifecycle stage	Operational
Counterparties / offtakers	Cleveland-Cliffs, US Steel ("USS")
O&M	Primary Energy, Cleveland-Cliffs, USA Steel
Fuel supply	Waste gases from CC; Natural gas supplied via CC

Investment

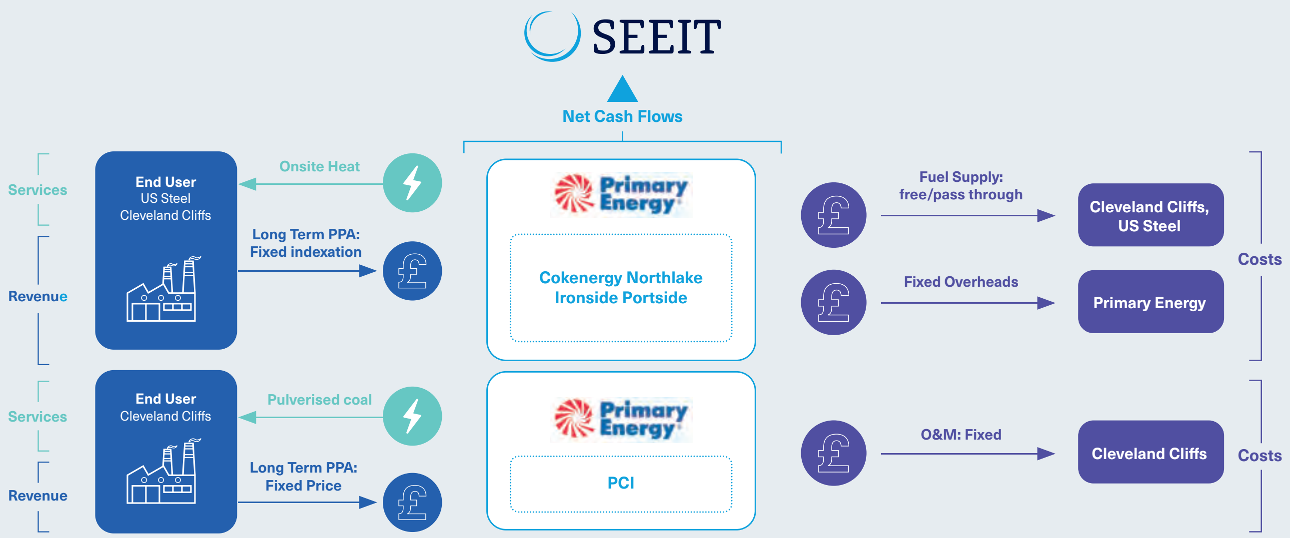
Primary Energy is a 298MW portfolio comprising three energy recycling projects, one natural gas-fired CHP project and a 50% interest in an industrial process efficiency project.

These projects are fully integrated into the operations of two steel mills in the USA, one owned by Cleveland-Cliffs ("CC") and the other by Midwest Steel, a subsidiary of United States Steel Corporation ("USS"). The projects provide services critical to the operations of the steel mills, including fuel handling and emissions control equipment. Primary Energy has overall responsibility for the O&M of the projects but uses line staff seconded from CC and USS under contracts for site operations.

Primary Energy generates energy for the blast furnaces at the steel mills through the recycling of waste gases, playing a crucial role in reducing harmful emissions such as CO_2 and SO_2, and in certain cases, serving as the sole source for emissions control equipment and fuel handling. Primary Energy also improves energy efficiency by bringing energy generation closer to the point of use and reducing heat wasted in the steel making process.

The projects qualify for RECs that, due to their efficiency and environmental impact, are equivalent to those generated by approximately 536MW of solar or 374MW of wind projects.

Primary Energy Revenues and Cost Model

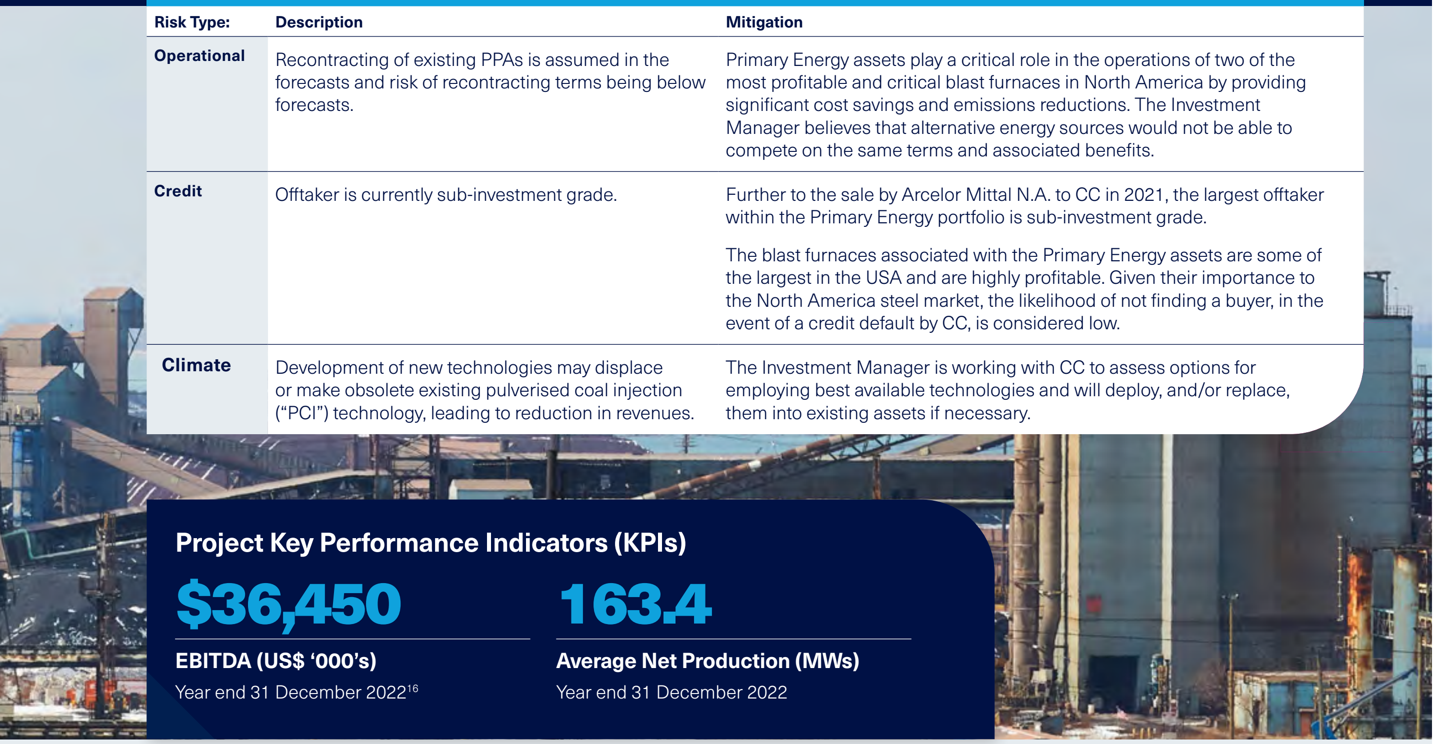


Approximately 83% of Primary Energy's revenues are derived from energy services to CC's Blast Furnace ("BF") #7 at Indiana Harbor Works, which is considered to be the largest and most competitive furnace facility of its kind in North America. The remaining revenues are derived from the Portside Project which services USS BF #14. Primary Energy's revenues are split in the following way between the five different projects:

- **Cokenergy (c.57% of revenues):** the project receives waste gas and converts to power and steam to sell to CC's BF #7 through a long-term PPA that is index linked. The revenues are protected from demand fluctuations through a true-up mechanism.
- **North Lake (c.19% of revenues):** the project receives waste gas steam and converts into power and steam and sells back to BF #7 through a long term PPA, which is index linked. The revenues are protected from demand fluctuations through a true-up mechanism.
- **PCI (c.7% of revenues):** the project is 50% owned with Cleveland Cliffs, the asset pulverises coal for steel production. Revenues are demand based.
- **Portside (c.17% of revenues):** the project's revenues generated through the sale of heat, power and softened water through a long-term PPA. Revenues are capacity based.
- **Renewable Energy Certificates ("RECs") (c.4% of revenues):** the RECs are generated by Cokenergy and North Lake and are sold in the open market.

Investment Risks and Mitigants

Risk Type:	Description	Mitigation
Operational	Recontracting of existing PPAs is assumed in the forecasts and risk of recontracting terms being below forecasts.	Primary Energy assets play a critical role in the operations of two of the most profitable and critical blast furnaces in North America by providing significant cost savings and emissions reductions. The Investment Manager believes that alternative energy sources would not be able to compete on the same terms and associated benefits.
Credit	Offtaker is currently sub-investment grade.	Further to the sale by Arcelor Mittal N.A. to CC in 2021, the largest offtaker within the Primary Energy portfolio is sub-investment grade. The blast furnaces associated with the Primary Energy assets are some of the largest in the USA and are highly profitable. Given their importance to the North America steel market, the likelihood of not finding a buyer, in the event of a credit default by CC, is considered low.
Climate	Development of new technologies may displace or make obsolete existing pulverised coal injection ("PCI") technology, leading to reduction in revenues.	The Investment Manager is working with CC to assess options for employing best available technologies and will deploy, and/or replace, them into existing assets if necessary.



Project Key Performance Indicators (KPIs)

$36,450
EBITDA (US$ '000's)
Year end 31 December 2022[16]

163.4
Average Net Production (MWs)
Year end 31 December 2022

Value Accretion Potential

Examples of upside opportunities at Primary Energy that have not been reflected in SEEIT's valuation, but could provide additional value over the short to medium term, include:

Additional revenue streams and contracts from existing assets e.g. capacity contracts.

Estimated potential value uplift:	£5 million - £10 million
Time period:	2-5 years

Additional energy efficiency capex to improve operations that also generate attractive returns.

Estimated potential value uplift:	£2 million - £5 million
Time period:	2-3 years

BF #4 restarted by Cleveland-Cliffs resulting in Ironside returning to operations but at reduced output

Estimated potential value uplift:	£20 million - £40 million
Time period:	Uncertain

Investment Updates in the Year

The focus at Primary Energy has been on maximising operational performance at the Primary Energy sites. In March 2022, Primary Energy customer CC announced the idling of its BF #4 steel manufacturing facility, resulting in operational idling of Primary Energy's Ironside project. This was provided for as at March 2022. The Investment Manager has supported Primary Energy leadership in their development of an interim operating agreement proposal, signed in Q1 2023, for the continuation of select operations at Ironside that save CC costs.

This extended the existing contract from a day-to-day basis, creating the potential for incremental revenues in the future.

The Investment Manager is collaborating with Primary Energy and CC on operations at PCI, which provides pulverised elemental coal, essential for steelmaking in CC's largest North American blast furnace. The Investment Manager has identified options to extend the asset life as well as end-of-life technology alternatives.

Additionally, the Investment Manager is supporting the negotiations between Primary Energy and CC in renewing the existing ten-year operations agreement and therefore continue supplying CC with essential energy and environmental services.

The Investment Manager also initiated reviews with brokers and underwriters to take credit for existing Primary Energy initiatives and outage planning to lower the overall cost of insurance, resulting in premium rate decreases in 2022.

The 2022 EBITDA was c.16% below budget, primarily due to idling of BF #4 and resultant operational idling of the Ironside project facility. The valuation of Ironside assumes that BF #4 will remain idled indefinitely and does not consider the possibility of it being re-started.

Additionally, operations and maintenance costs at Cokenergy and Portside projects came in higher than budgeted during the year, which has also been reflected in future cashflows, adversely affecting the valuation of these projects. The Investment Manager is working with stakeholders through ongoing contractual negotiations with the objective of recovering these costs in future periods.

Unplanned outages at CC facilities, Primary Energy's source of waste heat, affected production at North Lake and Cokenergy which contributed to Average Net Production being c.8% below budget for the year to December 2022. Some of the revenues related to this lost production will be recovered via a contractual true-up in the next calendar year.

16 Unaudited figures

Oliva Spanish Cogeneration ("Oliva")

Portfolio of on-site waste recycling, on-site generation and process efficiency supporting the olive oil industry in Spain

Investment Highlights

Investment type	Direct equity (100% owned, apart from Celvi which is 90% owned with 10% owned by the offtaker)
Acquisition date	November 2019
Asset location	Andalucía, Spain
No. of projects	9
Project equity value and as a percentage of SEEIT's GAV	c. EUR 129 million (c. GBP 114 million) Consisting of: - Oliva - Celinares (c.2% of GAV) - Oliva - Colinares (c.1%) - Oliva - Cepuente (c.2%) - Oliva - Cepalo (c.1%) - Oliva - Sedebisa (c.2%) - Oliva - Bipuge (c.1%) - Oliva - La Roda (c.1%) - Oliva - Celvi (c.1%) - Oliva - Biolinares (c.1%)
Project level debt	Nil
Capacity	125MW
Technology	On-site cogeneration, biomass, oil extraction
Forecast project life remaining	Various, up to c.18 years
Lifecycle stage	Operational
Counterparties / offtakers	Olive co-operatives, San Miguel Arcángel, Acesur, Spanish government
O&M	Sacyr
Fuel supply	Natural gas, biomass, waste olive cake

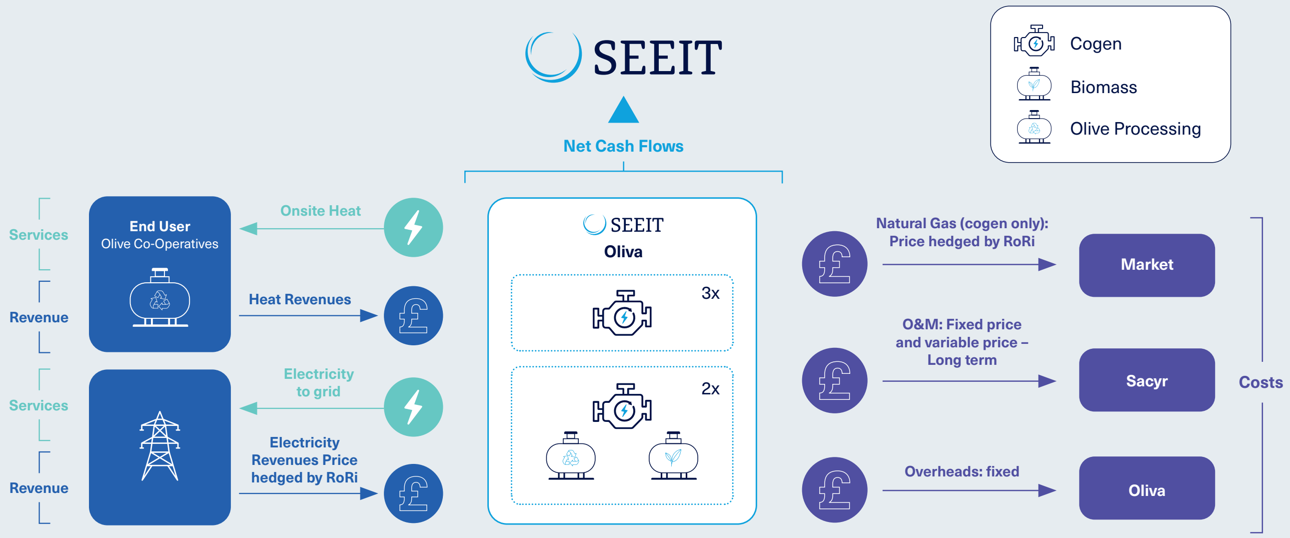
Investment

Oliva Spanish Cogeneration, located in southern Spain, comprises nine operating projects, of which five are efficient, natural gas cogeneration (CHP) plants with a combined capacity of 100MW, two are olive waste biomass plants with a combined capacity of 25MW, and two are olive pomace processing plants.

Oliva Spanish Cogeneration brings geographical diversification to SEEIT, through a series of efficient cogeneration plants that deliver on-site energy generation.

The investment has good yield metrics and inflation correlation, as well as robust energy efficiency credentials as the assets bring heat generation closer to the point of use. As a result, they generate process efficiencies compared with alternative heat sources. In addition, the assets process waste pomace to produce Orujo oil and electricity, an efficient energy solution that reduces greenhouse gas emissions.

Oliva Revenues and Cost Model



Oliva's revenues are split in the following way:

- **RoRi:** c.44% (on average) of revenues. The RoRi is a regulatory payment from the government paid to CHP and biomass assets and adjusted to account for changes in revenues received by the assets (namely sale of electricity) and operating costs (namely natural gas and EUA emission certificates for the cogeneration). This results in stabilised cashflows and EBITDA over the long term. The assets receive the RoRi for the remainder of their asset life.
- **Electricity sales:** c.42% (on average) of revenue comes from electricity sales produced by the biomass and CHP plants, which is predominantly sold to the grid, as the heat is used on site. While the revenues are linked to market pricing, this is effectively hedged through the RoRi.
- **Oil Sales:** c.14% (on average) of revenues come from the product of the pomace processing, namely the production of Orujo oil, which Oliva sells through short-term contracts in the market. The price of the oil links to the cost of the biomass, providing some hedging against this fuel supply cost.

Investment Risks and Mitigants

Risk Type:	Description	Mitigation
Regulatory	Increase of EU ETS costs.	The cost of EU ETS certificates has been rising sharply, but the costs are reimbursed over the medium term through the RoRi mechanism.
Regulatory	Update of RoRi mechanism: timing delays by the Spanish government have created a short-term cash impact on the business as well as general uncertainty in the market.	The Investment Manager, alongside Oliva's management team, have made efforts to lobby the government (directly and through trade bodies) to try to accelerate decision-making. In addition, the assets have been optimised to sequence operational availability during peak periods of profitability, resulting in periods where the assets are not operating.
Climate	Extreme weather conditions (particularly drought) are impacting the olive harvest in Andalucía. This would not only impact the biomass assets within Oliva but also the operations of the offtakers.	The Investment Manager monitors the impacts of extreme weather events, such as drought on olive production, and works with Oliva's olive feedstock providers to manage and mitigate any potential physical climate-related risks and pursue various mitigation tactics. These include diversifying feedstock suppliers, using alternative waste feedstock, forward purchasing of feedstock, and collaborating with local government and olive producers in the region to minimise water usage.

Project Key Performance Indicators (KPIs)

(8,010)

Adjusted EBITDA (€ '000's)

Year end 31 December 2022[17]

827,966

MWh produced[18]

Year end 31 December 2022

Value Accretion Potential

The Investment Manager has been investigating several upside opportunities at Oliva that have not been reflected in SEEIT's valuation, but could provide additional value over the short, medium and long term, including:

Optimising use of owned land to generate additional revenues e.g. for solar production.

Estimated potential value uplift:	£1 million - £3 million
Time period:	3-4 years

Extension/Improvement of an existing contract.

Estimated potential value uplift:	£5 million - £10 million
Time period:	0-1 year

Investment Updates in the Year

Global energy markets were dominated in 2022 by unpredictability, which significantly impacted the Spanish energy regime. As a result of Russia's invasion of Ukraine, European gas and electricity markets were highly volatile and operated at elevated price levels throughout 2022.

Normal market dynamics are managed in the Oliva projects through adjustment of the RoRi payment over the medium to long-term. The short-term impact of higher gas costs is normally managed through the execution of the established Oliva hedging strategy. However, price volatility was so extreme in 2022 that hedging alone was insufficient to control rising input costs. In its efforts to control escalating consumer electricity prices, the Spanish government introduced energy price controls that capped electricity prices (a revenue to Oliva) but did not cap gas prices (an expense to Oliva), resulting in an abnormal and material disconnect between the two. In turn, this severely impacted the ability to hedge and, combined with Government induced delay and uncertainty around the RoRi updating, resulted in cashflows at five of the nine Oliva projects being negatively impacted.

In order to prioritise cashflow management and minimise losses whilst waiting for the RoRi updates, the Investment Manager paused operations during certain periods where losses were highest. As a result, energy generation (Mwh produced) and EBITDA were well below budget for 2022 of c. €29m and c.1.2m MWh, respectively.

The Investment Manager led lobbying efforts to the Spanish government to issue RoRi updates and favourable energy market controls and policies.

A positive update for the RoRi was announced at the end of 2022, allowing operations to return in line with expectations in 2023.

In addition to the above, the Investment Manager has proactively collaborated with the management team at Oliva to ensure full compliance with wastewater treatment requirements and lower incident rates for equipment incidents and employee injuries.

17 Unaudited figures
18 Combination of electrical and thermal energy

UU Solar

Portfolio of 70 operational on-site renewable projects across the UK

Investment Highlights

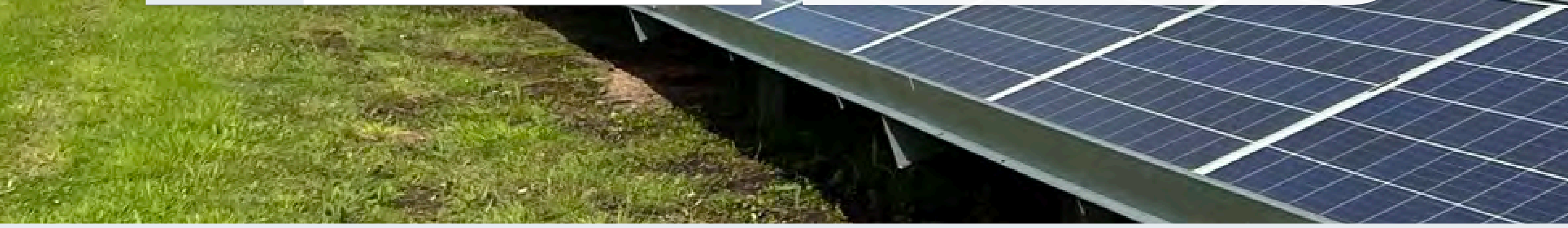
Investment type	Direct equity (100%)
Acquisition date	September 2022
Asset location	North West England, UK
No. of projects	1 (across several locations)
Project equity value and as a percentage of SEEIT's GAV	c. GBP 96 million (c.9%)
Project level debt	Nil
Capacity	69MWdc
Technology	Predominantly solar, with some wind and hydropower – all onsite
Forecast project life remaining	c. 29 years
Lifecycle stage	Operational
Counterparties / offtakers	United Utilities
O&M	PSH
Fuel supply	Not applicable – solar, wind and hydro energy

Investment

UU Solar's portfolio provides renewable energy generated on-site directly to the end user, United Utilities Water Limited ("UUW"). UUW is the regulated water and wastewater business of United Utilities Group PLC, the largest listed water and wastewater company in the UK.

The portfolio is 90% solar PV, 9% wind and 1% hydro in terms of total generation. The assets are all connected to UUW on-site water and wastewater utility infrastructure via private wire, and provide green electricity under long-term, fixed-price PPAs with UUW. UU Solar provides SEEIT with a yielding, fully operational project with an investment grade counterparty, underpinned by predominantly long-term contracted cashflows.

The project increases the supply of renewable energy generated on site and helps to reduce greenhouse gas emissions arising from the supply, distribution and consumption of energy. In particular, these assets supply clean energy to critical water infrastructure sites.



UU Solar Revenues and Cost Model

The majority of UU Solar's project revenues are generated from long-term contracts, and can be broken down into:

- **PPAs:** 77% of revenues are through PPAs with UU for a fixed price on a take-or-pay basis, with a fixed escalation of 2%. Weighted average life of the PPAs is 25 years.
- **Feed-in tariff with RPI-linked payment:** c.14% of revenues are on an NPV basis. Weighted average life is 17.5 years.
- **Merchant revenues:** 9% for electricity not consumed on site.

Investment Risks and Mitigants

Risk Type:	Description	Mitigation
Operational	Underperformance of assets resulting in lower generation and therefore, revenues.	Projects are built using tier 1 equipment; some applicable warranties remain. O&M is carried out by an experienced contractor, PSH, with oversight by an asset manager, Green Nation.

Value Accretion Potential

An example of an upside opportunity at UU Solar that has not been reflected in SEEIT's valuation, but could provide additional value over the short to medium term is:

Expanding the use of existing sites for additional revenues e.g. batteries.

Estimated potential value uplift:	£2 million - £5 million
Time period:	1-3 years

Investment Updates in the Year

Following a competitive tender process the Investment Manager appointed a third-party asset manager to manage and optimise performance of the portfolio. The Investment Manager has also negotiated with the existing third-party operations and maintenance contractor to revise and execute a four-year contract with enhanced availability and performance guarantees.

The Investment Manager anticipates improved performance after negotiation of a long-term O&M agreement that includes performance guarantees, implementation of a more rigorous preventive maintenance programme and heightened focus on performance metrics to identify and eliminate operational deficiencies.

Given SEEIT's ownership of UU Solar commenced only in the last half of FY 2023, there are no Project KPIs to report in this period but they will be reported in FY 2024.

Värtan Gas

Green gas distribution and supply for the city of Stockholm

Investment Highlights

Investment type	Direct equity
Acquisition date	October 2020
Asset location	Stockholm, Sweden
No. of projects	1
Project equity value and as a percentage of SEEIT's GAV	c.SEK 831 million (c. GBP 65 million) (c.6%)
Project level debt	c.SEK782 million
Capacity	Distributing approximately 250GWh/year of gas
Technology	Green gas distribution
Forecast project life remaining	c. 22 years and terminal value
Lifecycle stage	Operational
Counterparties / offtakers	Various, including c.50,000 residential customers and c.800 commercial and industrial customers
O&M	Värtan Gas
Fuel supply	Gasum, Scandinavian Biogas, Others

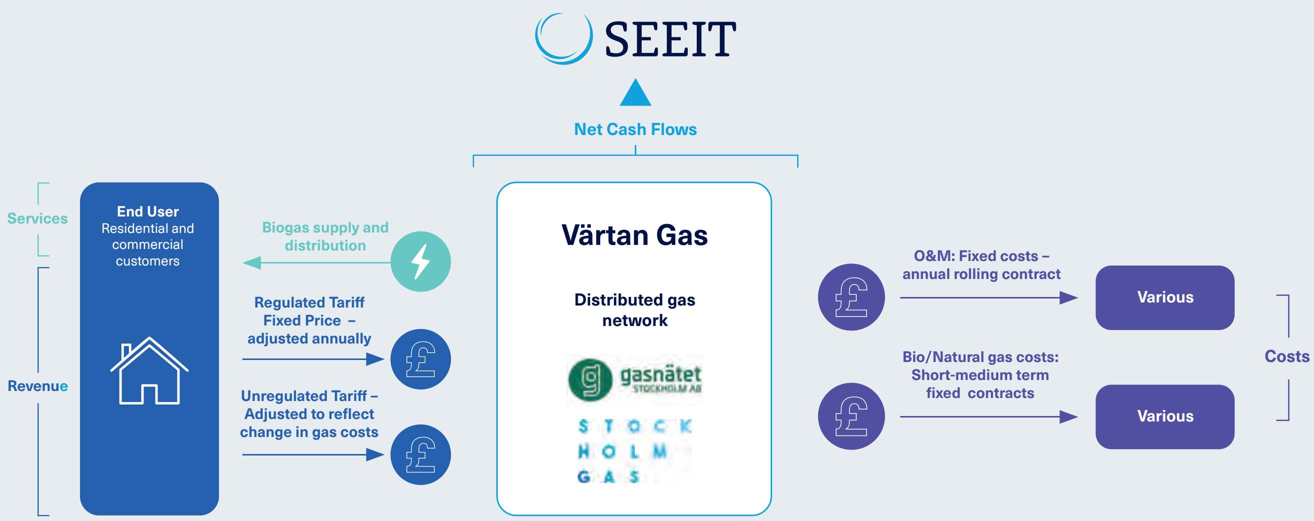
Investment

Värtan Gas owns and operates the regulated gas grid in Stockholm, Sweden, c.78% of the gas is locally produced renewable biogas, sourced primarily from the city's wastewater facilities. The investment was fully operational from the point of acquisition, with strong long-term yield metrics and inflation correlation.

Värtan Gas provides essential infrastructure services, reducing pollution and greenhouse gas emissions by reusing waste gases both at the point of production, (for example, at municipal wastewater treatment plants) and, at the point of use, through the displacement of natural gas in buildings and diesel in transport. These characteristics are aligned to Swedish national and EU regional strategies to attain carbon neutrality by 2040.

This investment brings geographical diversification to SEEIT, together with a substantial customer base and opportunity to unlock further growth in volumes – including through the transport segment.

Värtan Gas Revenues and Cost Model

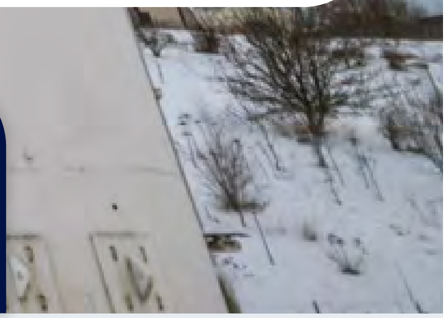


The investment's revenues consist of:

- **Fixed Tariff (c.51% of revenues):** annual fixed fee to the regulated grid from end users, which is not related to consumption. Contracts are typically rolling yearly contracts with residential customers (c.50,000).
- **Variable fee (c.49% of revenues):** tariff paid for the supply of gas. Tariffs are reviewed annually (or more frequently if required) and are based on gas costs and a margin. This also includes transport and restaurants as customers.

Investment Risks and Mitigants

Risk Type:	Description	Mitigation
Operational	Churn rate (reduction) of customers higher than expected resulting in lower customers and revenues.	The Investment Manager is engaging with the Värtan Gas management team to deliver more targeted marketing to gain new customers and retain existing ones. Electrification typically requires building refits.
Operational	Transport and restaurant revenues lower than targeted resulting in lower revenues.	Electrification of Stockholm buses has occurred faster than expected and therefore the Värtan Gas management team is focusing on expanding into new transport segments such as ferries/marine transport.
Regulatory	Periodic regulatory updates causing revenues to be less than expected.	Regulatory updates may be appealed, such as the current appeal for the most recent update. Business plans may be adjusted for future years where it impacts revenues.
Commodity	Volatility in biogas costs resulting in higher gas procurement costs.	The Investment Manager has implemented a hedging strategy to ensure majority of short-term volatility of biogas costs can be mitigated. In addition, the Investment Manager and local management team implement price changes for the end customers to reflect actual gas costs.



Project Key Performance Indicators (KPIs)

40.2
EBITDA (SEK'm)
Year end 31 December 2022[19]

78%
% of Green Gas
Year end 31 December 2022

Value Accretion Potential

There are several examples of upside opportunities at Värtan Gas that have not been reflected in SEEIT's valuation, but could provide additional value over the short to medium term, including:

Improved customer retentions (5% above forecast for 3 years) as a result of initiatives implemented by management.

Estimated potential value uplift:	£3 million - £5 million
Time period:	2-3 years

Development of new business/customer offerings in order to grow consumption volume and new lines of business, e.g. green energy as a service.

Estimated potential value uplift:	£10 million - £15 million
Time period:	3-5 years

Successful appeal of latest regulatory period updates.

Estimated potential value uplift:	£5 million - £10 million
Time period:	1-2 years

Investment Updates in the Year

Customer retention remains a priority, with a new retention strategy developed and implemented in 2023. Reduced future transport loads are projected and an assumption around additional costs for relining sections of the distribution piping network in future periods have impacted the valuation as at 31 March 2023, although this has been partly offset by higher restaurant volumes.

A key focus for Värtan Gas is to increase the share of biogas as a proportion of total gas sold from the current average of 78% to 100% in the medium to long term. During the second half of the year, the Investment Manager completed an organisational restructuring to position Värtan Gas for future growth, with the appointment of a new CEO who started in January 2023. The Investment Manager consolidated operations and management of business segments Gasnätet and Stockholm Gas to improve efficiency and revised the board structure to eliminate non-executive board membership and provide unified oversight of the restructured business.

Towards the end of 2022, the Swedish regulator, the Energy markets Inspectorates ("Ei") updated their assumptions on calculating the revenue cap for the period 2023-2026. The regulatory cost of capital, the WACC, has come down significantly, from 8.65% to 6.87%. In addition, there has been a change to the calculation of the Regulated Asset Base ("RAB"), which has resulted in a devaluation of the RAB (and therefore, the allowed revenue). The reduction in WACC and RAB does not impact the short-medium term revenues as these revenues are still below the regulatory cap. The impact is seen in future years for WACC and the change in RAB primarily impacts the terminal value assumed for Värtan as it has been calculated as a multiple of RAB.

Ei's decision is being appealed by Värtan Gas and other gas network operators in the market and we expect a decision in Q3/Q4 2023. Given the nature of the changes and the precedents in other countries, we anticipate a positive outcome. We have however taken a cautious approach to the valuation in this period and not assumed the appeal will be successful.

The 2022 EBITDA was c.6% below budget as a result of additional gas costs due to the timing of implementing tariff price increases in reaction to increasing gas costs, mitigated by putting gas cost hedging in place.

The Investment Manager has worked closely with the Värtan Gas management team to secure stable gas supplies through the reporting period's energy market volatility. The Company increased its hedging through the purchasing of biogas and natural gas, and by reviewing retail pricing to bring customers cost certainty for Värtan Gas products.

19 Unaudited figures

Additional Portfolio Project Updates

EVN

SEEIT's dedicated Electric Vehicle ("EV") charging infrastructure platform has progressed well through the year. The first six sites (totalling 26 ultra-speed chargers) are operational and have been handed over to the Charge Point Operator, with another 15 in construction as at 31 March 2023. This includes a project in the West Midlands, where EVN has signed a 30-year exclusive contract with NEC Group to develop and build the EV charging infrastructure at the NEC campus. Once completed, the NEC campus will be a first-of-its-kind charging hub for EVs at this scale, with over 180 charging points, becoming the largest fast charging hub in the UK and one of the largest in Europe.

The assets owned by SEEIT are acquired at attractive pre-agreed returns and there is an opportunity for SEEIT to benefit from yield compression once the assets are fully operational. This upside has not been considered in the current valuation but is currently estimated at £10 million to £15 million.

FES

Due to the lingering effects of post-Covid-19 economics within FES's target market, as well as FES business development staffing turnover, revenue and EBITDA dropped well below projected levels during the second half of 2022. The Investment Manager is engaging with the business to manage cash constraints and the unanticipated difficulties with project deployment and employee hiring. In addition, rising interest rates and the consequent cost of capital led to additional follow-on investment in FES and a debt restructuring, which is ongoing.

The issues above have impacted FES's ability to be profitable in the short term and the Investment Manager is carrying out a review of FES' business development strategy, shifting focus to target larger commercial businesses, channel partner business development and MUSH (municipal, university, schools, and hospitals) entities, all of which have longer sales cycles but potentially higher revenue profitability.

The valuation has taken a provision against FES of c. £13 million as a result of the issues experienced during the period. There may be an upside opportunity to recover the provision if there is a successful implementation of actions coming out of the review.

Tallaght Hospital

Construction of the energy efficiency retrofit at Tallaght Hospital in Dublin, Ireland was completed on budget and on schedule, with operational handover achieved in early January 2023.

Lycra

Construction of the energy efficient chiller system at Lycra's Singapore facility was completed one month ahead of contracted schedule and on budget, with full operation commencing on 1 February 2023.

Huntsman Energy Centre

The Huntsman project progressed through the year and started the commissioning process. However, the failure of a steam system compressor resulted in an approximately six-month delay at the beginning of the calendar year, as detailed testing and a root cause analysis were completed before manufacturing replacement components. The rectification programme for this setback has progressed well, with the plant becoming operational in June 2023.

Moy Park Biomass

The underlying performance of the site's biomass boilers has been strong throughout the year. The minority shareholder, which is also the feedstock provider, has submitted two force majeure claims towards the end of the financial year, both in relation to the provision of their obligations under the feedstock contract. The Investment Manager is in ongoing discussions to resolve this matter and ensure service of supply to the end customer is maintained.

GET Solutions

A period of record high fuel costs created problems for the contractor associated with SEEIT's GET Solutions project, in covering contract gas procurement costs. This has resulted in SEEIT covering these costs, which has negatively impacted the asset's financial performance. The Manager is seeking to recover these costs from the contractor, while also exploring opportunities to hedge the gas procurement position to preserve performance on top of the existing contractual protections.

Portfolio Diversification

Cleaner & More Efficient Supply

Point of Use / Demand Reduction

Green Energy Distribution

Overview

During the year, the Company achieved further scale and diversification for SEEIT by geography, technology, industry and counterparty.

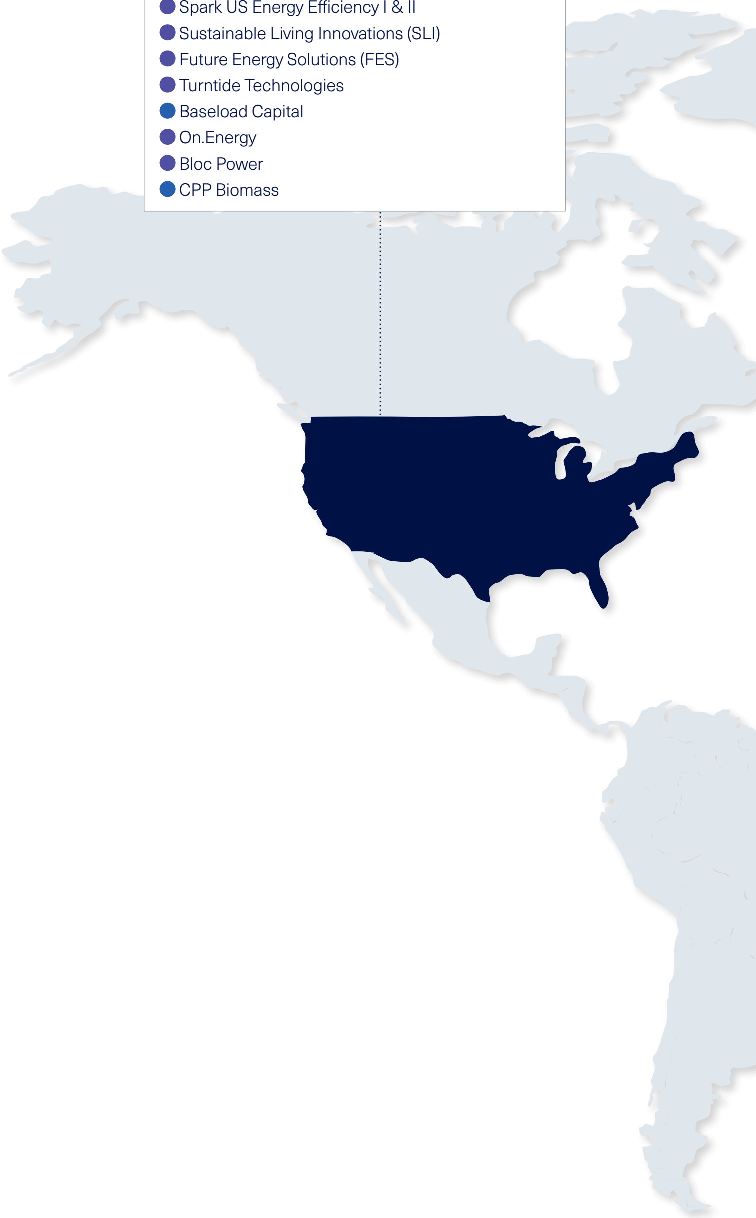
Geographically, SEEIT added to its US portfolio and gained exposure to a new country, Japan, through its investment in Baseload Capital's debt facility. SEEIT also expanded its portfolio in the UK through the acquisition of UU Solar, the 69MW portfolio of on-site renewable generation projects.

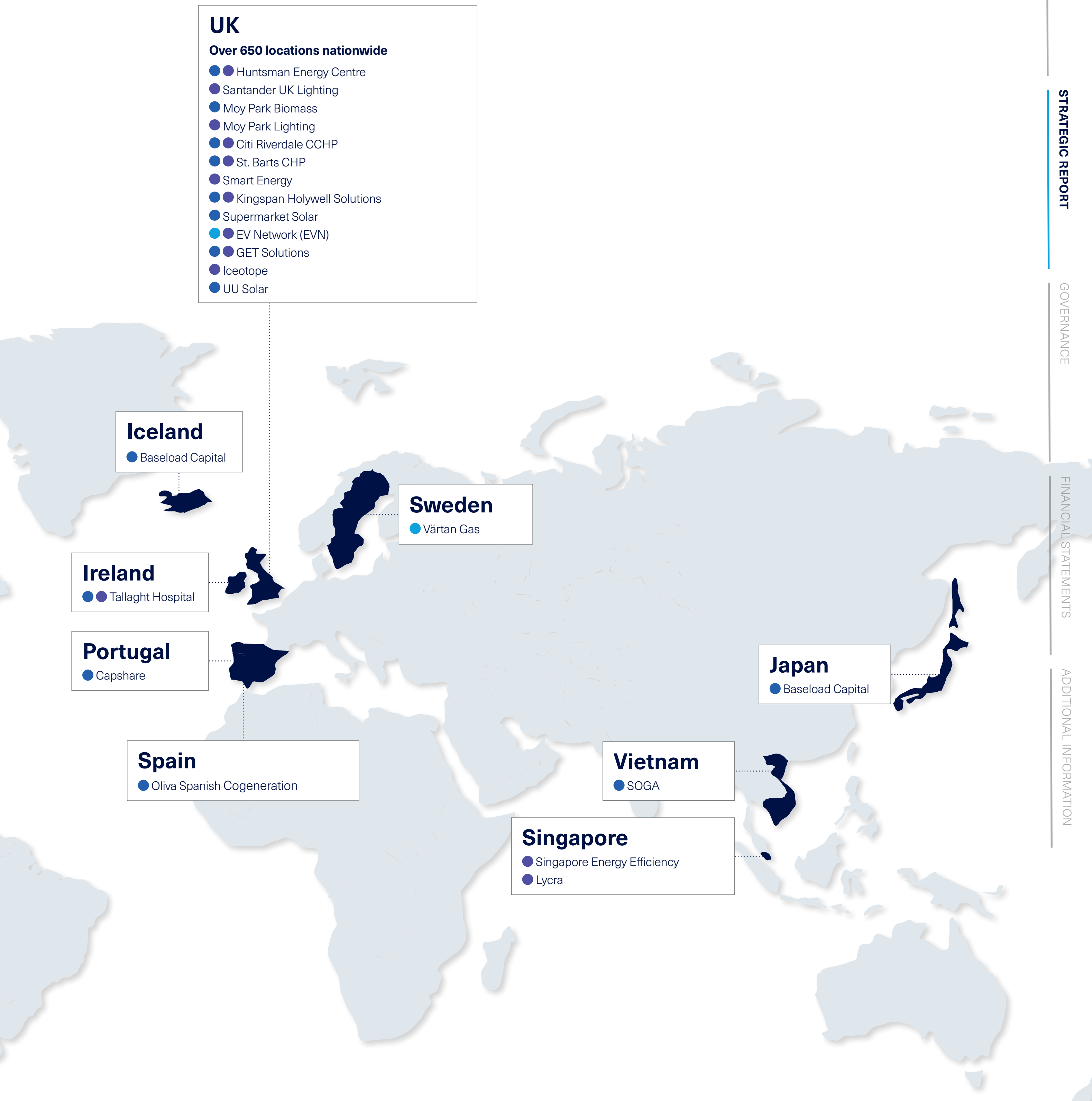
By technology, SEEIT added exposure to new markets by funding geothermal district energy, liquid cooling for data centres and energy-efficient motors free of rare-earth minerals.

US

Diverse project portfolios spanning 43 states:

- Tecogen
- Onyx
- Primary Energy
- RED-Rochester
- Spark US Energy Efficiency I & II
- Sustainable Living Innovations (SLI)
- Future Energy Solutions (FES)
- Turntide Technologies
- Baseload Capital
- On.Energy
- Bloc Power
- CPP Biomass

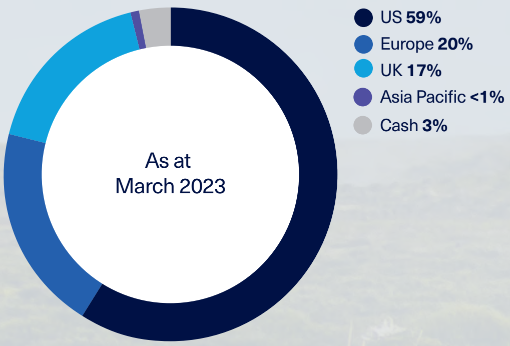


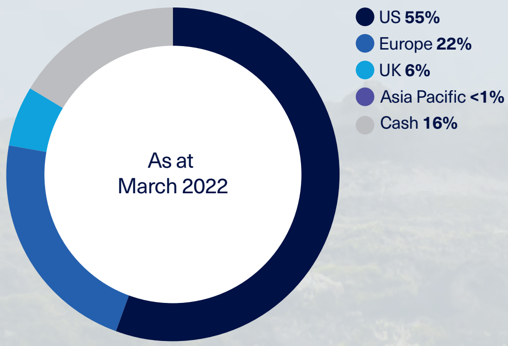

UK
Over 650 locations nationwide
Huntsman Energy Centre
Santander UK Lighting
Moy Park Biomass
Moy Park Lighting
Citi Riverdale CCHP
St. Barts CHP
Smart Energy
Kingspan Holywell Solutions
Supermarket Solar
EV Network (EVN)
GET Solutions
Iceotope
UU Solar
Iceland
Baseload Capital
Ireland
Tallaght Hospital
Portugal
Capshare
Spain
Oliva Spanish Cogeneration
Sweden
Värtan Gas
Japan
Baseload Capital
Vietnam
SOGA
Singapore
Singapore Energy Efficiency
Lycra

2.4 Portfolio Summary
continued

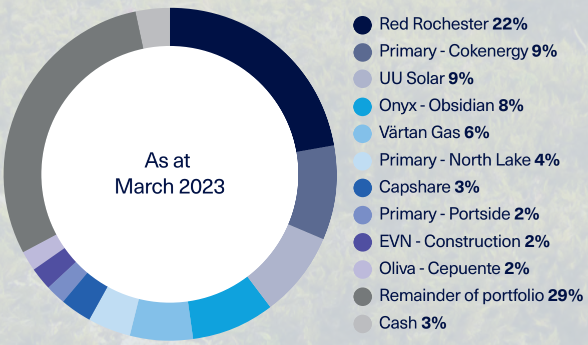
The information presented below summarises the portfolio of the Company across different metrics, using the Company's Gross Asset Value(APM) as at 31 March 2023 (and using 31 March 2022 for comparison).

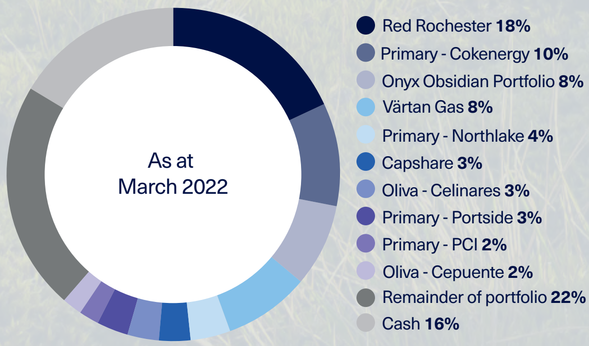
Portfolio by Geography





Portfolio by Project





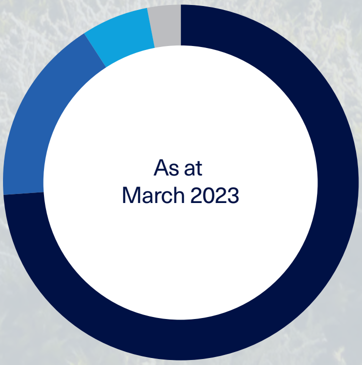
Pictured: Baseload Capital site

Portfolio by Technology

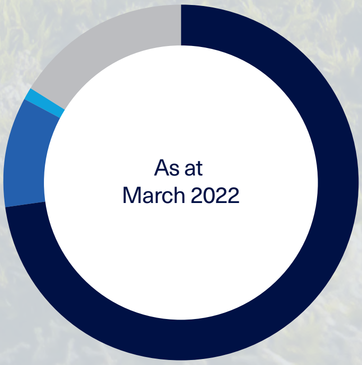
- Solar & Storage **23%**
- District Energy **22%**
- CHP (Waste gases / other) **13%**
- CHP (Natural Gas) **9%**
- Biomass **6%**
- Gas Distribution Networks **6%**
- Industrial process efficiency solutions **4%**
- EV charging **4%**
- Bundled Energy efficiency solutions **3%**
- Lighting **2%**
- Remainder of portfolio **5%**
- Cash **3%**

- District Energy **18%**
- CHP (Waste gases/other) **17%**
- Solar & Storage **12%**
- CHP (Natural Gas) **11%**
- Gas Distribution Networks **8%**
- Biomass **6%**
- Industrial process efficiency solutions **4%**
- Lighting **3%**
- Remainder of portfolio **5%**
- Cash **16%**

Portfolio by Investment Stage



- Operating **74%**
- Construction **17%**
- Development **6%**
- Cash **3%**



- Operating **73%**
- Construction **10%**
- Development **1%**
- Cash **16%**

2.5 Company Key Performance Indicators

In the section below, the Company sets out its financial and operational key performance indicators (KPIs) used to track the performance of the Company over time against its objectives. The Board believes that the KPIs detailed below provide shareholders with sufficient information to assess how effectively the Company is meeting its objectives.

Financial KPIs

KPI	Definition	31 March 2023	31 March 2022	Commentary
Net Asset Value ("NAV") per share (pence)	NAV divided by number of shares outstanding as at 31 March	101.5p	108.4p	NAV has decreased compared with the prior year due to global increases in risk-free rates pushing discount rates up materially from March 2022 –see Section 2.3, Financial Review and Valuation Update.
Share price (pence)	Closing share price as at 31 March	84.0p	117.5p	The share price has decreased predominantly due to market volatility. Since 31 March 2023, the Company launched a buyback programme (see Note 12)
Dividends per share (pence)	Aggregate dividends declared per share in respect of the financial year	6.0p	5.62p	The dividend increased year on year due to predictability of near-term cash generation from portfolio, plus new investments made previously. The Company met its stated dividend targets for the years ended 31 March 2022 and 31 March 2023.
Dividend cash cover (x)	Operational cashflow divided by dividends paid to shareholders during the year	1.2x	1.2x	The target was for net operational cash inflow to fully cover dividends paid. The Company met its target for the years ended 31 March 2022 and 31 March 2023.
Total return on NAV basis in the year (%)	NAV growth and dividends paid per share in the year	(0.9)%	11.2%	The payment of interim dividends contributed to NAV return in the year, although offset by significantly higher discount rates, resulting in a material decrease in return compared to prior year.
Ongoing charges ratio (%)	Annualised ongoing charges (i.e. excluding investment costs and other irregular costs) divided by the average published undiluted NAV in the period, calculated in accordance with AIC guidelines	1.02%	1.00%	Remained consistent although marginal increase year on year caused by increased discount rates affecting the March 2023 NAV. See Section 2.3, Financial Review and Valuation Update.

Operational KPIs

KPI	Definition	31 March 2023	31 March 2022	Commentary
Weighted average contracted investment life (years)	Weighted average number of years of contracted revenue remaining in investment contracts (excludes all recontracting assumptions)	15.9	14.8	In line with expectations – one material contract requires recontracting in the year ahead but offset by new investments made during the year.
Largest five investments as a % of GAV (%)	Total value of five largest individual investments divided by the sum of all investments held in the portfolio plus cash, calculated at year end	54%	49%	Target is to maintain good portfolio diversification, achieved in both financial years.

2.6 Stakeholders and Section 172

Section 172: Promoting the Success of the Company

The Directors consider, both individually and together, that they have fulfilled their duties under Section 172 of the Companies Act 2006 to act in good faith and to promote the success of the Company for the benefit of shareholders and stakeholders as a whole, having regard to the stakeholders and matters set out in Section 172 of the UK Companies Act 2006 ("Companies Act") in the decisions taken during the year, as set out below:

Section 172(1)	Description
(a) the likely consequences of any decision in the long term	The aim of the Board is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decisions are a key consideration. During the year under review, the Board believes it acted in good faith, with a view to promoting the Company's long-term sustainable success and to achieving its wider objectives for the benefit of its shareholders as a whole, having had regard to our wider stakeholders and the other matters set out in Section 172 of the Companies Act. See the rest of this Section 2.6 for the Board's decisions on capital raising, approving dividends and the oversight and monitoring of the Investment Manager's activities in relation to risk and portfolio management for the Company.
(b) the interests of the company's employees	As a closed-ended investment company, the Company does not have any direct employees. However, the interests of employees in project companies are considered when making decisions for the Company's benefit, such as promoting positive health and safety cultures.
(c) the need to foster the company's business relationships with suppliers, customers and others	The Company's approach is described under "Stakeholders" below.
(d) the impact of the company's operations on the community and the environment	The Board places a high value on the monitoring of Environmental, Social and Governance ("ESG") issues and sets the overall strategy for ESG matters related to the Company. The Board provides oversight for the managing of climate-related risks for the group by the Investment Manager, including transparent disclosure of these risks, and reviews mitigating actions taken by the Investment Manager to reduce or eliminate them where possible. A description of the Company's Responsible Investment Policy is available on the Company's website and further detail on climate-related risks is set out in Section 3.1, ESG and Section 3.2, Risk Management Framework. Additionally, the Company's 2022 Environmental, Social and Governance Report was published in November 2022 and is available on the Company's website.
(e) the desirability of the company maintaining a reputation for high standards of business conduct	The Board's approach is described under "Culture and Values" below. For further information please also see Section 3.1, ESG.
(f) the need to act fairly between members of the company	The Board's approach is described under "Stakeholders" below. For further information please also see Section 4.4, Corporate Governance Statement.

The issues, factors and stakeholders the Directors consider relevant in complying with Section 172(1) (a) to (f) are described in detail below. The Investment Manager provides updates to the Board at quarterly meetings on the above items, including the rationale behind investment decisions, its relationships with the Company's shareholders and key stakeholders and the Company's reputation in the broader market. This is further supported by reports from a number of advisers such as the Company's broker and financial PR consultant.

Further, the Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they have discharged their duties under Section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of "members as a whole". The Board's approach is described under "Stakeholders" below.

Stakeholders

The Board challenges the Investment Manager to balance the interests and concerns of all stakeholders effectively to ensure continuing positive stakeholder engagement. The Company is committed to maintaining good communications and building positive relationships with all stakeholders. To achieve this, the Company, either directly or via the Investment Manager, interacts with a variety of stakeholders relevant to its success. The Company seeks to achieve the correct balance between engagement and communication, whilst working within the limitations of what can be disclosed to the various stakeholders with regards to maintaining confidentiality of market and/or commercially sensitive information.

2.6 Stakeholders & Section 172
continued

The Company has identified the following key stakeholders:

- shareholders;
- the Investment Manager;
- the Company's key service providers;
- the Company's investment business partners (including host counterparties); and
- lenders at project level and corporate level.

Why they are important	Engagement
Shareholders	
As the Company is an investment trust listed on the London Stock Exchange and a constituent of the FTSE 250 index, its shareholders are also its main stakeholders. Continued shareholder support and engagement are critical to the existence of the Company and to the delivery of the long-term strategy.	The Company currently has over 350 shareholders. Through the Company's engagement activities, it strives to obtain investor endorsement for the Company's strategic objectives and how they are executed. During the year, the Board reviewed and challenged the Investment Manager's pipeline of opportunities. Following engagement with shareholders, the Company completed a successful capital raise in September 2022, which enlarged the shareholder base and increased liquidity in the Company's shares. The Company also engaged, directly or via the Investment Manager, with shareholders in the year through meetings, market announcements and various written materials, including the Company Factsheet available on the Company's website. The Manager hosted a Capital Markets Day in March 2023 for institutional investors and analysts in order to increase shareholder knowledge of the Company's activities and the industry in which it operates. The Investment Manager highlighted key market drivers for energy efficiency and provided greater insights into some of the Company's larger portfolio projects. Following year end, and after a period of the Company's shares trading at a discount to NAV, the Board authorised a share repurchase scheme as part of the Company's discount control strategy in order to increase liquidity in the Company's shares. At every Board meeting, the Directors receive updates on share trading activity, share price performance, shareholder feedback and any mention of the Company in the press. Through a combination of the above engagement activities, clear reporting and shareholder support, the Board has been able to ensure the Company's investment pipeline and fundraising programme have been aligned with the investment strategy and that funds have been available to secure the current asset portfolio. The Company will continue to engage actively with shareholders in future.
The Investment Manager	
The Investment Manager's performance is critical for the Company to deliver its investment strategy and meet its objectives.	Constructive and ongoing engagement with the Investment Manager is important to ensure that the expectations of shareholders are being met and that the Board is aware of any challenges to the investment strategy or management of the Company's portfolio of investments. The Board conducts both ongoing and an annual review of the Investment Manager's performance and terms of engagement, and provides feedback after such reviews. The most recent annual review took place in March 2023 and written feedback was given to the Investment Manager. The Board and the Investment Manager maintain an open and ongoing dialogue on key issues facing the Company with a view to ensuring that key decisions relating to, inter alia, potential investments, portfolio performance and the Company's investment strategy are aligned with achieving long-term value for shareholders. This open dialogue takes the form of at least quarterly scheduled Board meetings and frequent informal contact, as appropriate to the subject matter.
Key service providers	
The Company has a number of other key service providers, each of which provides a vital service to the Company and ultimately to its shareholders. The Company's key service providers are the Administrator and Company Secretary, Auditor, Corporate Broker, Depositary and Registrar.	During the year, the Company conducted a review of the terms of all key service provider engagements along with their fee levels to ensure an appropriate level of support was being provided to the Company. The Directors provided specific feedback to key service providers with the aim of ensuring the Company receives an appropriate service. The Company seeks to ensure a two-way engagement between the Board and key service providers on service delivery expectations and feedback on important issues experienced by service providers.

Why they are important	Engagement
Investment business partners (including host counterparties)	
The Company has various business partners including, crucially, the counterparty hosts to whom the Company's investments are providing critical energy services, as well as sub-contractors who provide key services to individual or groups of portfolio companies. Such services include operations and maintenance, technical asset management and EPC construction that are considered vital to the success of the investments.	As the Company acquires new portfolio investments, the Investment Manager undertakes a review of the contracting terms of all counterparties to ensure they are fair and appropriate. The Directors received an update on plans for the Investment Manager to seek to maintain long-term collaborative partnerships with these counterparties to ensure relationship stability and that the Company's investment return targets are achieved. Since there were several new investments made during this year, the Investment Manager enhanced its onboarding methods to ensure the foundations are laid for long-term partnerships. This included the use of initial 100-day plans and proactive communication to employees at investment level to introduce the Investment Manager's asset management function and position the Company as a long-term business partner. The Directors conducted a site visit to Oliva assets in Spain, where they had the opportunity to interact with the project's management team.
Lenders at project level and corporate level	
The availability of funding and liquidity are crucial elements in ensuring the Company's ability to execute against attractive investment opportunities as they arise.	Considering how important the availability of funding is, the Company aims to demonstrate to its lenders through regular reporting and dialogue that it is a well-managed business and, in particular, that the Investment Manager is focused on providing regular and careful management of risk within the investment portfolio and the Company as a whole. During the year, the Directors received and reviewed the Investment Manager's recommendation for exercising an accordion increase of the revolving credit facility held by the Company's single subsidiary, SEEIT Holdco, thereby ensuring that the Company had access to liquidity to make further investments.

Culture and Values

The Directors' overarching duty is to promote the success of the Company for the benefit of shareholders, with due consideration of other stakeholders' interests. The Company seeks to maintain high standards of business conduct and corporate governance, and to ensure via the Investment Manager that appropriate oversight, control and suitable policies are in place to guarantee stakeholders are treated fairly.

The Board seeks to ensure the alignment of its purpose, values and strategy with this culture of openness, debate and integrity through ongoing dialogue and engagement with its key stakeholders. The Board, made up of 40% male and 60% female members, aims to achieve a supportive business culture combined with constructive challenge, and to provide a regular flow of information to shareholders and relevant information as required to other key stakeholders. Both the Board and the Investment Manager support equal opportunities for recruitment and when managing existing employees – regardless of age, race, gender, or personal beliefs and preferences.

Although the Company has no employees, it is committed to respecting human rights in its broader relationships. The Company does not tolerate corruption, fraud, bribes or human rights breaches. The Company aims to maintain standards of business integrity, a commitment to truth and fair dealing, and a commitment to complying with all applicable laws and regulations.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, anti-bribery (including the acceptance of gifts and hospitality), tax evasion, conflicts of interest, whistleblowing and directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process. The Board seeks to appoint the most appropriate service providers for the Company's needs and evaluates their services on a regular basis. The Board considers the culture of the Investment Manager and other service providers through regular reporting and by receiving regular presentations, as well as through ad hoc interactions.

3. STRATEGIC REPORT: ESG AND RISK

Carbon Saved[20]
1,202,528 tCO_2e

equivalent to removing
1,004,619
cars off the road

Energy saved[21]
387,868 MWh

equivalent to powering
26,031
homes in the UK

3.1 Environmental, Social and Governance ("ESG")

Introduction

SEEIT invests in energy-efficiency projects to reduce energy demand and consequently greenhouse gas emissions. In addition to the inherently beneficial environmental impacts of the Company's investments, the Investment Manager has a range of material social and governance impacts that help enhance long-term value creation for both investors and other stakeholders. The Company's Responsible Investment Policy ("RIP") sets out the Company's four ESG focus areas, which are then expanded upon in the ESG Principles to form its ESG policies.[22]

The following section sets out the Company's ESG policies and the overall process for monitoring its ESG considerations across the portfolio. It also highlights the Company's support for voluntary ESG guidelines, such as the UN Principles for Responsible Investment ("UN PRI") and the UN Sustainable Development Goals ("UN SDGs"), and compliance with mandatory ESG regulations, such as the EU's Sustainable Financial Disclosure Regulation ("SFDR").

"The Company has adopted four ESG focus areas to inform its operations and values."

20 For the year ending 31 March 2023 and based on an analysis of c.95% portfolio by value.

21 For the year ending 31 March 2023 and based on an analysis of c.95% portfolio by value.

22 The RIP and ESG Principles documents can be found on SEEIT's website (https://www.seeitplc.com/esg/) and are described in summary in the following section

Pictured: UU Solar site

ESG has become an increasing priority for investors, regulators and customers and, consequently, the Company's focus on ESG has grown. The Investment Manager and the Board have been discussing improvements to the Company's ESG practices, including a refresh of its strategy and the implementation of both portfolio and asset-level targets, to ensure the Company remains a leader in sustainability. Therefore, the following section represents the ESG-related work undertaken during the year and further updates will be provided in due course.

SEEIT's Responsible Investment Policy ("RIP")

The Company's RIP sets out the material ESG considerations that are integrated into SEEIT's investment decision-making and monitoring processes. This policy applies to all of SEEIT's investments and is overseen on a day-to-day basis by the Investment Manager. The policy details the Company's commitment to the six UN Principles for Responsible Investment ("UN PRI") and organises ESG issues around four key focus areas, which are described below.

The Investment Manager has developed a set of ESG Principles that expand on these four focus areas and complement the Company's RIP. These ESG Principles are used during the screening and diligence process to assess the credentials of potential new investments, and then as a framework for engaging with third-party operations and management ("O&M") service providers responsible for the day-to-day operations of each project.

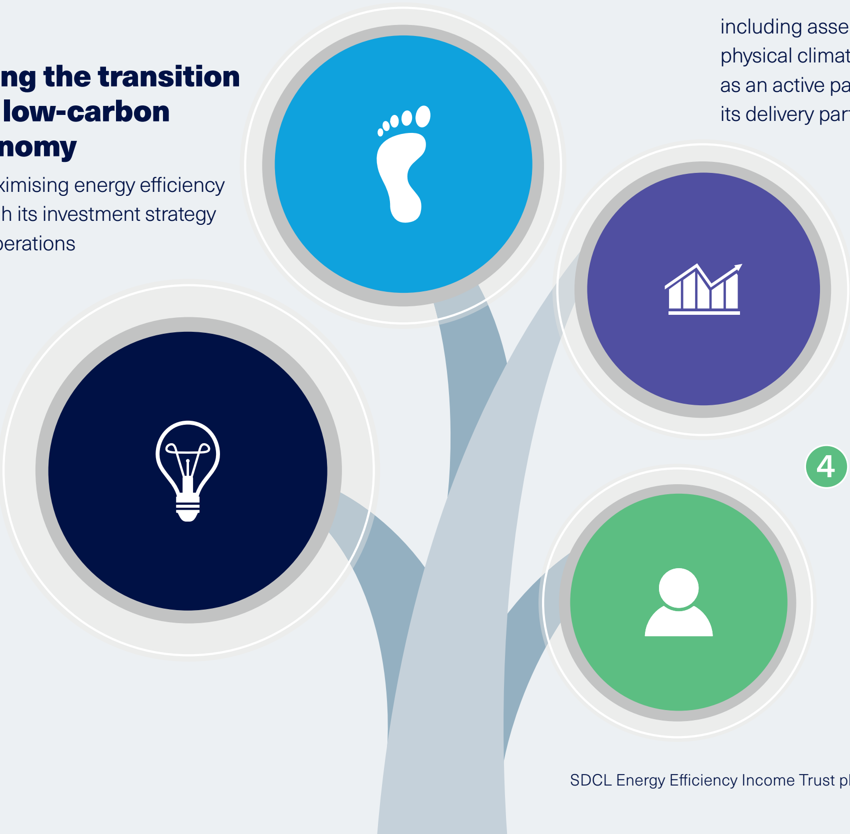
SEEIT's ESG Focus Areas

1 Aiding the transition to a low-carbon economy by maximising energy efficiency through its investment strategy and operations

2 Pro-actively minimising the environmental footprint of operations through managing negative impacts, such as waste, biodiversity loss and emissions

3 Securing robust governance and business integrity including assessing resilience to physical climate risk and engaging as an active participant on ESG with its delivery partners

4 Providing a safe and healthy environment for all workers, contractors and members of the community who use or encounter its projects



SEEIT's ESG Principles

SEEIT's ESG Principles expand upon the four focus areas in its RIP to set out ESG minimum standards and policies applicable to all SEEIT's projects.

As described in the ESG Principles, to aid the transition to a low-carbon economy, SEEIT's investments will deploy best available technologies, utilise waste gases and reduce resource usage. In order to minimise the environmental footprint of SEEIT's investments, the Investment Manager will ensure the projects comply with applicable local laws, and will monitor, measure and manage any potential adverse environmental impacts resulting from any project.

SEEIT will continue to adhere to the highest standards of corporate governance practice in its investments through engagement with the Investment Manager, O&M providers and other service providers to ensure they have acceptable business conduct policies. Finally, to provide a safe and healthy environment, the Company will ensure that its investments provide safe working conditions and have established appropriate health and safety policies and processes to monitor incidents and prevent recurrences.

Additionally, the ESG Principles specify an expectation for O&M providers, as well as other service providers, to adhere to the Company's ESG Principles, integrate the Company's ESG standards into their operations, and report on ESG outcomes. Where applicable, service providers and their supply chains must also adhere to the human rights considerations set out in the ESG Principles.

SEEIT's ESG Management Process

The Company's ESG Management Process refers to the internal procedures that ensure the standards defined in SEEIT's ESG Principles and RIP are integrated into the core operations of the Company. The Investment Manager oversees this process, which begins with the assessment of a potential investment opportunity.

The ESG investment review process is conducted in two main stages, beginning with early identification of any ESG red flags and followed by a second phase of detailed due diligence to resolve any concerns and confirm that climate-related targets can be met during each project's contracted life. The detailed due diligence is conducted through an ESG questionnaire, which includes questions on SEEIT's ESG standards and is organised around the four ESG focus areas.

Once an investment has been made, the Investment Manager engages on ESG matters with the appropriate management teams through regular reporting. This allows the Investment Manager to monitor the performance of the Company's asset companies, engage in any necessary interventions and inform the Board accordingly. The ESG performance of SEEIT's portfolio companies, monitored and recorded through these questionnaires, are reported as key performance indicators ("KPIs") in the SEEIT ESG Report.

The annual ESG due diligence and quarterly environmental performance questionnaires are both based around SEEIT's four ESG focus areas, best-practice minimum standards, and voluntary and mandatory requirements, such as the six UN PRI principles. Additionally, the questionnaires cover all the Sustainable Finance Disclosure Regulation's ("SFDR") principle adverse indicators.

The Investment Manager continues to engage closely with each asset company throughout its lifetime to search for innovative projects that can improve its efficiency, lower associated emissions and enhance overall value for investors and the local community. Further details of these follow-on investments can be found in Section 2.4, Portfolio Summary.

Pictured: Onyx Renewable Partner's site

IC Meeting: Review ESG Due Diligence and decide whether or not to invest

Focus Areas

- Aiding the transition to a net-zero carbon economy
- Minimising the environmental footprint
- Securing robust governance and business integrity
- Providing safe, diverse and inclusive environments

Due Diligence

Initial gateway questions	Red flag review	Detailed due diligence
Assess compliance with SEEIT's sustainable investment objective and ESG focus areas		
	Identify material ESG issues that may stop/influence the investment	
Early identification of possible deal breakers	Identify where additional technical due diligence may be required	Determine whether to invest and fulfil disclosure obligations

Asset Management

Onboarding / 100-day plan	ESG engagement
Monitor and manage investments in line with SEEIT's sustainable investment objective and ESG focus areas	
	Quarterly environmental performance questionnaire Annual social and governance questionnaire
Review ESG due diligence questionnaire to assess and fill gaps	Oversee ESG performance of investments according to SEEIT's ESG standards

United Nations’ Sustainable Development Goals

In 2015, 197 countries addressed global social, environmental and economic challenges through the 17 UN Sustainable Development Goals (“SDGs”). Many private-sector organisations have now adopted these goals to communicate a commitment to sustainable development.

As such, the Investment Manager has been tracking SEEIT’s alignment with the SDGs and the below table sets out its key goals and targets based on the impact of its assets.

SUSTAINABLE DEVELOPMENT GOALS

	Headline	Description	Key target
7 AFFORDABLE AND CLEAN ENERGY	Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy	**7.2** By 2030, increase substantially the share of renewable energy in the global energy mix **7.3** By 2030, double the global rate of improvement in energy efficiency
8 DECENT WORK AND ECONOMIC GROWTH	Decent work and economic growth	Promote inclusive and sustainable economic growth, employment and decent work for all	**8.4** Reduce consumption of global resources and improve efficiency of production. Endeavour to decouple economic growth from environmental degradation, in accordance with the ten-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Industries, infrastructure and innovation	Build resilient infrastructure, promote sustainable industrialisation and foster innovation	**9.1** Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all **9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with more efficient use of resources and increased adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
11 SUSTAINABLE CITIES AND COMMUNITIES	Sustainable cities and communities	Make cities inclusive, safe, resilient and sustainable	**11.6** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and waste management
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible consumption and production	Ensure sustainable consumption and production patterns	**12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
13 CLIMATE ACTION	Climate action	Take urgent action to combat climate change and its impact	**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Task Force on Climate-Related Financial Disclosures ("TCFD") Update

The Investment Manager and the Company are both supporters of the Task Force on Climate-Related Financial Disclosures ("TCFD"), recognising that climate change scenarios represent significant risks and opportunities for the Company in the short, medium and long term. The Investment Manager believes that TCFD's recommendations on governance, strategy, risk management and metrics provide a useful framework for monitoring, managing and increasing transparency around climate-related risks and opportunities.

While the UK's Financial Conduct Authority ("FCA") made publishing a TCFD report mandatory for many companies in the UK in January 2023, the Company is not in scope of this requirement. As a supporter of the TCFD recommendations, the Investment Manager has determined to use the framework to voluntarily disclose the Company's considerations around climate-related risks and opportunities.

The Company has provided summaries of its progress to date against TCFD's eleven recommended disclosures and acknowledges that its TCFD reporting will continue to be developed and enhanced in the future.

Recommendation	Disclosure
Governance	
Describe the Board's oversight of climate-related risks and opportunities.	The Board oversees the Company's operations and remains informed of relevant climate-related risks and opportunities through the Investment Manager during quarterly Board and committee meetings. The Investment Manager informs the Board of all new and follow-on investments through regular reporting on the Company's pipeline. If relevant, the Investment Manager will include climate-related risks and opportunities. Once the Company has invested in a project, the Board receives a portfolio update and a risk matrix quarterly. These regular updates reflect emerging climate-related risks and opportunities, allowing the Audit and Risk Committee and Board to oversee and manage them alongside the Investment Manager. The Investment Manager will notify the Board of urgent matters arising outside of the regular reporting cycle.
Describe management's role in assessing and managing climate-related risks and opportunities.	Under direction from the Board, the Investment Manager is responsible for day-to-day management of the climate-related risks and opportunities impacting the portfolio. The Investment Manager does this in part through its ESG Management process, more details of which are located in Section 3.1, ESG. The ESG Management process considers climate-related risks and opportunities when assessing and monitoring an investment. When assessing a potential investment, the Investment Manager completes the ESG due diligence questionnaire and identifies climate-related risks and opportunities related to the investment. Once a project has been acquired, the Investment Manager regularly monitors its operations through questionnaires. If there is a climate-related risk or opportunity that could significantly impact the operation of a project, it will be raised to the Investment Committee and, if necessary, the Board.
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Due to the length of the Company's project contracts, the Company's investment into and management of its projects take account of both short and long-term climate-related risks and opportunities. This includes consideration of climate-related opportunities and transition risks to the assets. In the shorter term, the Company focuses on immediate risks and opportunities, such as the potential of that investment to reduce emissions compared with its alternative, or to satisfy requirements for legislative energy transition policies, such as low-carbon energy credits. These shorter-term considerations occur over a period of one to two years. In the longer term, these considerations can include both the positive and negative impacts of technological changes, accelerated net-zero targets and physical climate impacts. The Company recognises its assets may be impacted through technological changes and accelerated net-zero timeframes. The Board and Investment Manager monitor the diversification of portfolio technologies and evaluate environmental-related risks, including assessing the suitability of natural gas cogeneration assets as a target technology within a specific timeframe. Furthermore, as a company focusing on investments that improve sustainability through reduced use of energy, risks and opportunities are assessed in terms of the long-term capability of those investments to deliver sustainable energy solutions.

3.1 SEEIT Environmental, Social and Governance ("ESG") continued

Recommendation	Disclosure
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	The policy trends as a result of the energy transition stand to benefit SEEIT's investments through additional opportunities and stronger regulatory support. The Company believes that the overall impact of the climate-related issues affecting the Company is positive for the following reasons: • The Company's investments are designed to provide solutions to climate-related issues. • The Company's supply chains provide solutions to climate-related problems, helping ensure both short and medium-term reliability of suppliers who are prioritising similar solutions and innovation. • The complexity and capital requirements of effective longer-term climate-related solutions favour the Company, which believes it has the necessary resources to identify investment and development opportunities where it is well placed to add value. Notwithstanding these competitive advantages, the Company considers how climate-related risks could affect its portfolio and seeks to minimise its exposure. The Investment Manager considers a range of climate-related risks associated with the Company's portfolio, which impact the type of investments the Company makes, the location of the assets and how those assets are managed in terms of upgrades and capex projects.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°c or lower scenario.	SEEIT considers the resilience of its strategy in terms of the impact of climate-related risks on its portfolio, and on the prospects for new investment opportunities in the future. The Investment Manager considers how climate change and specifically the energy transition would impact the portfolio. This includes consideration of climate-related opportunities and transition risks, which are all considered during investment appraisal and on an ongoing basis as part of asset management. For new acquisition and development opportunities, the Investment Manager considers the impact of climate change in making decisions about the technologies and markets to focus on. The Investment Manager will continue to enhance its reporting around the potential impacts of climate-related risks and will assess those risks under different climate scenarios in due course.
Risk management	
Describe the organisation's processes for identifying and assessing climate-related risks.	The Company's risks are managed as part of its overall risk management framework, which covers all aspects of the Company's activities. Climate-related risks are incorporated into the overall risk management framework and thus follow the same monitoring, managing and governance structure of other types of risk. The risk management framework and risk appetite are overseen by the Company's Audit and Risk Committee, which meets on a quarterly basis. The Audit and Risk Committee receives regular risk management reports from the Investment Manager to support its assessment, in addition to updates to the risk register, whereby each risk is rated, risk-mitigating factors are detailed and applicable controls are highlighted. Climate-related risks including best-available technology or regulatory changes are assessed as part of the risk register. On a project level, the Investment Manager identifies and assesses climate-related risks through due diligence and asset management. The Investment Manager does this in the first instance through due diligence questionnaires and checklists – one of which is the ESG questionnaire with climate-related questions around high physical climate risks and high exposure to technologies not consistent with net zero. These questions on climate change risk and adaptation are expanded upon in the next stage of ESG due diligence, as part of the broader questionnaire. The Investment Manager regularly monitors those risks through questionnaires and discussions with project management teams. For more information, please refer to Section 3.2, Risk Management.
Describe the organisation's processes for managing climate-related risks.	As described above, the Audit and Risk Committee oversee the risk management framework to ensure that emerging and existing risks are managed. This includes climate-related risks as they are incorporated into the overall framework. On a day-to-day basis, risks are managed by the Investment Manager at the portfolio and project level. The Investment Manager works closely with project management teams to mitigate emerging risks through collaboration with counterparties and advisors. For more information, please refer to Section 3.2, Risk Management.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	The risks are identified during the assessment of a potential investment and can be enhanced throughout the life of a project, depending on technology or legislative changes relating to climate change. Ongoing monitoring of each asset occurs through regular questionnaires, and all reported risks are validated and quantified by the Investment Manager. Furthermore, the Company discloses the portfolio's environmental performance data, including its greenhouse gas emissions, to inform ongoing risk management. Risk-mitigating controls are implemented on a case-by-case basis to ensure that the Company's exposure to ESG risk is managed. The controls are reviewed for effectiveness by the Investment Manager on a regular basis as ESG risks evolve and the Company adapts.

Recommendation	Disclosure
Metrics and targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk-management process.	The Company reports on a variety of metrics related to carbon and energy savings, energy generation and GHG emissions, which are calculated by monitoring environmental performance data of all investments quarterly. The climate-related metrics are calculated using guidance from the Greenhouse Gas Protocol and UK Streamlined Energy and Carbon Reporting legislation. The data is collected and collated by an external consultant and then reviewed internally. The Company monitors its environmental performance data to track progress against its sustainability indicators, namely the carbon and energy savings. Furthermore, the Company tracks the relevant GHG emissions of its assets to monitor its environmental impact and will inform its net zero strategy. Details on the relevant metrics are laid out in Section 3.1, ESG.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	The Company reports on its Scope 1, 2 and 3 GHG emissions in accordance with the methodology set out in the Greenhouse Gas Protocol. The Company's GHG emissions inform the degree of risk associated with an accelerated net-zero transition on a project-by-project basis. Details on the Company's emissions are provided in Section 3.1, ESG.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The Company seeks to measure, monitor and report climate-related KPIs that are consistent with relevant international standards, both statutory and voluntary, for assessing the sustainability of the Company's activities. As mentioned above, in line with the EU Sustainable Finance Disclosure Regulation, the Company tracks the performance of its identified sustainability indicators. Further, in line with the Investment Manager's commitment to the Glasgow Financial Alliance for Net Zero ("GFANZ"), the Investment Manager is assessing its strategy for reaching net zero across the group and will provide an update on SEEIT's net zero plan in due course.

EU Sustainable Finance Disclosure Regulation ("SFDR")

As stated above and in the Company's investment policy, SEEIT seeks to make sustainable investments by investing in energy-efficiency projects that reduce energy usage and greenhouse gas emissions. On the basis that the Company has sustainable investment as its objective, based on the current laws and related guidance, the Investment Manager considers that the Company qualifies as an Article 9 fund under the EU Sustainable Finance Disclosure Regulation ("SFDR"). Since its IPO, the Investment Manager has considered making sustainable investments to be a key aspect of the Company's investment approach and believes that the incorporation of sustainability into its investment process, asset management and reporting procedures is crucial for continuing to deliver sustainable growth and returns for shareholders.

In the appendix of the report is the Company's first periodic disclosure under Article 9 of SFDR, following its most recently published Annex III pre-contractual disclosure in the August 2022 investor disclosure document. The Investment Manager consistently monitors SFDR developments and emphasises that the evolution of the regulation and understanding of its requirements have impacted the responses provided in its disclosures. The Investment Manager recognises that the Company's reporting under SFDR will develop with future disclosures.

Climate-Related Environmental Performance Data – year to 31 March 2023

The principal environmental performance data of SEEIT's portfolio is set out in the tables below which cover, respectively: carbon and energy savings, portfolio energy generation, scope 1,2 and 3 GHG emissions, and carbon intensity indicators. The Investment Manager collects environmental performance data individually from the majority[23] of its assets based on actual energy usage and generation to inform its below analysis in-line with relevant requirements and recommendations.

Portfolio Energy[24] and Carbon[25] Savings

	Carbon Savings		Energy Savings	
	tCO2e		MWh	
	2022/23	2021/22	2022/23	2021/22
EU	153,474	167,191	1,518	-
USA	1,021,939	872,106	337,889	188,076
UK	18,980	16,596	37,849	42,523
ASIA	8,136	4,723	10,613	11,562
TOTAL PORTFOLIO	1,202,528	1,060,616	387,868	242,161

Portfolio Energy Generation

4,373,103 MWh

Total Energy Generated at 31 March 2023;
3,747,622 31 March 2022

	Renewable Electricity Generated		Renewable Heat Generated		Non-Renewable Electricity Generated		Non-Renewable Heat Generated	
	MWh		MWh		MWh		MWh	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
EU	227,449	195,723	214,394	-	353,882	721,754	239,165	487,511
USA	89,301	75,294	-	-	1,701,990	1,417,920	1,381,514	718,082
UK	34,069	745	34,838	36,031	42,002	43,867	48,728	51,079
ASIA	5,772	-	-	-	-	-	-	-
TOTAL PORTFOLIO	356,591	271,763	249,232	36,031	2,097,873	2,183,541	1,669,406	1,256,672

23 The environmental performance data disclosed in the report covers the majority of the projects in SEEIT's portfolio for the year ending 31 March 2023, making up c.95% of portfolio by value, but select investments have been excluded from this analysis due to relevance.

24 Energy savings refers to the electrical and thermal energy not consumed at the point of use by the customer due to a SEEIT investment.

25 Carbon savings refer to the reduction in GHG emissions achieved by a project compared to a relevant counterfactual, i.e. how the customer would receive the energy services in the absence of said project.

Portfolio GHG Emissions[26]

558,821 tCO2e

Total Carbon Emissions (S1 + 2) at 31 March 2023;
745,041 tCO2e 31 March 2022

	SCOPE 1				SCOPE 2				SCOPE 3[27]	
	tCO2e		MWh		tCO2e		MWh		tCO2e	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
EU	180,776	366,021	2,148,396	2,794,579	2,479	2,486	14,578	14,645	2,482	8,210
USA	361,550	365,223	1,973,844	1,993,948	7,372	5,149	68,228	48,408	255,283	256,920
UK	6,645	6,162	74,876	74,090	-	-	-	-	16,829	15,832
ASIA	-	-	-	-	-	-	-	-	-	-
TOTAL PORTFOLIO	548,971	737,406	4,197,116	4,862,617	9,851	7,636	82,806	63,054	274,594	280,962

Carbon Intensity Indicators

	Weighted Average Carbon Intensity		Carbon Footprint		Carbon Intensity		Exposure to Carbon-Related Assets[28]	
	tCO2e / £M Value		tCO2e / £M Value		tCO2e / £M Value		%	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
EU	1,680	3,010	173	404	1,516	880	20.9%	23.1%
USA	1,459	1,909	349	406	2,721	2,062	42.5%	46.1%
UK	1,519	734	6	7	472	732	3%	5%
ASIA	-	-	-	-	-	-	0%	0%
TOTAL PORTFOLIO	4,658	5,653	529	817	2,060	1,184	66.5%	73.6%

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

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

The data gathering process is predominantly manual and therefore dependent on accurate reporting from the management teams and other sources at the asset level. Market practice and processes keep improving and the Investment Manager is actively engaged in seeking the most up to date and accurate data for each of the investments. There have been instances in which evolving calculation methodologies or new information provided slightly alters previously reported data, but as those changes have been immaterial, the data reported in 2021/2022 for that year remains consistent in these tables.

26 The Portfolio Scope 1, 2 and 3 GHG emissions predominately represent the fuel used to generate energy in SEEIT's energy generating assets, in addition to limited Scope 2 and 3 emissions relating to business operations and supply chain emissions.

27 The MWh in the table refers to the energy consumed associated with the disclosed emissions.

28 Definitions of carbon intensity indicators:

- Weight average carbon intensity: The portfolio's exposure to carbon-intensive companies, expressed in tons C02e/$M value.
- Total carbon footprint: The total carbon emissions for a portfolio normalized by the ownership of the asset, expressed in tons CO2e / $M invested.
- Total carbon intensity by revenue: The volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio), expressed in tons C02e/$M revenue. Last year, the carbon intensity by revenue was calculated at the asset level, but this year it has been calculated at the regional level. Therefore, the 2021/2022 carbon intensity is shown on an equivalent basis.
- Total exposure to carbon-related assets: The percentage of carbon-related assets in the portfolio, expressed in $M or percentage of the current portfolio value.

3.2 Risk Management Framework


Pictured: Onyx Renewable Partner site

Risk Management Framework

The Company has a risk management framework that covers all aspects of the Company's activities, including systems and procedures designed to ensure that all applicable risks pertaining to the Company, its portfolio of investments and any stakeholders can be identified, monitored and managed.

The Investment Manager is a key service provider to the Company and is tasked with operating the key controls within the Company's risk management framework.

The risk management framework and risk appetite are overseen by the Company's Audit and Risk Committee, which meets on a quarterly basis at minimum. The remit of the Audit and Risk Committee includes a requirement to monitor the risks against pre-agreed risk tolerances, and to keep under review the adequacy and effectiveness of the internal financial controls, internal controls and risk management systems relied upon by the Company.

The Audit and Risk Committee receives regular risk management reports from the Investment Manager to support its assessment, in addition to updates to the risk register, whereby each risk is rated, risk mitigating factors detailed and applicable controls highlighted. The Audit and Risk Committee and the Investment Manager discuss and consider emerging risks and possible mitigants on a regular basis. When required, the Company's external advisers will be consulted.

Part of the Company's wider risk management framework captures the activities of key service providers – including the Investment Manager, which has its own risk management function, with appropriate systems and controls, and on which the Company relies.

Principal Risks

The principal risks faced by the Company and the investment portfolio have been summarised in the table below. These risks are monitored by the Investment Manager and have been reviewed by the Board and by the Audit and Risk Committee. The key risks faced by the Company and its investment portfolio are materially the same as in the prior year, although the likelihood of certain risks crystallising may have moved over time.

The majority of the risks are faced directly by the investment portfolio and only indirectly by the Company. Risks are typically not expected to change materially through the year, as operational and financial performance of underlying projects are measured over the medium to long term and are therefore typically consistent between periods.

Risk Type	Risk Movement	Risk Description	Mitigation
Credit	Increase	**Counterparty risks relating to potential default and failure to pay.** Default risks relating to counterparties for energy services contracts and relating to key service providers are the Company's largest inherent risks.	• Thorough counterparty due diligence is undertaken on prospective investments, which includes credit rating assessments to determine whether credit counterparties are of sufficient quality. • Ongoing counterparty risks are monitored, with the potential to be mitigated via credit risk management relating to counterparties (including through credit risk assessments, diversification across such counterparties or selling investments). • Additional protections such as parent company guarantees may also be sought. • Investment due diligence processes include assessments of the likely rate of recoverability of project capital in the event of any counterparty default. For example, an assessment would be undertaken regarding alternative offtaker arrangements or expectations for continuing plant operations due to the underlying profitability of such plants.
Market Regulatory	Same	**Market regulation changes that could result in negative financial impact or volatility of revenues.** Short to medium-term risk to revenues or costs through changes in carbon-related charges, emissions standards or energy prices.	• The Company mitigates these risks by ensuring any impact is primarily borne by the beneficiary of the asset rather than the Company as owner. • In the longer term, the pipeline development strategy can take account of policy and regulatory changes, as the Company retains flexibility to pursue opportunities in different technologies or regions which are identified as priorities.
Investment	Increase	**Re-contracting** The risk that assets within the portfolio are unable to renew their contracts on favourable terms.	• The majority of projects in the portfolio are contracted for the medium to long term. The key risk is that the value of the Company's investment in specific projects can be materially impacted by the ability of the asset to recontract. This risk is mitigated as all asset projects, where relevant, have a good recontracting record – given that projects are focused on providing a combination of emissions control and renewable energy, providing essential services to clients at a competitive price.
		Operations The risk that asset operations are not performing in line with expectations.	• Experienced and skilled contractors are employed for projects, and appropriate contractual performance assurances may further mitigate such risks. • However, there may be situations where contractual protection will not provide complete protection against underperformance. This is likely to occur where revenues are capacity rather than availability based. • Due diligence undertaken on prospective investments seeks to identify risks relating to decommissioning and ongoing maintenance. Leading equipment manufacturers are selected, and the Company seeks to only adopt tried-and-tested technology, in mitigation of operational risks. • The range of established technologies in which SEEIT has invested is sufficiently broad that systemic issues are limited. • Operational KPIs are shared on a regular basis and the asset team oversees operations to mitigate these risks.

3.2 Risk Management Framework
continued

Risk Type	Risk Movement	Risk Description	Mitigation
Investment (continued)		**Construction** Delayed construction/cost overruns resulting in financial underperformance.	• Technical due diligence at project design stage, the use of conservative construction time-period assumptions, the appointment of leading construction engineers and the use of tried-and-tested technology should all contribute towards mitigation of this risk. • Contractual protection negotiated with developers may also be used to ensure the Company is not itself directly at risk for the costs of construction delays. • The Company's investment policy limit on the level of exposure to development and construction projects also helps mitigate the effect of this risk, by ensuring it remains a relatively small proportion of the total invested portfolio.
		Feedstock and commodity prices Risks relating to fluctuations in pricing of commodity and feedstock, unhedged energy price exposures or regulated revenues. 1. The Company may face feedstock shortages, leading to higher production costs or the inability to produce the required amount of energy using desired inputs. 2. Prices for energy inputs may also rise with changing market conditions, which could affect economic returns.	• At the stage of prospective investment due diligence, careful consideration is given to any potential exposures relating to future feedstock availability or prices, alternative sources, and any reliance on energy pricing or subsidies. • The Company has the capacity to purchase entities to integrate the supply chain and deliver cost savings on feedstock supplies to key assets. • The Investment Manager reviews market prices, where residual market-related exposures may remain unhedged, with a view to reducing such pricing exposures and volatility. In general, the Company seeks to pass material price risk on to Counterparty so there is no direct impact on the Company.
		Demand Risk Risk that lower demand from offtaker reduces revenues.	• The Company targets contracted revenues with protection against demand risk. Where there is exposure to demand risk, the Manager seeks to manage this through various measures such as diversification across multiple offtakers (e.g. RED-Rochester), right of first dispatch (e.g. Primary Energy) and/or ensuring that demand of the offtaker significantly exceeds capacity.
Regulatory, Reputational and Compliance	Same →	**ESG compliance of counterparties** Risk that assets or partners are not adhering to relevant ESG policies and requirements (e.g. labour laws).	• The Investment Manager undertakes ESG onboarding and uses checklists for all new investments to ensure compliance with its ESG framework and standards. • For all greenfield opportunities, or where contracts can be amended, appropriate compliance and monitoring requirements will be included. • Where existing contracts cannot be amended, the Investment Manager will use best endeavours to ensure compliance and regular monitoring of counterparties. • The Investment Manager works with direct counterparties to understand and target compliance with best practices.

Risk Type	Risk Movement	Risk Description	Mitigation
Operations	Increase	**Cyber Risk** The Company's range of different assets may be exposed to a number of cyber and/ or fraud-related risks, which require a tailored mitigation plan according to the specifics of each portfolio asset. Increased risk due to Russian hostility towards Western corporations.	• Cyber security controls are operated by service providers and other contractors in respect of portfolio assets. The controls of service providers are monitored /reviewed by the Investment Manager periodically and the Audit and Risk Committee. • Appropriate security access controls are put in place at host sites, reflecting the essential nature of energy services provided to such hosts. • The Investment Manager has undertaken a third-party review of cyber risk across key projects. While no red flags were identified, recommendations are being actioned by the Investment Manager's asset management team.
Macro-economic	Increase	**Corporation tax** Changes to corporate rules could increase tax payments.	• Comprehensive tax and structuring advice are taken prior to making new investments, with the aim of structuring these appropriately, within the overall low-risk approach to taxation of the Company. • The Company can use intragroup profits and losses efficiently, allowing it to materially negate the rise in UK corporation tax rates. • Significant new investment in the USA provides an opportunity for optimising structuring and undertaking various consolidations that may reduce the impact of rising corporation tax rates. • The Company, by virtue of being a HMRC-approved investment trust, can potentially utilise interest streaming to reduce the overall impact of rising corporation tax rates across the portfolio.
		Interest Rates Rises Risk of pricing impact to current assets and future deals.	• Risks are mitigated by the Company having a globally diversified portfolio. • A credit facility reduces the risk of the Company having to exit an asset at an unfavourable price to meet potential funding demands.
		Inflation Inflation may be higher or lower than base case expectations.	• The Investment Manager continues to monitor the effect of inflation on a regular basis through detailed stress testing and sensitivity analysis. • The Investment Manager is building the portfolio to mitigate against material changes to inflation and it is currently positive correlated to inflation. Further mitigation is inherent in the recontracting feature within some of the assets, which should allow for incorporation of inflationary impacts at the time of recontracting.
Liquidity	Same	Risk that the Company is unable to meet short-term liability and financial demands.	• The Investment manager manages the cash portion of the portfolio to ensure there is sufficient cash to meet short-term demand. • Additional liquidity is available via a credit facility. • Investment Manager may also consider strategic disposals when it can maximise value for shareholders.
Financial/ Market	Increase	Risk of share price continuing to trade at a discount to NAV.	• Enhanced disclosure to investors through a Capital Markets Day in March 2023 and providing additional level of disclosure in this Annual Report • Company has implemented a buyback plan in Q2 2023 and will continue to review this against the wider market movements. • Regular interaction with shareholders via the Investment Manager and meetings with the Chair.

Emerging Risks

The Company's Board, along with the Investment Manager, utilises the Risk Management Framework to assess and identify new risks that are pertinent to the Company. The Company monitors not just existing risks but also these emerging risks, which may or may not crystallise over the medium-to-long term.

3.2 Risk Management Framework
continued

Risk Type	Risk Movement	Risk Description	Mitigation
Operations	Increase	The Company plans to hold energy-efficiency assets generating cashflows over the long term. However, its assets may be impacted through technological changes, or otherwise impacted through accelerated international timeframes to reach net-zero carbon emission targets.	• The Board and Investment Manager monitor portfolio technology diversification and any environmental-related risks, including consideration of the timeframe within which natural gas cogeneration assets will remain acceptable as a target technology. • Such investments achieve a high degree of combined thermal and electrical efficiency, making important and demonstrable contributions to the transition towards net-zero status. • Due diligence on prospective investments includes, as applicable, consideration of the adaptability and flexibility of prospective assets to achieve progressive environmental impact targets – with a view to a potential longer-term transition to alternative fuel sources such as biogas and hydrogen.
Investment	Increase	Increased investor activity and competition could impact ability to acquire projects at desired returns.	• While the sectors that the Investment Manager invests in are relatively niche, compared to utility-scale renewables, more players are starting to invest in these sectors, resulting in increased competition. This may result in a downward pressure on returns on new investment opportunities. Conversely, this would have a positive impact on discount rates for the existing portfolio. • Risk can be managed through focusing on our own network of developers, partners and offtakers, and ensuring a strategic angle to our investment.

Specific Event Risks

COVID-19

Overall, Covid-19 did not have a material impact on the majority of the portfolio during the previous twelve months, as it had in the preceding period. With the majority of offtakers operating as essential industries, the operation of portfolio projects has broadly adapted well to the pandemic environment.

Brexit

While the Company has not experienced any material impact from Brexit, the Investment Manager will continue to monitor any developments in the relationship between the EU and the UK, both in the near term as businesses adjust, and over the longer term, as UK and EU regulation may diverge over time.

Ukraine War

The impact of the conflict is evolving. While the Company does not anticipate currently direct operational disruption to the portfolio (primarily gas supply), this situation remains closely monitored. The Company and its portfolio are exposed indirectly through macroeconomic volatility, impacting interest rates, inflation and commodity prices, all of which has impacted the financial performance of the Company, as described elsewhere. The Company notes the heightened risk to businesses regarding cybersecurity, and has reflected that through the increase in the cyber risk status.

The Investment Manager continues to assess the impact of sanctions, which are themselves evolving, on the portfolio supply chain and stakeholders, and will continue to work with the project companies to ensure compliance with all applicable regulations.

Climate-Related Risks

Climate-related and other ESG considerations are reviewed, analysed and managed as an integral part of the Company's overall risk management procedures for investment appraisal, due diligence and asset management.

3.3 Viability Statement

Viability Assessment Period

The Directors have assessed the prospects of the Company over a five-year period to 31 March 2028. Consistent with prior years, the Directors have determined that five years is an appropriate period over which to provide this viability statement, as this period accords with the Company's business planning exercises and is appropriate for the investments owned by the Company and the nature of the Company.

Assessment Process

In making this statement, the Directors have considered the resilience of the Company, taking account of its current position, the principal risks facing the business in severe but plausible downside scenarios, and the effectiveness of any mitigating actions.

The Company benefits from a majority of investments that have a high degree of contracted long-term cashflows, and a set of risks that can be identified and assessed and would not be expected to change materially from one period to the next. The investments are each supported by detailed financial models, and investments that have financing in place have done so on a non-recourse basis to the Company. The Directors believe that the diversification within the portfolio, of predominantly operational investments, helps to withstand and mitigate the identified risks the Company may face.

The Investment Manager prepared, and the Directors reviewed, five-year cashflow projections as part of business planning – including as part of the approval process of the Company's budget and business plan – and undertook to approve dividends on a quarterly basis after reviewing medium-term cashflow projections. The projections consider cashflows, dividend cover, investment policy compliance and other key financial indicators over the period. These projections are based on the Investment Manager's expectations of future asset performance, income and costs, and are consistent with the methodology applied to provide the valuation of the investments during the year.

The Investment Manager provided analysis on these projections at various points through the year, considering the potential impact of the Company's principal risks actually occurring in severe but plausible downside scenarios.

The Audit and Risk Committee had the opportunity to review and challenge the scenario analysis, which included the potential adverse impact of the scenarios detailed below on the Company's projected near-term, medium and long-term cashflows, and the associated effect on ability to pay dividends, ability to settle ordinary liabilities, and on earnings and the NAV.

Scenarios Reviewed and their Impact

The Investment Manager selected these scenarios on the basis that each could reasonably be assumed to be a plausible but severe impact caused by market factors, including the knock-on effect of the Covid-19 pandemic and global recession, affecting the Company directly or indirectly:

- inability to refinance third-party debt, resulting in a reduction of distributions from investments – which in turn places the Company's ability to cash cover(APM) its dividends under pressure in specifically identified future years;
- a scenario that combined, during the same period, major challenges at project level, including slower than projected deployment of solar and storage projects at Onyx, removal of an accretive cogeneration project at RED-Rochester, and lower than expected revenues resulting from recontracting at Cokenergy. The combined effect resulted in a significant assumed permanent loss in revenues and approximately a 15-20% reduction in the Portfolio Valuation(APM) and therefore NAV of the Company;
- a scenario that reviewed a sharp one-off rise of c.10% in US federal tax rates, although due to mitigants available the impact on the Portfolio Valuation(APM) was c. 1%; and
- a scenario that determined the extent of a rise in EU-ETS costs of over 60% in the near terms, which would cause sufficient impact to put at risk the Company's ability to cash cover its dividends in full

The Audit and Risk Committee reviewed and challenged the Investment Manager on each of the scenarios presented. This included reviewing the likelihood of the risks of the scenarios materialising and considering the potential mitigants that the Investment Manager could apply to reduce any potential downside risk. The Audit and Risk Committee concluded that the scenarios, each prepared individually, demonstrated good resilience of the Company against adverse factors impacting its portfolio. The Investment Manager also provided the Audit and Risk Committee with a severe scenario that calculated the extent of the loss in revenue required to threaten the Company's solvency. The outcome of this scenario provided comfort that the Company should remain viable over the period assessed.

Confirmation of viability

Based on the reviews conducted throughout the year, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2028.

On behalf of the Board

Tony Roper,
Chair

4.
BOARD AND GOVERNANCE

Pictured: RED-Rochester site

4.1 Investment Policy and Approach

Investment Objective

The Company's investment objective is to generate an attractive total return for investors comprising stable dividend income and capital preservation, with the opportunity for capital growth.

Summary of the Investment Policy

- The Company seeks to achieve its investment objective by investing principally in a diversified portfolio of investments with high quality, private and public sector counterparties. The contracts governing these investments typically entitle the Company, on the whole, to receive stable and predictable cashflows. The Company's returns are derived from contractual payments by counterparties in respect of each relevant investment.
- Whilst the Company invests predominantly in operational investments, the Company may under certain circumstances invest while such investments are in a construction or development phase. In addition, the Company may, to a limited extent, invest in developers, operators or managers of energy efficiency infrastructure investments.
- In respect of the investment portfolio, the Company seeks to diversify its subcontracting exposure by contracting, where commercially practicable, with a range of different engineers, manufacturers or other service providers.
- Investments may be acquired individually or as a portfolio. The Company may also invest jointly with a co-investor. The Company aims to achieve diversification by investing in a range of different energy efficiency technologies and contracting with a wide range of counterparties.
- Though the Company initially focused its attention on investing in the UK, over time the Company has expanded to invest in projects in Europe, North America, and the Asia-Pacific region.
- In pursuing its investment policy, the Company will seek to target sustainable investments, for example, by making investments that contribute to GHG emission reductions.

The full investment policy can be found on the Company's website.

Gearing

The Company maintains a conservative level of aggregate gearing(APM) in the interests of capital efficiency, to enhance income returns, long-term capital growth and capital flexibility. The Company's target medium-term gearing(APM) is 35% of Net Asset Value (NAV)(APM), calculated at the time of borrowing ("structural gearing").

The Company may also enter borrowing facilities on a short-term basis to finance acquisitions ("acquisition finance"), provided that the aggregate consolidated borrowing of the Company and the investment portfolio, including any structural gearing(APM), shall not exceed 65% of NAV, calculated at the time of borrowing. The Company intends to repay any acquisition finance with the proceeds from capital raisings in the short –to medium term.

Structural gearing(APM) and acquisition finance are employed either at the level of the Company, at the level of the relevant investment, or at the level of any intermediate wholly owned subsidiary of the Company. Structural gearing(APM) and acquisition finance primarily comprise bank borrowings, though small overdraft facilities may be used for flexibility in corporate transactions.

Use of Derivatives

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

The Company does not typically enter into hedging contracts and other derivative contracts directly but may do so via its subsidiaries when they are available in a timely manner and on terms acceptable to it. The Company reserves the right to terminate any hedging arrangement in its absolute discretion.

Cash Management

Whilst it is the intention of the Company to be fully or near fully invested in normal market conditions, the Company may hold cash on deposit and invest in cash-equivalent investments, which could include short-term investments in money-market type funds and tradeable debt securities.

4.2 Board of Directors

As at the date of this Annual Report, the Board consists of five Directors who have complementary and relevant skills and backgrounds.

The Directors are of the opinion that the Board as a whole has an appropriate balance of skills, experience and diversity.

Anthony (Tony) Roper

Independent Non-Executive Chair, Nomination Committee Chair

Appointed: 12 October 2018

Tony started his career as a structural engineer with Ove Arup and Partners in 1983. In 1994 he joined John Laing plc to review and make equity investments in infrastructure projects both in the UK and abroad and then in 2006 he joined HSBC Specialist Investments to be the fund manager for HSBC Infrastructure Company Limited (now HICL Infrastructure plc). In 2011, Tony was part of the senior management team that bought HSBC Specialist Investments from HSBC, renaming it InfraRed Capital Partners.

Tony was a managing partner and a senior member of the infrastructure management team at InfraRed Capital Partners until June 2018, during which time he oversaw the successful launch of The Renewables Infrastructure Group on the London Stock Exchange.

Tony is the chair of abrdn European Logistics Income plc.

Tony has a master's degree in engineering from the University of Cambridge and is an Associate Chartered Management Accountant ("ACMA").

Helen Clarkson OBE

Independent Non-Executive Director, Management Engagement Committee Chair

Appointed: 12 October 2018

Helen joined Climate Group in March 2017 as Chief Executive Officer. Climate Group is an international non-profit organisation with a mission to drive climate action, fast. Climate Group builds networks of leading governments and businesses working on issues such as renewable electricity and zero carbon steel, to shape markets and policy. Helen also sits on the board of the We Mean Business Coalition.

Prior to joining the Climate Group, Helen worked at Forum for the Future where she founded the organisation's US office. At Forum, Helen led work with large US corporations such as Target, Walmart, Nike, Gap and Levi Strauss & Co. to solve complex sustainability challenges. Helen joined Forum from Médecins Sans Frontières where she worked on humanitarian missions across a number of conflict zones.

Helen qualified as a Chartered Accountant with Deloitte and has an undergraduate degree from the University of Cambridge, and a master's degree from the University of London. In 2022 Helen was awarded an OBE for services to the climate.

Emma Griffin

Independent Non-Executive Director, Remuneration Committee Chair

Appointed: 21 October 2020

Emma is an experienced director, having worked in both the UK and North America. She has broad capital markets and significant international investment expertise, gained as both an executive and non-executive director. From 2002 to 2013 Emma was a founding partner of Oriel Securities, which was sold to Stifel Corporation, and in her early career she worked for HSBC James Capel and Schroders.

Emma currently serves as a non-executive director of St James's Place plc and of IA Financial Group (listed on the TSX in Canada). She is also a director of privately owned ED&F Man Holdings and serves on the board of Claridge Inc., a private investment firm, and on the board of one of its largest individual investments. Emma has recently joined the board of NM Rothschild and Sons Limited.

Emma has a master's degree in Latin and Greek from the University of Oxford.

Christopher (Chris) Knowles

Senior Independent Non-Executive Director

Appointed: 12 October 2018

Chris has over 40 years' experience in projects, infrastructure and environmental finance and economics. He spent the majority of his career to date at the European Investment Bank (EIB), heading the infrastructure and environmental investment funds business from 2005 to 2017. In this capacity, he had pan-European responsibility for a diverse portfolio of activities, including equity funds for infrastructure and clean energy, energy efficiency, carbon finance, natural capital and structured finance.

From 2000 to 2005 he led the lending operations team responsible for EIB's financing in the transport and infrastructure sectors in Spain, closing €4-5bn of financing annually for Europe's largest national infrastructure programme, much of it in public-private partnership form. He spent the 1990s in similar jobs throughout central Europe, Finland and Greece, and the 1980s in Africa and the Caribbean. Prior to his time at EIB he worked for the Lesotho National Development Corporation, the European Commission and Lazard Brothers.

Chris also serves as a non-executive director on a number of private equity and debt funds pursuing ESG and impact strategies in Europe, Latin America, Africa and Asia. He is a member of various advisory committees including that for the Climate Bond Initiative and the Organisation for Economic Co-operation and Development ("OECD") Centre for Green Finance & Investment.

Chris holds degrees in Economics and Management from the University of Durham.

Sarika Patel

Independent Non-Executive Director, Audit and Risk Committee Chair

Appointed: 1 January 2022

Sarika is an experienced business leader in a mixture of public and private organisations, and has worked as a senior corporate finance professional at Zeus Caps (a principal investment and advisory platform focused on infrastructure and related sectors operating in India, Europe and the Middle East) and Grant Thornton.

Sarika is the Chair of abrdn Equity Investment Trust plc, and is a non-executive director of and chairs the audit committees at Foresight Forestry Fund plc and Sequoia Economic Infrastructure Income Fund Limited. Sarika is the Chair of Action for Children and is a board member of the Office for Nuclear Regulation where she chairs the Audit, Risk and Assurance Committee.

Sarika is a Chartered Accountant and a Chartered Marketer and is a double graduate in Law and Commerce.

4.3 Report of the Directors

The Directors are pleased to present the Annual Report for the year ended 31 March 2023. In accordance with the Companies Act 2006 (as amended), the Listing Rules and the Disclosure Guidance and Transparency Rules, the Corporate Governance Statement, the Directors' Remuneration Report, the Audit and Risk Committee Report, the Nomination Committee Report and the Statement of Directors' Responsibilities should be read in conjunction with one another and the Strategic Report. As permitted by legislation, some of the matters normally included in the Directors' Report have instead been included in the Strategic Report, as the Board considers them to be of strategic importance. Therefore, a review of the business of the Company, recent events and outlook can be found in Section 2, Strategic Report: The Company, along with information regarding environmental, social and governance issues.

Corporate Governance

The Company's Corporate Governance Statement is set out in Section 4.4, Corporate Governance Statement and forms part of this report.

Details regarding independent professional advice and insurance are set out in Section 4.4, Corporate Governance Statement.

Principal Activity

The Company is a closed-ended UK investment trust that invests in energy efficiency infrastructure projects. Further details can be found in Section 2, Strategic Report: The Company and Section 3, Strategic Report: Portfolio Review. The Directors do not anticipate any change in the principal activity of the Company in the foreseeable future.

Investment Trust Company Status

The Company has been approved as an investment trust under Sections 1158/1159 of the Corporation Tax Act 2010. The Company has continued to meet relevant eligibility conditions and ongoing requirements as an investment trust, in particular that the Company must not retain more than 15% of its eligible investment income. The Directors are of the opinion, following advice from the Company Secretary and Administrator, that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company) (Tax) Regulations 2011.

Non-Mainstream Pooled Investments

As a UK investment trust, the Company's shares are excluded from the restrictions in the FCA Rules on the marketing of non-mainstream pooled investments ("NMPIs") to 'ordinary retail clients' and the Company is accordingly not considered to be an NMPI. The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, in order that its shares can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA Rules on NMPIs. As an equity security admitted to listing on the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange, the ordinary shares of the Company are expected to qualify as a readily realisable security. Accordingly, it will not be either a (i) speculative illiquid security; (ii) a non-mass market investment; or (iii) a restricted mass market investment.

Directors

The Directors in office at the date of this report and their biographical details are shown in Section 4.2, Board of Directors.

Details of the Directors' terms of appointment can be found in Section 4.4, Corporate Governance Statement. The beneficial interest of the Directors and their connected persons in the ordinary shares of the Company are set out in Section 4.7, Directors' Remuneration Report.

The Investment Manager

The Company and the Investment Manager entered into the Investment Management Agreement pursuant to which the Investment Manager has been given responsibility, subject to the overall supervision of the Board, for active discretionary investment management of the portfolio in accordance with the Company's investment objective and policy.

The Investment Manager is authorised and regulated as an 'alternative investment fund manager ("AIFM") by the FCA and, as such, is subject to the FCA rules in the conduct of its investment business.

As the entity appointed and responsible for risk management and portfolio management, the Investment Manager is the Company's AIFM. The Investment Manager has full discretion under the Investment Management Agreement to make investments in accordance with the Company's investment policy. This discretion is, however, subject to:

i. the Board's ability to give instructions to the Investment Manager from time to time; and

ii. the requirement of the Board to approve certain investments where the Investment Manager has a conflict of interest in accordance with the terms of the Investment Management Agreement.

The Investment Manager also has responsibility for financial administration and investor relations, advising the Company and its Group in relation to the strategic management of the portfolio, advising the Company in relation to any significant investments and monitoring the Company's funding requirements.

The Board keeps the performance of the Investment Manager under continual review. The Directors believe that the continuing appointment of the Investment Manager, on the agreed terms, is in the best interest of the Company and its shareholders as a whole.

Further information on the SDCL group can be found on the website: https://www.sdclgroup.com/

Articles of Association

The Company's Articles of Association set out its internal regulations and cover the rights of the shareholders, the appointment of Directors and the conduct of the Board and general meetings. Copies of the Articles of Association are available upon request from the Company Secretary.

The Articles of Association may be amended by the shareholders of the Company by special resolution (requiring a majority of at least 75% of the persons voting on the relevant resolution).

AIFM Requirements

AIFM requirements have continued to apply since 1 January 2021, through existing transposed rules replicating EU AIFM Directive (2011/611/EU), within the rules of the UK's FCA. AIFM requirements impose detailed and prescriptive obligations on fund managers, including prescriptive rules on measuring and capping leverage, the treatment of investors, liquidity management, the use of depositaries and cover for professional liability risks. The AIFM requirements further impose conditions on the marketing of entities such as the Company to investors in the UK.

Independent Auditor and Disclosure of Information

PricewaterhouseCoopers LLP has expressed its willingness to continue in office as independent auditor of the Company, and resolutions for its re-appointment and to authorise the Audit and Risk Committee to determine its remuneration will be proposed at the forthcoming AGM.

Further information about the Company's independent auditor, including tenure, can be found in Section 4.6, Audit and Risk Committee Report.

Financial Risk Management

The principal risks and uncertainties facing the Company are set out in Section 3.2, Risk Management Framework. Information about the Company's financial risks and policies for managing these risks are set out in Note 13 to the financial statements.

Foreign Account Tax Compliance Act ("FATCA") and the OECD Common Reporting Standards ("CRS")

The Board, in conjunction with the Company's service providers and advisers, will ensure the Company's compliance with FATCA and CRS requirements to the extent relevant to the Company.

Share Capital

The issued share capital of the Company as at 31 March 2023 was 1,108,709,053 ordinary shares of £0.01 each and the total voting rights of the Company were 1,108,709,053.

As at 21 June 2023, being the last practicable date prior to the publication of this Annual Report, the issued share capital of the Company was 1,108,709,053, with 15,503,104 shares held in treasury and thereby leaving a total voting rights figure of 1,093,205,949. A share repurchase programme was initiated following year end, which has resulted in the lower total voting rights figure as at 21 June 2023.

Details of movements in share capital during the year are shown in Note 12 to the financial statements.

The Company has one class of ordinary shares which carry no rights to fixed income and have no restrictions attached to them. Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the shareholders are entitled to all of the surplus assets of the Company.

Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each ordinary share held.

Treasury Shares

The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This gives the Company the ability to re-issue ordinary shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. Ordinary shares will not be sold from treasury at a price less than the (cum income) NAV per existing ordinary share at the time of their sale. No ordinary shares were bought back during the year ended 31 March 2023, however, following the year end and as at 21 June 2023, 15,503,104 ordinary shares were bought back to be held in treasury.

Share Repurchases and Discount Management

The Company may seek to address any significant discount to NAV at which its ordinary shares may be trading by purchasing its own ordinary shares in the market on an ad hoc basis. As outlined above, no ordinary shares were bought back by the Company during the year to 31 March 2023.

As announced on 3 April 2023, the Company commenced a share repurchase programme following the year end. As at 21 June 2023, being the last practicable date prior to the publication of this Annual Report, the Company has repurchased 15,503,104 ordinary shares to be held in treasury.

At the AGM held on 12 September 2022, the Company was granted the authority to purchase up to 14.99% of the Company's ordinary share capital in issue at the date that the AGM notice was published, amounting to 148,444,171 ordinary shares.

The maximum price (exclusive of expenses) which may be paid for an ordinary share must not be more than the higher of:

(i) 5% above the average of the mid-market values of the ordinary shares for the five business days before the purchase is made; or

(ii) the higher of the price of the last independent trade and the highest current independent bid for the ordinary shares.

Ordinary shares will be repurchased only at prices below the prevailing NAV per ordinary share, which should have the effect of increasing the NAV per ordinary share for remaining shareholders.

It is intended that a renewal of the authority to make market purchases will be sought from shareholders at each AGM of the Company and authority for the Company to purchase up to 163,871,572 ordinary shares (subject to a maximum of 14.99% of the ordinary shares in issue, excluding those shares held in treasury, at the date of the AGM) will be sought at the forthcoming AGM. Purchases of ordinary shares will be made within guidelines established from time to time by the Board. Any purchase of ordinary shares would be made only out of the available cash resources of the Company. Ordinary shares purchased by the Company may be held in treasury or cancelled.

Purchases of ordinary shares may be made only in accordance with the Companies Act, the Listing Rules, and the Disclosure Guidance and Transparency Rules.

Investors should note that the repurchase of ordinary shares is entirely at the discretion of the Board and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of ordinary shares that may be repurchased.

Significant Voting Rights

As at 31 March 2023, the Company is aware or had been informed of the following notifiable interests in the voting rights of the Company, in accordance with Disclosure Guidance and Transparency Rule 5.1.2:

	Number of ordinary shares held	% of voting rights
M&G plc	135,037,247	12.18
Investec Wealth & Investment Limited	133,128,884	12.01
BlackRock, Inc.	99,410,025	10.03
Liontrust Investment Partners LLP	55,271,080	4.99

The Company has been informed of the following changes to notifiable interests between 31 March 2023 and 21 June 2023, being the last practicable date prior to the publication of this Annual Report:

	Number of Ordinary shares held	% of voting rights
M&G plc	135,123,811	12.36%

Dividends to Shareholders

The Company's policy is to pay interim dividends on a quarterly basis so typically there is no final dividend payable.

The total aggregate interim dividends attributable to shareholders for the year amounted to £62.0 million (2022: £44.2 million).

Details of the interim dividends paid during the year under review are noted in the table below:

Dividend	Year ended	Dividend per share
Fourth interim dividend	31 March 2022	1.405p
First interim dividend	31 March 2023	1.5p
Second interim dividend	31 March 2023	1.5p
Third interim dividend	31 March 2023	1.5p

On 7 June 2023, the Board declared a fourth interim dividend of 1.5p per share with respect to the year ended 31 March 2023, payable on 30 June 2023.

Going Concern

The Directors have considered the following current matters alongside the regular cashflow and business activities in assessing that it is appropriate to prepare the financial statements on a going concern basis:

The Articles of the Company provide that a continuation vote be put to shareholders at the upcoming AGM to be held in September 2023.

The Directors recognise the importance of the continuation vote mechanism for shareholders and believe that there is no fundamental concern with the Company's prospects and its ability to deliver value for shareholders and therefore recommend the shareholders vote in favour.

The resolution requires a simple majority to pass, and Directors and Investment Manager are confident the vote will be achieved. This is based on positive feedback from recent meetings held by the Chair or the Investment Manager with several major shareholders alongside discussions with the Company's Broker who has indicated their confidence the shareholders will vote in favour of continuation. The Company also has a strong track record of shareholder support through consistently oversubscribed capital raises since IPO and achieving overwhelming majority (over 90%) support for all resolutions at all its general meetings to date. The Directors believe the Company is well positioned, with substantial scale and a diversified portfolio able to deliver attractive returns. Should the resolution not pass, the Directors note that this would not automatically result in the Company not continuing as a going concern. The requirement from the Articles of the Company would be for the Directors to put forward proposals within six months of the vote. In practice, the Directors would consider that this would be for a reconstruction, reorganisation or winding up.

Although the shareholder vote on continuation is outside of the control of the Company, the Directors remain confident that the Company's continuation vote will be passed and accordingly, having considered this carefully believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

In light of the events in Ukraine, the Board and the Investment Manager have been monitoring its continual development and performed an assessment of the current exposure to Ukraine, Russia and Belarus (the "Region") and the potential impact to the Company's and the portfolio companies' operations. The Company is a UK registered public company. Currently neither the Company nor the Investment Manager conducts business and operations in the Region; therefore the Company is not subject to any direct impact by this event.

With regards to the Company's investments, none of the portfolio companies have business operations or client / supplier relationships in the Region. Through this assessment, the Board and the Investment Manager duly considered any restriction imposed by the relevant sanctions, and its impact on the portfolio companies and have concluded there are no direct material implications.

The global impact of the Russian invasion of Ukraine on the oil and gas prices is a significant contributor to inflation and cost of living rises globally at present. The Company has carried out an assessment of the impact of the global rise in inflation on its portfolio and has concluded that, overall, there is a positive correlation to inflation and there is no adverse impact. The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of approval of the financial statements. The Directors have reviewed the Company's financial projections and cashflow forecasts, including the potential impact from this and believe, based upon those projections and forecasts and various risk mitigation measures in place, that it is appropriate to prepare the financial statements on a going concern basis.

The Company, through its investment in Holdco, benefits from a portfolio of investments that have a range of long-term contracts with a diversified set of counterparties across multiple sectors and jurisdictions. A key risk facing the Company is that counterparties to the investments may not be able to make their contractual payments. The Directors have reviewed a cashflow forecast to June 2024, taking into consideration potential changes in investment and trading performance and applying a 10% reduction in income to test the resilience of cashflows in the near term. The forecast results in positive cashflows for the foreseeable future that meets the liabilities as they fall due.

They also reviewed a severe downside scenario where the Company receives no income from its investment for the next 12 months but continue with existing committed payments for running the Company. Even under this stress scenario, the Company would have sufficient cash reserves to continue as a going concern. As at 31 March 2023, the Company's net assets were £1,125 million, including cash balances of £0.3 million.

Further amounts of cash are held by the Company's direct and indirect subsidiaries (including Holdco which has c.£62 million at the year-end), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Company are the payment of dividends and payments relating to the investment in new assets, both of which are discretionary.

The Company's single subsidiary, Holdco, has a RCF that has adequate headroom in its covenants that have been tested for historic and forward interest cover and loan to value limits. As at 31 March 2023, the facility was undrawn. The Company is a guarantor to the RCF but has no other guarantees or commitments.

The Directors have considered the upcoming continuation vote, impact from the Ukraine conflict and the cost of living crisis, and relevant financial projections and cashflow forecasts.

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of approval of the interim financial statements, and that it is appropriate to prepare the financial statements on a going concern basis.

Directors' Responsibilities Pursuant to Section 172 of the Companies Act 2006

The Directors fulfilled their duties under Section 172 of the Companies Act 2006 to act in good faith and to promote the success of the Company for the benefit of shareholders as a whole. See Section 2.6, Stakeholders and Section 172 for further details.

Employees and Officers of the Company

The Company does not have any employees and therefore employee policies are not required. The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed in Section 4.2, Board of Directors.

Greenhouse Gas Emissions

Information about the Company's greenhouse gas emissions are set out in Section 3.1, ESG.

Political Donations

The Company made no political donations during the year or the preceding year.

Anti-bribery and Tax Evasion

The Company is committed to ensuring that the Company, its subsidiaries, partners, agents and anyone contracted to it, including by the Company's Investment Manager and key service providers, complies with the requirements of the UK Bribery Act 2010 or equivalent legislation in other jurisdictions.

The Criminal Finances Act ("CFA") (Commencement No. 1) Regulations 2017 (SI 2017/739) brought Part 3 of the CFA, the corporate offences of failure to prevent facilitation of tax evasion, into force on 30 September 2017. The Company does not tolerate tax evasion in any of its forms in its Group or the project companies in which it invests. The Company complies with the relevant UK law and regulation in relation to the prevention of facilitation of tax evasion and supports efforts to eliminate the facilitation of tax evasion worldwide. It also works to make sure its business partners share this commitment.

The Company's Anti-Bribery and Criminal Finances policy is published on the Company's website. These statements are reviewed annually by the Board.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross-reference table indicating where the information is set out. The Directors confirm that there are no matters requiring disclosure in relation to Listing Rule 9.8.4.

The Report was approved by the Board on 28 June 2023 and signed on its behalf by:

Tony Roper
Chair

4.4 Corporate Governance Statement

This Corporate Governance statement forms part of the Directors' Report.

The Board of Directors has considered the Principles and Provisions of the Association of Investment Companies ("AIC") Code published in February 2019. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code 2018 (the "UK Code") published in July 2018, as well as setting out additional Provisions on issues that are of specific relevance to the Company.

Statement of Compliance with the AIC Code

The Board recognises the importance of sound corporate governance culture that meets the requirements of the UK Listing Authority and the AIC Code.

As an AIC member, the Company has considered the Principles and Provisions of the AIC Code, which addresses the Principles and Provisions set out in the UK Code. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council ("FRC"), provides more relevant information to shareholders. The AIC code can be found at www.theaic.co.uk and the UK Code can be found at www.frc.org.uk.

The Company has complied with the Principles and Provisions of the AIC Code. In respect of the UK Code, the following items are not considered to be relevant (and so are not reported on further) due to the Company being an externally managed investment company with no executive directors or employees:

- The role of the chief executive;
- Executive Directors' remuneration; and
- The need for an internal audit function.

The AIC Code includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Set out below are the full details of how the Company has applied the Principles of the AIC Code:

AIC Code	Principle	Compliance Statement
A	A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	In managing the Company, the aim of the Board and of the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. The Board is subject to an annual evaluation, the results of which indicate that the Board performs effectively as a whole. As part of the evaluation process, the Board identifies areas in which they could further improve and performance in these areas is monitored throughout the year and at the point of the next annual evaluation. Further information on the Board evaluation process can be found in Section 4.5, Nomination Committee Report.
B	The Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	The Company's investment objective is to generate an attractive total return for investors comprising stable dividend income and capital preservation, with the opportunity for capital growth. The Board seeks to ensure the alignment of its purpose, values and strategy with a culture of openness, debate and integrity through ongoing dialogue and engagement with its stakeholders. The Directors aim to achieve a supportive business culture combined with constructive challenge and to provide a regular flow of information to shareholders and other stakeholders.

AIC Code	Principle	Compliance Statement
C	The Board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The Directors regularly consider the Company's financial position in the context of its business model, the balance sheet, cashflow projections, availability of funding and the Company's contractual commitments. The Company is subject to various risks in pursuing its objectives and, in order to effectively assess and manage risk, appropriate controls and policies are in place, which are regularly reviewed and assessed by the Audit and Risk Committee. These are detailed in Section 3.2, Risk Management Framework, in Section 4.6, Audit and Risk Committee Report, and in Note 13 to the financial statements. The Directors confirm they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. See Section 3.2, Risk Management Framework for further details. The Directors have assessed the prospects of the Company over a five-year period to 31 March 2028. The Directors have determined that a viability statement for a five-year period is appropriate as this period accords with the Company's business planning exercises and is appropriate for the investments owned by the Company and the nature of the Company. See Section 3.3, Viability Statement for further details on the Viability Statement.
D	In order for the company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	The Company describes its key stakeholders, the reason they are important, how it seeks to gain an understanding of their interests, and how the Board engages with them, whether directly or via the Investment Manager, in Section 2.6, Stakeholders and Section 172.
F	The Chair leads the Board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	The role and responsibilities of the Chair are described in Section 4.4, Corporate Governance Statement. The Company recognises that the Chair leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The annual evaluation of the Board's effectiveness always considers the performance of the Chair, and whether they have performed their role effectively. The Directors have concluded that the Chair has fulfilled their role and performed well to support effective functioning of the Board as evidenced in the internal Board evaluation that took place during the latter part of the financial year.

AIC Code	Principle	Compliance Statement
G	The Board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the Board's decision making.	During the year under review, the Board consisted only of non-executive Directors and all of the Directors are deemed to be independent of the Investment Manager. In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board. The Board also considers the composition of the Board as well as longer-term succession plans. The Board is satisfied the Board's current composition is adequate to appropriately discharge its duties and currently has no intentions to alter its composition.
H	Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account.	The Board considers the required time commitment annually and, during the year under review, the Board concluded that all Directors continued to devote sufficient time to the business of the Company. Through their contributions in meetings as well as outside of the usual meeting cycle, the Directors share their experience and guidance with, as well as constructively challenge, the Investment Manager. The Management Engagement Committee annually assesses the performance of all material third-party service providers.
I	The Board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Board's responsibilities are set out in the Schedule of Matters Reserved for the Board and certain responsibilities are delegated to its Committees, so that it can operate effectively and efficiently. All Board policies were reviewed and, where appropriate, updated during the year. They continue to be reviewed on a regular basis. Directors are also provided with any relevant information and have access to the Company Secretary and independent advisers, if required.
J	Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	The Company is committed to ensuring that any vacancies arising are filled by suitably qualified candidates. The Board has adopted a Diversity Policy, which acknowledges the benefits of greater diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. Appointments of new Directors to the Board follow a structured and transparent process as described further below. The Company's policy on the tenure of Directors also helps guide long-term succession plans and recognises the need and value of progressive refreshing of the Board. Both policies are described in more detail below.

4.4 Corporate Governance Statement continued

AIC Code	Principle	Compliance Statement
K	The Board and its Committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	The Nomination Committee, which comprises the whole Board, is responsible for identifying and recommending to the Board the appointment of new Directors. The Nomination Committee reviews, at least annually, the key skills and experience of each Director and the skills matrix is reviewed at least once per year to ensure that the Board has an appropriate mix of skills and experience, particularly when considering longer-term succession plans.
L	Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	The Directors are aware that they need to monitor and improve Board performance continuously and recognise that this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness. In line with the AIC Code, the Board has agreed that an external Board evaluation will be carried out every three years and, in the intervening years, evaluations will be carried out by means of questionnaires and interviews. An internal evaluation of the performance of the Board, its Committees and individual Directors took place during the year, and was led by the Chair with the support of the Senior Independent Director and the Company Secretary. The next external evaluation is due to take place in 2025. Further details of the results of the Board evaluation process can be found in Section 4.5, Nomination Committee Report.
M	The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Audit and Risk Committee supports the Board in fulfilling its oversight responsibilities by reviewing the performance of the independent auditor, audit quality, and the auditor's objectivity and independence. The Audit and Risk Committee also reviews the integrity and content of the financial statements, including the ongoing viability of the Company. More details can be found in Section 4.6, Audit and Risk Committee Report.
N	The Board should present a fair, balanced and understandable assessment of the company's position and prospects.	The Audit and Risk Committee supports the Board in assessing that the Company's Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects. Please refer to Section 4.6, Audit and Risk Committee Report for further information.

AIC Code	Principle	Compliance Statement
O	The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	The work of the Audit and Risk Committee, that supports the Board through its independent oversight of the financial reporting process – including the financial statements, the system of internal control and management of risk, the appointment and ongoing review of the quality of the work and independence of the Company's external auditor – is described Section 4.6, Audit and Risk Committee Report.
P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Directors are all non-executive and independent of the Investment Manager. They receive fees and no component of any Director's remuneration is subject to performance factors. Whilst there is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold shares in the Company, all Directors do hold shares in the Company and the details of their shareholdings are set out in Section 4.7, Directors' Remuneration Report.
Q	A formal and transparent procedure for developing a policy for remuneration should be established. No director should be involved in deciding their own remuneration outcome.	As the Company has no employees and the Board is comprised wholly of non-executive Directors, the Board has established a separate Remuneration Committee, which is comprised of all Directors. Directors' remuneration is determined by the Committee, at its discretion within an aggregate ceiling as set out in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration. The details of the Remuneration Policy and Directors fees can be found in Section 4.7, Directors' Remuneration Report. The terms and conditions of the Directors' appointments are set out in their letters of appointment, which are available for inspection on request at the registered office of the Company.
R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	The process of reviewing the Directors' fees is described in Section 4.7, Directors' Remuneration Report, although because there are no performance-related elements of the remuneration, there is very little scope for the exercise of discretion or judgement.

Principle E of the UK Code relates to the treatment of employees and so is generally not applicable to companies under the AIC Code if, as in the case of the Company, there are no employees.

The Board of Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed in Section 4.2, Board of Directors.

Board Independence

The Board consists of five independent non-executive Directors, who were considered independent of the Investment Manager at the time of their appointment. The independence of the Directors is reviewed as part of the annual evaluation process and, in line with the guidelines of the AIC Code, continue to be considered independent in character and judgement and entirely independent from the Investment Manager.

Appointment of New Directors

Any appointments to the Board are subject to a formal, rigorous and transparent procedure. The Nomination Committee is responsible for satisfying itself that there is succession planning in place for Directors to ensure continued refreshment of the Board; for identifying and nominating appointments to the Board for their approval and is also responsible for identifying and nominating candidates to fill Board vacancies, as and when they arise.

As part of the appointment process, the Nomination Committee:

- evaluates the balance of skills, knowledge and experience on the Board;
- will draw up a description of the role including the capabilities required and use an external search consultancy in the search for candidates; and
- will ensure that appointments are made based on merit and after assessing candidates by means of objective criteria, ensuring that appointees have enough time available to devote to the position, and also determine the terms and conditions of the appointment of non-executive Directors, setting out clearly what is expected of them in terms of time, commitment, committee service and involvement outside Board meetings.

Induction Process

New appointees to the Board are provided with a full induction programme.

The programme is based on the Corporate Governance Institute UK & Ireland's 'Induction of directors' guidance note, and adapted to the requirements of the Company, and is designed to:

i. build an understanding of the nature of the company, its business and its markets;

ii. build a link with the company's people; and

iii. build an understanding of the company's main relationships.

The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise, including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information.

The Directors are also afforded the opportunity to meet with other non-executive Directors, key personnel from the Investment Manager and other key service providers, including the independent auditor, the Company Secretary and Administrator, and the Corporate Broker.

Terms of Appointment

The terms of appointment of the Directors are formalised in letters of appointment, copies of which are available for inspection at the Company's registered office. None of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year.

Re-Election

The Articles of Incorporation provide that each of the Directors shall retire at each AGM. All Directors intend to retire at the forthcoming AGM and offer themselves for re-election.

As set out further below, the Board carries out an annual review of each Director and the Board as a whole. The Board believes that the balance of skills, gender, experience and knowledge of the current Board provides for a sound base from which the interests of investors will be served to a high standard.

The Board recommends the re-election of all other Directors at the forthcoming AGM.

Board Responsibilities

Under the leadership of the Chair, the Board is responsible for the effective stewardship of the Company's affairs, including strategy, corporate governance, risk assessment and overall investment policy.

Role and Responsibilities of the Chair

The Chair leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. Key aspects of the Chair's role and responsibilities are to:

- act with objective judgement;
- promote a culture of openness and debate;
- facilitate constructive Board relations and the effective contribution of all Directors;
- work with the Company Secretary to ensure that all Directors receive accurate and timely information so that they can discharge their duties;
- seek regular engagement with the Company's shareholders; and
- act on the results of the annual evaluation of the performance of the Board, its Committees and individual Directors.

The Chair, Tony Roper, met the independence criteria upon appointment and has continued to meet this condition throughout his term of service.

Role and Responsibilities of the Senior Independent Director

The key elements of the Senior Independent Director's role are to:

- act as a sounding board for the Chair;
- lead the annual evaluation of the Chair as part of the annual evaluation process;
- in the event of any major difference of opinion on the direction of the Company, act as an intermediary between the Chair, other Directors and the Investment Manager; and
- provide a conduit for views of shareholders in the event that the usual channels are not available or not suitable in the circumstances.

Chris Knowles was appointed as Senior Independent Director at IPO.

The complete responsibilities of the Chair and Senior Independent Director are available on the Company's website.

Delegation of Responsibilities

The Board has delegated the following areas of responsibility to a number of service providers, each engaged under separate contracts:

The day-to-day administration of the Company has been delegated to Apex Group Secretaries (UK) Limited in its capacity as Company Secretary and Apex Group Fiduciary Services (UK) Limited as Administrator.

The Board has access to the Company Secretary to advise on all governance and day-to-day administrative matters. The Company Secretary is also responsible to the Board for guaranteeing that statutory obligations are met.

The management of the Company's portfolio is delegated to the Investment Manager, Sustainable Development Capital LLP.

The Investment Manager has full discretion (within agreed parameters) to make investments in accordance with the Company's investment policy and has responsibility for financial administration and investor relations, in addition to advising the Board in relation to further capital raisings and the payment of dividends amongst other matters, subject to the overall supervision and oversight of the Board.

Among the specific tasks of the Investment Manager are the overall financial management of the Company and existing portfolio as a whole, including the deployment of capital, management of the SEEIT group's debt facilities, hedging arrangements, the sourcing of new investments, operating the risk management framework, preparing the semi-annual valuations, the statutory accounts, the management accounts, business plans, presenting results and information to shareholders, coordinating all corporate service providers to the Company and giving the Board general advice.

Members of the Investment Manager are also appointed as directors of the SEEIT Group's project companies and/or intermediate holding companies and as part of their role in managing the portfolio, they attend board meetings of these companies and make appropriate decisions. Material decisions are referred back to the Investment Manager's Investment Committee for consideration, and the Company's Board is consulted on key matters relevant to the Company's strategy, policies or overall performance, both on an ad hoc basis where required and during formal reporting sessions, including all matters outside the Investment Manager's delegated authority.

Board Tenure Policy

The Board's policy regarding tenure of service of the Directors including its Chair, is that any decisions regarding tenure should balance the benefits of continuity and knowledge and the orderly transition of responsibilities through succession plans for the retirement and appointment of Directors against the need to periodically refresh the Board composition to maintain an appropriate mix of the required skills, experience, diversity and length of service. The Board considers each of the Directors' independence carefully on an annual basis as part of the Board self-evaluation and succession planning process.

It is not envisaged that any Board members will continue on the Board past nine years, except where required by Company circumstances at that time (and then only for a limited period), to be agreed by the Board as a whole, taking into account their independence and the need to balance this against the benefits of maintaining continuity, knowledge and experience.

Culture

The culture of the Board is considered as part of the annual performance evaluation process that is undertaken by each Director. The culture of the Company's service providers, including their policies, practices and behaviour, is considered by the Board as a whole during the annual review of the performance and continuing appointment of all service providers. Further information on the Company's culture and values and engagement with its service providers and other stakeholders is set out in Section 2.6, Stakeholders and Section 172.

Diversity

Diversity, including, but not limited to, gender, ethnicity, professional and industry-specific knowledge, is an important consideration in ensuring that the Board and its Committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The right blend of perspectives is critical to ensuring an effective Board and a successful Company.

The Board has adopted a Diversity Policy and considers that its composition with respect to the balance of skills, ethnicity and cultural diversity, gender, experience and knowledge, coupled with a mixed length of service, provides for a sound base from which the interests of shareholders will be served to a high standard.

The Board of Directors comprised five independent non-executive Directors; two male and three female (being 60% female representation), as at 31 March 2023.

The Company supports the Hampton-Alexander review and the more recent FTSE Women Leaders review and their respective targets for a minimum of 33% and 40% of women on boards and the opportunity for companies to continue to increase on this representation. The Company also supports the Parker review's recommendations to increase ethnic and cultural diversity on boards, including its target for FTSE 250 boards to have at least one director from an ethnic minority background by 2024, the development of a pipeline of candidates, the planning for succession through mentoring and sponsoring, and enhancing transparency and disclosure to record and track progress against the objectives. The Company meets the recommendations and targets of these three reviews as at 31 March 2023.

According to new requirements of the Listing Rules LR 9.8.6 R(9) and (11) (applicable for periods from 1 April 2022), the Company is required to include a statement in the annual financial report setting out whether it has met the following targets on board diversity as at 31 March 2023:

a) at least 40% of individuals on the board are women;

b) at least one of the senior board positions (defined by the FCA as either the Chair, SID, CEO or CFO) is held by a woman; and

c) at least one individual on the board is from a minority ethnic background.

The following tables set out the prescribed format for information in accordance with the requirements of LR 9 Annex 2.

Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior Positions on the board (SID and Chair)
Men	2	40%	2
Women	3	60%	–
Not specified	–	–	–

Table for reporting on ethnic background

	Number of board members	Percentage of the board	Number of senior Positions on the board (SID and Chair)
White British or other White (including minority-white groups)	4	80%	2
Mixed Multiple Ethnic Groups	–	–	–
Asian/ Asian British	1	20%	–
Black/ African/ Caribbean/ Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified	–	–	–

As at 31 March 2023, the Board meets the criteria of target a) as 60% of the Board are women, and target c) as one Board member is from a minority ethnic background.

With regards to target b) none of the senior board positions, as defined by the FCA, are held by a woman. However, the Board considers the role of the Audit and Risk Committee Chair to be a senior board position given the nature of the Company as an investment trust. The Company has no executive directors, so has neither a CEO or a CFO. Additionally, the role of the Audit and Risk Committee Chair is the second highest remunerated position on the Board, reflecting the importance of the position and the time commitments it commands. The Audit and Risk Committee Chair position is held by a woman and, therefore, the Board considers that at least one of the senior board positions is held by a woman under this interpretation.

Matters Reserved for the Board

The Directors have adopted a formal schedule of matters specifically reserved for their approval. The Directors have overall responsibility for the Company's business activities in accordance with the Company's Articles and investment policy. The Board has delegated certain functions as described further below and retains the right to vary the delegation from time to time.

Reserved matters for the Board's approval include:

- capital raising activities;
- declaring dividends;
- reviewing the performance and appointments of key service providers;
- setting terms of reference for the Board and relevant Board Committees; and
- monitoring the constitution and efficiency of the Board and its Committees and key governance aspects such as general meetings and shareholder circulars.

Committees of the Board

The Board has four Committees to assist with its operations; the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Management Engagement Committee. The delegated responsibilities of each Board Committee are clearly defined in formal terms of reference, which are available on the Company's website.

The Company Secretary acts as secretary to each Committee. No persons other than the Committee members are entitled to attend Committee meetings unless formally invited by the respective Committee.

Membership of the Board Committees as at 31 March 2023 are as follows:

	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
Chair	Sarika Patel	Emma Griffin	Tony Roper	Helen Clarkson
Members	Helen Clarkson	Helen Clarkson	Helen Clarkson	Emma Griffin
	Emma Griffin	Chris Knowles	Emma Griffin	Chris Knowles
	Chris Knowles	Sarika Patel	Chris Knowles	Sarika Patel
	Tony Roper	Tony Roper	Sarika Patel	Tony Roper

Audit and Risk Committee

The Board considers that the members of the Audit and Risk Committee have the requisite skills and experience to fulfil the responsibilities of the Committee. The Chair of the Audit and Risk Committee has significant recent and relevant financial experience. The Audit and Risk Committee has direct access to the Company's independent auditor and provides a forum through which the independent auditor reports to the Board. Representatives of the independent auditor attend meetings of the Audit and Risk Committee at least twice per year.

Further details about the Audit and Risk Committee and its activities during the year under review are set out in Section 4.6, Audit and Risk Committee Report.

Remuneration Committee

The Remuneration Committee meets at least once per year and deals with matters of Directors' remuneration. In particular, the Remuneration Committee reviews and makes recommendations to the Board regarding the ongoing appropriateness and relevance of the Remuneration Policy, Directors' annual fee levels and also considers the need to appoint independent professional external remuneration consultants.

Further details about the Remuneration Committee and remuneration matters are set out in Section 4.7, Directors' Remuneration Report.

Nomination Committee

The Nomination Committee meets at least once per year to consider Board succession planning and recruitment and to conduct the annual Board evaluation exercise.

Further details about the Nomination Committee and its activities during the year under review are set out in Section 4.5, Nomination Committee Report.

Management Engagement Committee

The Company has established a Management Engagement Committee. The Board has formally delegated duties and responsibilities within agreed written terms of reference for the Committee, which are available on the Company's website.

As at 31 March 2023, the Management Engagement Committee was comprised of all Directors of the Company. The Committee meets at least once per year.

The Committee met formally once during the year to assess the performance of the Investment Manager and the Company's other key third-party service providers. This annual review process includes two-way feedback, which provides the Board with an opportunity to understand the views, experiences and any issues encountered by service providers during the year. In addition, the Management Engagement Committee is actively involved in reviewing the contractual relationships of the Investment Manager and the Company's other key third-party service providers and ensuring the contractual terms remain aligned with the objectives of the Company and the interests of Shareholders.

Following the Committee's assessment of the Investment Manager, and based on its performance, the continued appointment of the Investment Manager is considered to be in the interests of shareholders as a whole, and it was recommended that SDCL continue as Investment Manager.

Meetings

The Board is scheduled to meet at least five times per year and between these formal meetings there is regular contact with the Investment Manager, the Administrator, the Company Secretary and the Corporate Broker. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company that should be brought to the attention of the Directors.

The Board considers agenda items laid out in the notice and agenda of any meeting, which are circulated to the Board in advance of the meeting as part of the Board papers. Directors may request any agenda items to be added that they consider appropriate for Board discussion. Each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussion. Board meetings include a review of investment performance and associated matters such as health and safety, marketing, investor relations, risk management, gearing(APM), general administration and compliance, peer group information and industry issues.

The number of scheduled Board and Board Committee meetings held during the year and the attendance of the Individual Directors is shown below:

	Scheduled Board meetings	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
No. of meetings held	**5**	**4**	**1**	**1**	**1**
Tony Roper	5	4	1	1	1
Helen Clarkson	4	4	1	1	1
Chris Knowles	5	4	1	1	1
Emma Griffin	5	4	1	1	1
Sarika Patel	5	4	1	1	1

During the year ended 31 March 2023, there were 11 additional ad hoc Board meetings, five ad hoc Audit and Risk Committee meetings, two ad hoc Remuneration Committee meetings, and one ad hoc Nomination Committee meeting held in order to deal with administrative matters. These were attended by those Directors available and/or delegated by the Board to one or more members to action.

Insurance and Indemnity Provisions

Directors' and Officers' liability insurance cover is in place in respect of the Directors. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted, or judgement is given in their favour by the Court.

Except for such indemnity provisions in the Company's Articles of Association and in the Directors' letters of appointment, there are no qualifying third-party indemnity provisions in force.

The Board has agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties.

Conflicts of Interests

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. All Directors must inform the Board as soon as they become aware of the possibility of an interest that conflicts, or might possibly conflict, with the interests of the Company.

A register of conflicts is maintained by the Company Secretary and regularly reviewed by the Board to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at Board meetings whether there has been any change to their position.

The Board has adopted a policy that records all gifts and hospitality in excess of £50 accepted by the Directors from the Company's service providers and other relevant third parties.

Reporting on Stakeholder Engagement

The Company sets out how it interacts and engages with its stakeholders in Section 2.6, Stakeholders and Section 172. The stakeholder relationships identified provide the foundation for the Company's sustainability, which in return provides benefits to all parties. Both the Board and the Investment Manager value the importance of maintaining a high standard of business conduct and stakeholder engagement in order to ensure a positive impact on the environment in which the Company operates.

Relations with Shareholders

The Company welcomes the views of its shareholders, placing great importance on communication with them. Senior members of the Investment Manager make themselves available, as practicable, to meet with shareholders and key sector analysts and feedback from these meetings is provided to the Board. The Directors also make themselves available to engage with shareholders and offer meetings annually as part of good governance to those shareholders who wish to meet them.

The Board is kept fully informed of all relevant market commentary on the Company by the Company's Financial PR consultant, as well as receiving relevant updates from the Investment Manager and the Corporate Broker.

The Company reports formally to shareholders twice per year.

The results of the AGM are announced by the Company promptly after the relevant meeting and are also published on the Company's website. Additionally, other notices and information are provided to shareholders on an ongoing basis through the Company's website in order to assist in keeping shareholders informed.

The Company Secretary and Registrar monitor the voting of the shareholders and proxy voting is taken into consideration when votes are cast at the AGM.

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against any resolution at an AGM, the Company will consider what, if any, actions it intends to take going forward.

2022 AGM

The 2022 AGM of the Company was held on 12 September 2022. Resolutions 1 to 13 related to ordinary business and resolutions 14 to 16 related to special business as follows:

- to approve the purchase of the Company's own shares;
- to authorise the disapplication of Statutory Pre-emption Rights; and
- to approve that a general meeting may be convened on not less than 14 clear days' notice.

All votes cast were in favour and as a result each of the resolutions proposed at the AGM were passed.

2023 AGM

The next AGM of the Company is currently scheduled to be held on 11 September 2023.

A separate notice convening the AGM will be sent to shareholders and published on the Company's website in July 2023 and will include an explanation of the items of business to be considered at the meeting.

4.5 Nomination Committee Report

Nomination Committee

The Nomination Committee is chaired by Tony Roper and the membership of the Committee comprises all Directors of the Company, all of whom are independent and non-executive.

During the year, the Nomination Committee held two meetings. The Nomination Committee operates within clearly defined terms of reference, which are available on the Company's website.

Function of the Nomination Committee

The principal duties of the Nomination Committee are to:

- regularly review the structure, size and composition required of the Board and make recommendations to the Board with regard to any changes (including skills, knowledge and experience in accordance with Principle K of the AIC Code);
- give full consideration to succession planning for Directors taking into account the challenges and opportunities facing the Company, and to oversee the development of a diverse pipeline for succession;
- be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise; and
- oversee a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors.

Matters Reviewed in the Year

Succession planning

The Committee annually reviews its effectiveness, composition and long-term succession planning. This process takes into consideration the balance of skills, knowledge, experience, independence and diversity of the Board, to ensure any new appointments complement or address any gaps in these areas.

The Committee has reviewed the Composition of the Board and, following the appointment of Sarika Patel, as a non-executive Director on 1 January 2022, is satisfied the Board's current composition is appropriate to adequately discharge its duties. Additionally, the Committee has no immediate concerns regarding the independence or tenure of the Board as the longest serving Directors have been in office for less than five years, having been appointed in October 2018, which is less than the nine years considered by the AIC code for a director to continue to be considered independent. Nevertheless, in March 2023, the Committee reviewed and updated its emergency succession plan.

Board performance evaluation

The Board recognises the importance of the AIC Code's recommendation in respect of evaluating the performance of the Board as a whole, the Committees of the Board and individual Directors. The Chair, with the assistance of the Senior Independent Director and the Company Secretary, oversaw an internal Board evaluation process with respect to the year ended 31 March 2023.

The evaluation followed a number of stages as outlined below:

- an update was given against the performance of the recommendations and actions from the prior year;
- all Directors responded to questionnaires about the Chair, the Board and its Committees;
- the Chair held individual meetings with each Director to understand their views on the performance of the Board;
- the Senior Independent Director collated feedback from the non-executive Directors, excluding the Chair, and the Investment Manager on the performance of the Chair;
- a summary of results, together with anonymised comments, was collated into a comprehensive report and presented to the Nomination Committee; and
- an action plan for the Board and its Committees with recommendations of areas to improve was prepared and approved by the Committee.

The evaluation addressed all areas relating to the Board, its Committees, the Chair, the individual Directors, and their performance. The scope of the evaluation was in line with other internal evaluations conducted in previous years in order to track progress in each assessed area, which included, but was not limited to: Board and Committee relationships, composition, effectiveness, leadership, roles, activities, development, and engagement with and impact on various stakeholder groups. The evaluation also explored other items including culture, technology, and the Board processes for developing strategy, dealing with investments, and managing risk.

4.5 Nomination Committee Report
continued

Overall, the evaluation was positive and indicated a high level of satisfaction with the operation of the Board. It also demonstrated that the Board and Investment Manager were operating effectively and showed the necessary commitment to the effective fulfilment of their duties. A number of areas were highlighted as strengths, including:

- calibre of depth and experience;
- leadership of the Board and of each Committee;
- Board dynamics and communication;
- sufficient opportunity to challenge and support the Investment Manager;
- clear consensus around strategy; and
- good oversight of the Company's performance.

The evaluation also highlighted a number of opportunities for improvement, including: identifying further training and development opportunities to assist the Board and each individual Director to continue their professional development, and continuing to improve the risk-management key performance indicators presented to the Directors.

Terms of Reference

The Committee reviewed its terms of reference in March 2023 to ensure that it is still operating effectively and in line with its delegated duties and responsibilities.

Tony Roper
Chair of the Nomination Committee

4.6 Audit and Risk Committee Report

The Audit and Risk Committee is chaired by Sarika Patel and the membership of the Committee comprises all Directors of the Company, all of whom are independent and non-executive.

The Board is satisfied that the Committee is properly constituted. The Company's Chair is a member of the Audit and Risk Committee given his independence at the time of his appointment and throughout his service. The Board believe that his extensive experience in dealing with matters such as valuation and risk management is relevant to the Committee.

The Audit and Risk Committee operates within clearly defined terms of reference, which are available on the Company's website. It is also the formal forum through which the independent auditor reports to the Board of Directors and met nine[30] times during the year.

The terms of reference are reviewed annually. The Committee last reviewed its terms of reference in March 2023 and is satisfied that it is still operating effectively.

The main functions of the Audit and Risk Committee are:

- assessing, and recommending to the Board for approval, the contents of the half year and annual financial statements and reviewing the independent auditor's report on these, including consideration as to whether the financial statements are overall fair, balanced and understandable;
- reviewing the valuation of the Company's investments prepared by the Investment Manager and making a recommendation to the Board on the valuation;
- agreeing with the independent auditor the external audit plan including discussing with the independent auditor the key risk areas within the financial statements;
- considering and understanding the key risks of misstatement of the financial statements and formulating an appropriate plan to review these and agreeing with the Investment Manager its processes to manage these risk areas;
- reviewing and recommending for approval the Viability and Going Concern Statements and reviewing the work prepared by the Investment Manager in support of these statements;
- reviewing the scope, results, cost-effectiveness, independence and objectivity of the independent auditor as well as reviewing the effectiveness of the external audit process and making any recommendations to the Board for improvement of the audit process;
- reviewing and recommending to the Board for approval the audit, audit-related and non-audit fees payable to the independent auditor or their affiliated firms overseas and the terms of their engagement;
- reviewing the appropriateness of the Company's accounting policies;
- ensuring the adequacy and effectiveness of the internal control and risk management systems;
- considering and recommending to the Board for approval the Investment Manager's recommendations to changes in the Company's Risk Management Policy and Treasury Policy;
- reviewing the Company's risk appetite and overall risk management approach;
- monitoring the current and emerging risk exposures on behalf of the Board and challenge the actions taken to mitigate against such risks, taking into account scenario analysis;
- considering any reports or information received in respect of whistleblowing;
- reviewing effectiveness of controls of sub-contractors and suppliers; and
- reporting to the Board on how it has discharged its duties.

None of the members of the Audit and Risk Committee have any involvement in the preparation of the financial statements of the Company, as this has been contracted to the Investment Manager and the Company's Administrator.

The Audit and Risk Committee meets the independent auditor regularly and as needed. It discusses the scope of annual audit work and audit findings with the independent auditor. The independent auditor attends the Audit and Risk Committee meetings at which the annual and interim financial statements are considered. The Committee also ensures that it meets with the independent auditors without representatives of the Investment Manager and

30 The Audit and Risk Committee had four scheduled meetings during the reporting period, held three ad hoc meetings outside of the quarterly meeting cycle, and received two valuation updates from the Investment Manager.

Administrator being present. The Committee has direct access to the independent auditor and to key senior staff of the Investment Manager. It reports its findings and recommendations to the Board, which retains the ultimate responsibility for the financial statements of the Company.

Significant Activities in the Year

During the year, the Audit and Risk Committee's discussions have been broad ranging and focused on but not limited to:

- agreeing the audit plan and fees with the independent auditor in respect of the review of the half-yearly report for the six months ended 30 September 2022 and the statutory audit of the Annual Report for the year ended 31 March 2023, including the principal areas of focus;
- receiving and discussing with the independent auditor their report on the results of the review of the half-yearly financial statements and the year-end audit;
- meeting independently with the external auditors;
- reviewing and challenging information received from the Investment Manager recommending the rationale for preparing the financial statements on a going concern basis, including a viability statement. This was discussed with the independent auditor prior to concluding that the recommendation be made by the Committee that the Board approve the adoption of the financial statements on a going concern basis and their approval of the viability statement;
- reviewing and challenging the valuation prepared by the Investment Manager and its valuation process, together with the independent auditor;
- in light of the continued growth of the Company, reviewing and recommending to the Board the continued application of IFRS 10 Investment Entity which is considered a key judgement for the Company's accounting policies;
- reviewing the Company's annual and half-yearly financial statements and recommending these to the Board for approval;
- considering the FRC's review of the Company's annual report and financial statements for the year ended 31 March 2022, which raised no substantive questions or queries, and discussing and agreeing the appropriate actions in response to suggestions on additional disclosures by the FRC;
- conducting a review of the risk management systems of the Company and its third-party service providers, and introducing further enhancement to the system;
- commissioning a third party to conduct a review of the Investment Manager's investment process and inviting the provider to present the findings of their audit to the Committee;
- discussing and reviewing the outcome of a cyber-risk review undertaken in the financial year;
- reviewing the Investment Manager's ongoing programme of stress scenarios aimed at understanding the impact on the Company of downside but plausible scenarios;
- reviewing the Company's Risk Management Policy and Treasury Policy; and
- reviewing reports of internal controls of key advisers and gaining assurance from the Investment Manager and Administrator on these.

In addition to formal Audit and Risk Committee meetings during the year, the Committee has had regular contact and meetings with the Investment Manager, the Administrator and the independent auditor.

Key Issues Considered for Financial Statements

After discussion with the Investment Manager and the independent auditor, the Audit and Risk Committee determined that the key risks of misstatement of the Company's financial statements related to the valuation of the Company's investment in SEEIT Holdco and in turn the valuation of the underlying investments held via SEEIT Holdco.

Valuation of Investments

As outlined in Note 11 to the financial statements, the total carrying value of the investment portfolio at fair value at 31 March 2023 was £1,099.6 million (31 March 2022: £912.7 million). Market quotations are not available for these financial assets, and therefore their valuation is undertaken using predominantly a discounted cashflow methodology, or a similar method to determine the fair value of an investment. This requires a number of material estimates to be made as further explained in Note 3 to the financial statements.

The valuation process and methodology was discussed by the Audit and Risk Committee with the Investment Manager at the time of the interim review, in March 2023 prior to the year-end valuation process, and again post year end in May 2023 and June 2023 as part of the year-end sign-off process. The Investment Manager carries out a valuation semi-annually and provides a detailed valuation report to the Company.

The Audit and Risk Committee reported to the Board on the challenges it made to the valuation and the outcome of discussions with the Investment Manager and independent auditor on the valuation, particularly in relation to key judgements. The Audit and Risk Committee met with the independent auditor when it reviewed and agreed the independent auditor's group audit plan, and also at the conclusion of the audit of the financial statements, focusing much of its discussion on the valuation process and the outcome of the audit of the valuation.

The Company engaged an independent valuation expert to provide a report on a fair and reasonable range of discount rates for the investments in the portfolio as at 31 March 2023. The Audit and Risk Committee received a presentation from the independent valuation expert and challenged the assumptions and conclusions as needed. The Audit and Risk Committee was satisfied that this report confirmed the reasonableness of the discount rates applied by the Investment Manager in its valuation of the portfolio as at 31 March 2023.

Valuation of investments – key forecast assumptions

The Audit and Risk Committee considered in detail those assumptions that are subject to judgement and may have a material impact on the valuation. The key assumptions are:

Valuation discount rates

The vast majority of the underlying investments are valued using a discounted cashflow valuation. A small selection of investments were valued using other forms of fair value calculations, such as earnings multiples, and certain investments were held at cost as the most accurate reflection of their fair value.

The discount rates adopted to determine the valuation are selected by the Investment Manager and recommended to the Audit and Risk Committee. These discount rates are applied to the expected future cashflows for each investment's financial forecasts to arrive at a discounted cash-flow valuation which is, in turn, sensitive to the discount rate selected. The Investment Manager is experienced and active in the valuation of these investments and adopts discount rates which reflect their understanding of the current market. It is noted, however, that the judgement required is subjective and there is a range of discount rates which that could be applied. The discount rate assumptions and the sensitivity of the valuation of the investments to this discount rate are set out in Section 2.3, Financial Review and Valuation Update.

The Audit and Risk Committee discussed with the Investment Manager the process adopted to arrive at the selected valuation discount rates (which includes comparison with other market transactions and engaging an independent review of valuation discount rates by the independent valuation expert) and satisfied itself that the rates applied were appropriate. The independent auditor explained to the Audit and Risk Committee the results of its review of the valuation, including its consideration of the Company's underlying cashflow projections, the economic assumptions and discount rates.

Macroeconomic assumptions

Macroeconomic assumptions include inflation, interest rate, foreign exchange and tax rate assumptions. The Investment Manager's assumptions in this area are set out and explained in Section 2.3, Financial Review and Valuation Update. The Audit and Risk Committee reviewed and discussed the methodology by which the Investment Manager derived the assumptions and agreed its appropriateness.

Other key assumptions

The Investment Manager has discussed and agreed the key valuation assumptions with the Audit and Risk Committee. These included critical estimates and judgements regarding future cashflow assumptions, predominantly for investments in Primary Energy, Onyx, RED-Rochester, Oliva Spanish Cogeneration and Värtan Gas. In relation to the key judgements underpinning the valuation, the Investment Manager has provided sensitivities showing the impact of changing these assumptions, further described in Note 3. These have been reviewed by the Investment Manager and the Audit and Risk Committee to assist in forming an opinion on the fairness and balance of the Annual Report, together with their conclusion on the overall valuation.

Key Risks Considered

The Company's key risks are set out in more detail in Section 3.2, Risk Management Framework.

The Audit and Risk Committee actively provides risk management oversight, and reviews and challenges on a regular basis the risk updates provided by the Investment Manager.

These risks and reviews included:

Counterparty and credit risk

- reviewing the dynamic levels of risk associated with the counterparties associated with the Company's investments;
- reviewing stress tests assessing the impact of material credit counterparty defaults;
- assessing the Investment Manager's feedback on limited mitigants available to the Company; and
- monitoring compliance with the Company's Treasury Policy in relation to exposures to deposit takers.

Operations and business interruption risk

- receive updates from the Investment Manager on the risks specific to each asset and the potential impact of these risks on the valuation of the Company's portfolio as a whole;
- receive and challenge regular formal and informal updates from the Investment Manager on the level of business interruption or potential for business interruption at the operational level of the investments, particularly focusing on event risks such as the Covid-19 pandemic, the Russian invasion of Ukraine and the resulting impact on supply chain; and
- receive a detailed third-party review, arranged by the Investment Manager, to assess the current levels of cyber-security risk, particularly in light of the growth of the Company's investment portfolio and the nature of the underlying investments.

Macro-economic and market risk

- reviewing the impact of global rises in inflation, including the sensitivity of the valuations of the Company's underlying investments to changes in inflation in the near, medium and long term;
- reviewing the impact of the Ukraine conflict and the emerging risk of larger-scale conflict as well as seeking assurance on compliance with sanctions;
- reviewing the impact of global rises in corporation taxes, including the sensitivity of the valuations of the Company's underlying investments to potential changes not yet enacted, discussing potential mitigants available to the Company and agreeing reviews to be undertaken by the Investment Manager; and
- reviewing the impact on the portfolio of a period of recessionary environment in the key jurisdictions in which the Company operates.

Financial Reporting Council review letter

During the reporting period, the Company received a letter from the FRC's Corporate Reporting Review team, who had reviewed the Company's annual report and financial statements for the year ended 31 March 2022, as part of their regular review and assessment of the quality of corporate reporting in the UK. This review is based solely on the annual report and financial statements and the reviewers did not have detailed knowledge of the business or an understanding of the underlying transactions entered into. However, it was conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework.

The FRC did not have any questions or queries they wished to raise with regards to the Company's annual report and financial statements, and they did not request a response from the Company. The FRC did, however, include a number of matters where they believe the users of the financial statements would benefit from improvements to existing disclosures, and these recommendations have been incorporated into this Annual Report and Accounts, including: improving the presentation of the APM reconciliations; defining all carbon-related indicators; and providing clarification for the energy consumption metrics.

Internal Controls and Risk Management

The Audit and Risk Committee is responsible for reviewing and monitoring the effectiveness of the Company's internal control systems and risk-management systems on which it is reliant.

The Board has considered the need for an internal audit function, and it has decided that the systems and procedures employed by the Investment Manager and the Administrator, including their own internal review processes and processes in place in relation to the Company, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary at this time; however, the Board is keeping this under regular review and focuses on identifying any areas where internal control improvements can be made.

The Audit and Risk Committee recognises that these control systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives. It is understood that they provide reasonable, but not absolute, assurance against material misstatement or loss, and rely on the operating controls established by the Company's Administrator and the Investment Manager.

The Audit and Risk Committee assesses the effectiveness of the internal controls, internal financial controls and risk management systems on a continuing basis and receives regular reports on these systems. The Committee believes that the Company's internal controls and processes are satisfactory, and that appropriate systems are in place.

Furthermore, the Audit and Risk Committee instructed an external provider to conduct a review of the Investment Manager's investment process during the year, which evaluated the design adequacy and, where applicable, performed substantive testing on the effectiveness of controls across the investment lifecycle. The audit report was rated 'satisfactory' and found documentation evidencing the performance of key control activities along the investment lifecycle, and noted good practices including: comprehensive deal packs and documentation supporting investment analysis; consistent performance of due-diligence across deals sampled; good budgetary controls and transparency observed around deal costs; and good controls over the authentication / validation of accounts for payment. The provider made one recommendation to improve the investment process and this has been incorporated into the existing framework.

Appointment of the Independent Auditor

PricewaterhouseCoopers LLP ("PwC") was appointed as independent auditor for the SEEIT group at the IPO of the Company in December 2018.

The objectivity of the independent auditor is reviewed by the Audit and Risk Committee, which also reviews the terms under which the independent auditor may be appointed to perform non-audit services. The Audit and Risk Committee reviews the scope and results of the audit, its cost-effectiveness and the independence and objectivity of the independent auditor, with particular regard to any non-audit work that the independent auditor may undertake and the level of non-audit fees. In order to safeguard auditor independence and objectivity, the Audit and Risk Committee ensures that any other advisory and/or consulting services provided by the independent auditor does not conflict with its statutory audit responsibilities.

Non-audit services generally only cover reviews of interim financial statements and capital raising work. The independent auditor may not undertake any work for the Company in respect of the preparation of the financial statements, preparation of valuations used in financial statements, provision of investment advice, taking management decisions or advocacy work in adversarial situations.

The total proposed fees for audit services amounted to £0.8 million for the year ended 31 March 2023 of which £0.6 million related to the Company and £0.2 million related to audit of its direct subsidiary, SEEIT Holdco, and some of the SEEIT Group's intermediate and project subsidiaries. Non-audit fees amounted to £0.1 million for the year ended 31 March 2023 due for the interim review of the Company's half yearly financial statements.

Notwithstanding such non-audit services, the Audit and Risk Committee considers PwC to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

To fulfil its responsibility regarding the independence of the independent auditor, the Audit and Risk Committee considered:

- a report from the independent auditor describing their arrangements to identify, report and manage any potential independence threats; and
- the extent of non-audit services provided by the independent auditor.

To assess the effectiveness of the external audit process, the Audit and Risk Committee reviewed:

- the independent auditor's fulfilment of the agreed audit plan and variations from it;
- the evaluations from the Investment Manager and Administrator on the performance of the independent auditor's team; and
- all reports highlighting any significant issues that arose during the course of the audit.

The Audit and Risk Committee is satisfied with PwC's effectiveness and independence as auditor having considered the degree of diligence and professional scepticism demonstrated by the firm. As such, the Committee has not considered it necessary during this period to conduct a tender process for the appointment of its independent auditor for the year ending 31 March 2023.

As this is the fifth audit conducted by PwC and the fourth full year of operation of the Company, it is not expected that the Company will tender the external audit in the near future.

The Audit and Risk Committee will conduct a formal review of PwC following the issue of these financial statements to ensure that the Audit and Risk Committee considers all aspects of the independent auditor's service and performance.

Whistleblowing

The Board has considered the UK Code recommendations in respect of arrangements by which staff of the Company's key advisers and project companies may, in confidence, raise concerns within their organisations and the Board, and the Investment Manager has a Whistleblowing Policy which supports these recommendations.

Sarika Patel
Chair of the Audit and Risk Committee

4.7 Directors' Remuneration Report

The Remuneration Committee is chaired by Emma Griffin and the membership of the Committee comprises all Directors of the Company, all of whom are independent and non-executive.

The Board is satisfied that the Committee is properly constituted. The Company's Chair is a member of the Remuneration Committee given his independence at the time of his appointment and throughout his service.

The Board presents the Directors' Remuneration Report for the year ended 31 March 2023, which is made up of two sections; the Annual Report on Remuneration and the Directors' Remuneration Policy report.

Annual Report on Remuneration

The Remuneration Committee's main functions include:

- agreeing the policy for the remuneration of the Directors and reviewing and proposing changes to the Company's Remuneration Policy;
- reviewing and considering ad hoc fees to the Directors in relation to duties undertaken over and above routine business; and
- appointing independent professional external remuneration consultants, as may be required from time to time.

The Remuneration Committee met three[31] times during the year and operates within clearly defined terms of reference, which are available on the Company's website. The Committee reviewed its terms of reference in March 2023 to ensure that it continues to operate effectively.

The key activities during the year included the review of the level of Directors' annual remuneration proposed for the next financial year, taking into account advice received in 2021 from an independent professional external remuneration consultant, and considering and recommending to the Board an appropriate level of Directors' remuneration for additional, specific corporate work undertaken during the year, and to review and propose to shareholders an increase on the cap on the aggregate Directors' base remuneration for the year ending 31 March 2023. These activities are described further below.

Regulation requires the Company's independent auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 111 to 116.

Statement of the Chair of the Remuneration Committee

The Committee assists the Board in developing a fair and transparent framework for setting the levels of Directors' remuneration while having regard to the Company's financial position and performance, remuneration in other companies of comparable scale and complexity and market statistics generally. It also reviews the ongoing appropriateness and relevance of the Directors' Remuneration Policy. No Director is involved in determining their own remuneration.

The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company. Where the Company requires the Directors to work on specific corporate actions, such as the raising of further equity, an additional fee will be determined, on each occasion, by the Committee and recommended to the Board.

Directors' Remuneration Review and review of Directors' fees for the year to 31 March 2024

During the year, the Committee undertook an analysis on Directors' remuneration of comparable companies, together with the advice received from Trust Associates, who had undertaken a review of the Directors' remuneration in 2021 and also further considered the expectations on the time of the Directors. Based on its analysis, the Committee's recommendation is set out below:

- the base annual Director's fee be increased to £49,500 (2023: £47,000);
- the annual fee paid to the Company's Chair be increased to £69,500 (2023: £67,000);
- the annual supplement paid to the Audit and Risk Committee Chair remains at £5,000 (2023: £5,000);
- the annual supplement for the roles of Senior Independent Director and the Remuneration Committee Chair to remain at £2,000 (2023: £2,000);
- an annual supplement for the role of the Management Engagement Committee Chair of £2,000 be introduced (2023: N/A);

31 The Remuneration Committee had one scheduled meeting during the reporting period and met on two further occasions on an ad hoc basis to discuss remuneration matters.

- additional fees, up to a limit of £10,000 per director, continue to be paid for specific corporate work that may be undertaken during the year ending 31 March 2024 (2023: £10,000); and
- the cap on the aggregate annual Directors' base remuneration remains at £400,000 (2023: £400,000).

In the year ended 31 March 2023, an additional fee of £2,500 was paid to each of the Directors on the Board at the time in respect of work undertaken in relation to the equity capital raising in September 2022. An additional fee of £2,500 was paid to each of the Directors in June 2022, however, this was earned in respect of work undertaken during the prior financial year, in relation to a capital raising completed in March 2022.

Directors' remuneration for the year ended 31 March 2023 (audited)

The table below sets out the Directors' remuneration for the year ended 31 March 2023:

		Fees for the year ended 31 March 2023 Total £'000	Fees for the year ended 31 March 2022 Total £'000
Tony Roper	Chair	69.5	72.5
Helen Clarkson	Management Engagement Committee Chair	49.5	57.5[1]
Emma Griffin	Remuneration Committee Chair	51.5	54.5
Chris Knowles	Senior Independent Director	51.5	54.5
Sarika Patel	Audit and Risk Committee Chair	54.5	15.0[2]
Total		**276.5**	**254.0**

1 Helen Clarkson was the Audit and Risk Committee Chair for the period from 1 April 2021 to 1 January 2022, although received fees consistent with remuneration of the Audit and Risk Committee Chair up to 31 March 2022 to ensure an orderly handover to Sarika Patel.

2 Sarika Patel was appointed as a non-executive Director and Audit and Risk Committee Chair on 1 January 2022 and was paid pro rata for the year ended 31 March 2022 accordingly.

The Directors' remuneration for the year ended 31 March 2023, detailed in the table above, is inclusive of the increases in the Directors' fees, approved by the shareholders at the AGM held on 12 September 2022 and the £2,500 additional fee paid for specific corporate work in September 2022 to each Director. An explanation of the additional fee paid for the specific corporate work is set out in this Remuneration Report. For the year ended 31 March 2022, additional fees of £7,500 in aggregate were paid to each Director in respect of specific corporate work undertaken in September 2021 and March 2022.

The Directors are also entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses include those associated with AGMs, Board or Committee meetings and legal fees. In the year, such expenses were de minimis and were in line with the Directors' Expenses Policy.

There are no other taxable benefits payable by the Company other than certain expenses which may be deemed to be taxable. None of the above fees were paid to third parties.

Annual Percentage Change in the Directors' Remuneration

The annual percentage change in remuneration in respect of the financial years prior to the current year in respect of each Director role is detailed in the table below. The annual percentage change is calculated based on the aggregate annual base Director's remuneration plus an additional fee for acting in the role as either Chair of the Company, Senior Independent Director or as the Chair of a Board Committee. The percentage calculation excludes any additional fees earned for corporate transaction work as described further above.

Director	Role	Date appointed	Financial year to 31 March 2021	Financial year to 31 March 2022	Financial year to 31 March 2023
Tony Roper	Chair	12 October 2018	11.1%	30.0%	3.1%
Helen Clarkson[1]	Management Engagement Committee Chair	12 October 2018	14.2%	25.0%	(6.0)%
Emma Griffin	Remuneration Committee Chair	21 October 2020	–	17.5%	4.3%
Chris Knowles	Senior Independent Director	12 October 2018	14.2%	17.5%	4.3%
Sarika Patel[2]	Audit and Risk Committee Chair	1 January 2022	–	–	–

1 Helen Clarkson was the Audit and Risk Committee Chair for the period from 1 April 2021 to 1 January 2022, although received fees consistent with remuneration of the Audit and Risk Committee Chair up to 31 March 2022 to ensure an orderly handover to Sarika Patel.

2 Sarika Patel was appointed as a non-executive Director and Audit and Risk Committee Chair on 1 January 2022 and fees were paid pro rata for the year ended 31 March 2022 accordingly. If Sarika had been a non-executive Director and the Audit and Risk Committee Chair for the full year to 31 March 2022, the annual percentage change in her remuneration for the year to 31 March 2023 would be 4.0%.

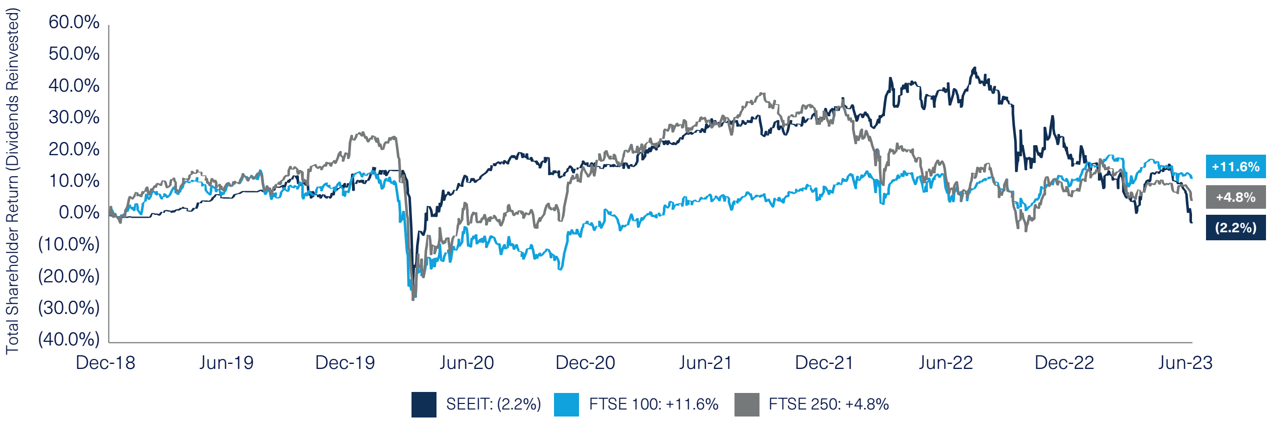
Relative Importance of Spend on Pay

The table below sets out the remuneration paid to the Directors in comparison to total aggregate amount of dividends paid to the Company's shareholders for the year ended 31 March 2023:

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000	% change
Directors' remuneration	276.5	254.0	8.9
Dividends paid to shareholders	62,029	44,207	40.3

Company Performance

Total Shareholder Return Since SEIT IPO



The graph above highlights the comparative total shareholder return ("TSR") for an investment in the Company from inception to 31 March 2023 compared with an investment in the FTSE 250 index over the same period. The Company is a member of the FTSE 250 and All Index hence they have been selected for this graph.

The Board is responsible for the Company's investment strategy and performance, although day-to-day management of the Company's affairs, including the management of the Company's portfolio, has been delegated to the Investment Manager. An explanation of the performance of the Company is given in Section 2.3, Financial Review and Valuation Update.

Directors Interests in the Company (audited)

As at 31 March 2023, the interests of the Directors and any Persons Closely Associated ("PCAs"), as defined in Article 3(1)(26) of the Market Abuse Regulation ("MAR"), in the ordinary shares of the Company are set out in the table below:

	Ordinary shares of £0.01 each held at 31 March 2023	Ordinary shares of £0.01 each held at 31 March 2022
Tony Roper	148,500	128,500
Helen Clarkson	20,000	8,326
Emma Griffin	20,509	20,509
Christopher Knowles[1]	94,000	37,000
Sarika Patel	25,000	–
Total	**308,009**	**194,335**

1 Christopher Knowles' spouse, who is a PCA of Chris Knowles under MAR, holds 37,000 ordinary shares in the Company and these are included in the figure shown in the above table. Other family members of Chris Knowles hold an additional 85,000 ordinary shares in the Company. These other family members holding ordinary shares in the Company do not meet the definition of PCA under MAR.

There have been no changes to any of the above holdings between 31 March 2023 and the date of this report.

None of the Directors or any of their PCAs had a material interest in the Company's transactions, arrangements or agreements during the year.

As at the date of this report, Jonathan Maxwell, CEO and Founder of the Investment Manager, holds 240,000 ordinary shares. Jonathan Maxwell is considered to be a Person Discharging Managerial Responsibilities ("PDMR") by both the Board of Directors and Investment Manager.

There have been no changes in the year in respect of each of the Directors as notifiable to the Company in accordance with DTR 3.1.2.

Statement of voting at AGM on the Annual Report

A binding Ordinary Resolution approving the Remuneration Policy, and an advisory vote adopting the Directors' Remuneration Report for the year ended 31 March 2022, were approved by shareholders at the AGM held on 12 September 2022.

The votes cast by proxy were as follows:

	Directors' Remuneration Report (AGM 2022)	Remuneration Policy (AGM 2022)
Votes for	838,768,176	838,755,779
%	99.68	99.68
Votes against	2,720,538	2,723,252
%	0.32	0.32
Total votes cast	841,488,714	841,479,031
Votes withheld	20,052	29,735

A resolution to approve this Directors' Remuneration Report in respect of the year ending 31 March 2023 will be proposed at the forthcoming AGM. The Directors' Remuneration Policy is required to be presented to shareholders for approval every three years and is due to be next presented at the AGM to be held in 2025.

Remuneration Policy

This Remuneration Policy provides details of the Remuneration Policy for the Directors of the Company. All Directors are independent and non-executive, appointed under the terms of Letters of Appointment, and none of the Directors has a service contract. The Company has no employees.

This Remuneration Policy was approved by shareholders at the AGM of the Company held on 12 September 2022 and is also available on request at the Company's registered office.

The Company follows the recommendation of the AIC Code that non-executive Directors' remuneration should reflect the time commitment and responsibilities of the role.

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments.

The fees of the non-executive Directors are determined within the limits set out in the Company's Articles of Association and Directors' remuneration is determined by the Remuneration Committee, at its discretion within the current aggregate limit of £400,000, as set out in the Company's Articles of Association.

There are no performance conditions attached to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for non-executive Directors.

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' Remuneration Policy and in the annual review of Directors' fees.

Under the Directors' letters of appointment, there is no notice period. All Directors of the Company receive an annual fee appropriate for their responsibilities and time commitment but no other incentive programme or performance-related emoluments. As such there are:

- no service contracts with the Company;
- no long-term incentive schemes;
- no options or similar performance incentives; and
- no payments for loss of office unless approved by shareholder resolution.

The Directors' remuneration shall:

- reflect the responsibility, experience, time commitment and position of each Director on the Board;
- allow the Chair, Senior Independent Director, Audit and Risk Committee Chair, and Remuneration Committee Chair to be remunerated in excess of any potential remaining Board members to reflect their increased roles of responsibility and accountability;
- be paid quarterly in arrears;
- include remuneration for additional, specific corporate work, which shall be carefully considered and only become due and payable on completion of that work; and
- be reviewed annually and, at least every three years, by an independent professional external remuneration consultant with experience of investment companies and their fee structures.

The Remuneration Committee met in June 2022 to approve an additional fee of £2,500, earned by each of the Directors in respect of work undertaken in relation to the capital raising in March 2022. This additional fee agreed by the Remuneration Committee forms part of the Directors' Remuneration for the year ended 31 March 2022, approved by shareholders at the Company's AGM held on 10 August 2021.

At the meeting of the Remuneration Committee in June 2022, the Committee also considered the cap on the aggregate Directors' base remuneration in light of proposed fee increases for the year ending 31 March 2023 and the appointment of a fifth Director in January 2022, and determined there was insufficient headroom in the fee cap should the Board look to recruit an additional Director in the future. Accordingly, the Committee proposed the fee cap be increased from £300,000 to £400,000 and this proposal was approved by shareholders at the 2022 AGM, with 99.99% of votes being cast in favour of the resolution.

The Remuneration Committee met in March 2023 to consider the current levels of annual base Directors' remuneration and the proposed level of base Directors' remuneration for the year ending 31 March 2024. The Committee concluded that the proposed changes to the Director's annual remuneration be recommended and were put to the Board for approval.

The Remuneration Committee also met in September 2022 to approve an additional fee of £2,500, earned by each of the Directors in respect of work undertaken in relation to the capital raising in September 2022. This additional fee, agreed by the Remuneration Committee and recommended to the Board for approval, forms part of the Directors' Remuneration for the year ended 31 March 2023, approved by shareholders at the Company's AGM held on 12 September 2022.

Proposed Base Directors' Fees to be Paid for the Year Ending 31 March 2024:

		Proposed base fees to be paid for the year ending 31 March 2024 Total £'000	Base fees paid for the year ended 31 March 2023 Total £'000
Tony Roper	Chair	69.5	67.0
Helen Clarkson	Management Engagement Committee Chair	51.5	47.0
Emma Griffin	Remuneration Committee Chair	51.5	49.0
Chris Knowles	Senior Independent Director	51.5	49.0
Sarika Patel	Audit and Risk Committee Chair	54.5	52.0
Total		**278.5**	**264.0**

The above table does not show fees paid for specific corporate work undertaken by the Directors for the year ended 31 March 2023. At its discretion, the Remuneration Committee has the authority to grant additional fees, up to a limit of £10,000 in aggregate per Director, for specific work that may be undertaken during the financial year. During the year ended 31 March 2023, each Director of the Company received a total of £2,500 for corporate work undertaken as part of the September 2022 capital raise exercises.

The proposed remuneration recommendations for the year ended 31 March 2024 would result in an increase in the aggregate Directors' annual base remuneration to £278,500 in the coming year.

The Board also considered the availability of each Director, taking into account their other commitments, and concluded that each Director made adequate time available for the appropriate discharge of the Company's affairs. Each Director abstains from voting on their own individual remuneration.

The Board has adopted the recommendations from the Remuneration Committee and will seek shareholder approval at the upcoming 2023 AGM in relation to the proposed remuneration payable to the Directors for the year ending 31 March 2024 with a view to implementing the proposed increases backdated to the start of the Company's current fiscal year.

The Directors' Remuneration Report was approved by the Board on 28 June 2023 and signed on its behalf by:

Emma Griffin
Chair of the Remuneration Committee

4.8 Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements accounts; and
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Section 4.2, Board of Directors, confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and result of the company; and
- the Strategic Report: Portfolio Review includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Annual Report and financial statements were approved by the Board on 28 June 2023 and the above responsibility statement was signed on its behalf by:

Tony Roper
Chair

5.
FINANCIAL STATEMENTS

Pictured: Oliva Spanish Cogeneration site

Independent auditors' report to the members of SDCL Energy Efficiency Income Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, SDCL Energy Efficiency Income Trust plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2023; the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the notes to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The company invests in a diversified portfolio of energy efficient projects through an intermediate holding company named SEEIT Holdco Limited. We performed an audit of the company including its investment in SEEIT Holdco Limited.
- All of our audit work was conducted in the UK by the company audit team.

Key audit matters

- Valuation of Investments at fair value through profit or loss
- Ability to continue as a going concern (Continuation vote)

Materiality

- Overall materiality: £11.3m (2022: £10.7m) based on 1% of total assets.
- Performance materiality: £8.5m (2022: £8.1m).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Ability to continue as a going concern (Continuation vote) is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investments at fair value through profit or loss The company has £1,127.8 million of investments recorded at fair value and these are significant in the context of the overall balance sheet of the company. See note 11 for details. The company invests through a holding company which in turn holds debt and equity interests in project companies (the "underlying investment portfolio") for which there is no liquid market. The fair value of the underlying investment portfolio has principally been valued on a discounted cash flow basis, which necessitates significant estimates in respect of the forecasted cash flows and discount rates applied. The directors' assessment of those fair values involves estimates about the future results of the underlying businesses, in particular around future revenues, growth rates and discount rates applied to future cash flow forecasts where there is a higher degree of sensitivity. Based on the historical performance of investments and best estimates of future assumptions, the directors believe that these fair values are reasonable.	We planned our audit to critically assess management's assumptions and the investment valuation model in which they are applied; We have evaluated the design and implementation of relevant controls over the preparation of the portfolio valuation; We assessed the reasonableness of the assumptions made by management in the applicable valuation models; We tested the mathematical accuracy of the selected sample of valuation models; We performed detailed testing over a sample of models and significant inputs for the selected sample of investments. This testing entailed challenging key inputs in those models and obtaining appropriate supporting documentation and evidence;

Determining the valuation methodology and the inputs and assumptions within the valuation is subjective and complex. This, combined with the significance of the unlisted investments balance in the statement of financial position, meant that this was a key audit matter for our current year audit.	We specifically considered management's assessment of the valuation impact of climate change on the future cashflows assumed in the models and obtained further evidence to support management's assumptions; We used our internal valuation specialists in the United Kingdom, United States, Sweden and Spain to provide audit support in reviewing and concluding on the fair valuation of certain investments in the underlying investment portfolio. They (a) reviewed the appropriateness of the valuation methodology and approach and (b) reviewed and commented on the discounted cash flow valuation models, including comparing the discount rate and certain other key assumptions against those used by comparable market participants, where appropriate and/or other macroeconomic data and (c) concluded that the overall valuation is within a reasonable range; In addition, our valuation specialists have also challenged the independent third party reports that management have obtained to support the valuation of certain assets within the portfolio; and We have concluded that the overall valuation of the portfolio as a whole is reasonable.
Ability to continue as a going concern (Continuation vote) Refer to the Going Concern section in the Report of the Directors and in the Note 2 to the financial statements. A continuation vote is due to take place at the September 2023 AGM as required by the company's articles of association. A continuation vote, by its nature requires the Directors to consider and assess the potential impact on the ability of the company to continue as a going concern.	Our audit procedures and findings in respect of going concern are set out in the "Conclusions relating to Going Concern' section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit approach, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£11.3m (2022: £10.7m).
How we determined it	Based on 1% of total assets
Rationale for benchmark applied	We believe that total assets is the most appropriate benchmark because this is the key metric of interest to investors, and is a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £8.5m (2022: £8.1m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.56m (2022: £0.54m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- In relation to the continuation vote specifically, we considered:
  - that the directors have confirmed that they will recommend support for the continuation vote;
  - the stability and diversity of the company's shareholder register and the type of shareholders on the register;
  - the track record of company's performance;
  - the company's history of successful fund raising since listing;
  - the diversity of the company's investment portfolio;
  - the performance of the company compared to similar investment trusts and the renewables sector;
  - the company's share price compared with its net asset value per share;
  - the potential outcomes of the continuation vote and the consequent impact on the ability of the company to continue as a going concern; and
  - the discussions with and/or feedback received by the Board and Investment Manager from a range of shareholders.
- Testing the mathematical integrity of the cash flow forecasts and the models and reconciled these to Board approved budgets;

- Challenging management on the appropriateness of key assumptions and considering their reasonableness in the context of other supporting evidence gained from our audit work;
- Reviewing the revolving credit facility agreement to confirm the terms and conditions, including covenants. The covenants were consistent with those used in management's going concern assessment;
- Agreeing all cash balances as at 31 March 2023 to third-party evidence and considering the available financing. This supported the directors' conclusion that sufficient liquidity headroom remained throughout the assessment period;
- Testing the mathematical accuracy of the projected covenant calculations. We concluded that covenant compliance remained throughout the assessment period; and
- Reviewing the management's severe downside scenario to assess the viability of the company in such circumstances which included an assessment of the company's ability to meet its debt covenants where appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the AIC Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the AIC Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the AIC Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK Tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the valuation of investments and posting inappropriate journal entries to achieve desired financial results. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of design and implementation of management's controls designed to prevent and detect irregularities. However, we have not relied on controls as substantive procedures are determined to be more effective for this audit;
- Reviewing the minutes of meetings of the Board and its committees;
- Challenging the assumptions and judgments made by management in their significant accounting estimates relating to the valuation of investments; and
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 10 December 2018 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 31 March 2019 to 31 March 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
28 June 2023

5.2 Financial Statements

Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	For the year ended 31 March 2023 £'millions	For the year ended 31 March 2022 £'millions
Investment (loss)/income	5	(7.8)	88.8
Total operating income		(7.8)	88.8
Finance income		1.2	–
Fund expenses	6	(12.0)	(9.0)
(Loss)/Profit for the year before tax		(18.6)	79.8
Tax on (loss)/profit on ordinary activities	7	–	–
(Loss)/Profit for the year		(18.6)	79.8
Total comprehensive (loss)/income for the year		(18.6)	79.8
Attributable to:			
Equity holders of the Company		(18.6)	79.8
(Loss)/Earnings Per Ordinary Share (pence)	8	(1.8)	10.0

The accompanying Notes are an integral part of these financial statements.

All items in the above Statement derive from continuing operations.

Statement of Financial Position
as at 31 March 2023

	Note	31 March 2023 £'millions	31 March 2022 £'millions
Non-current assets			
Investment at fair value through profit or loss	11	1,127.8	928.2
		1,127.8	**928.2**
Current assets			
Trade and other receivables		0.6	0.3
Cash and cash equivalents		0.3	146.1
		0.9	**146.4**
Current liabilities			
Trade and other payables		(3.3)	(1.5)
Net current (liabilities)/assets		**(2.4)**	**144.9**
Net assets		**1,125.4**	**1,073.1**
Capital and reserves			
Share capital	12	11.1	9.9
Share premium	12	1,056.8	925.1
Other distributable reserves	12	39.3	39.3
Retained earnings		18.2	98.8
Total equity		**1,125.4**	**1,073.1**
Net assets per share (pence)	10	**101.5**	**108.4**

The accompanying Notes are an integral part of these financial statements.

The financial statements on pages 119 to 141 were approved by the Board of Directors on 28 June 2023 and signed on its behalf by:

Sarika Patel
Director

Tony Roper
Director

Company number: 11620959

Statement of Changes in Shareholders' Equity

For the year ended 31 March 2023

	Note	Share Capital £'millions	Share Premium £'millions	Other distributable reserves £'millions	Retained earnings £'millions	**Total Equity £'millions**
Balance at 1 April 2022		9.9	925.1	39.3	98.8	1,073.1
Shares issued	12	1.2	133.8	–	–	135.0
Share issue costs	12	–	(2.1)	–	–	(2.1)
Dividends paid	9	–	–	–	(62.0)	(62.0)
Loss and total comprehensive loss for the year		–	–	–	(18.6)	(18.6)
Balance at 31 March 2023		**11.1**	**1,056.8**	**39.3**	**18.2**	**1,125.4**

	Note	Share Capital £'millions	Share Premium £'millions	Other distributable reserves £'millions	Retained earnings £'millions	Total Equity £'millions
Balance at 1 April 2021		6.8	584.4	58.1	44.4	693.7
Shares issued		3.1	346.9	–	–	350.0
Share issue costs		–	(6.2)	–	–	(6.2)
Dividends paid	9	–	–	(18.8)	(25.4)	(44.2)
Profit and total comprehensive income for the year		–	–	–	79.8	79.8
Balance at 31 March 2022		**9.9**	**925.1**	**39.3**	**98.8**	**1,073.1**

The accompanying Notes are an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 March 2023

	Note	For the year ended 31 March 2023 £'millions	For the year ended 31 March 2022 £'millions
Cashflows from operating activities			
Total Comprehensive (loss)/income for the year before tax		(18.6)	79.8
Adjustments for:			
Loss/(gain) on investment at fair value through profit or loss		74.3	(47.8)
Loan interest income	5	(9.0)	(7.3)
Operating cashflows before movements in working capital		46.7	24.7
Changes in working capital			
(Increase) in trade and other receivables		(0.3)	–
Increase in trade and other payables		1.8	0.3
Net cash generated from operating activities		48.2	25.0
Cashflows from investing activities			
Additional investment in Holdco	11	(292.4)	(319.9)
Loan principal repayment received	11	18.5	12.0
Loan interest income received		9.0	7.3
Net cash used in investing activities		(264.9)	(300.6)
Cashflows from financing activities			
Proceeds from the issue of shares	12	135.0	350.0
Payment of share issue costs		(2.1)	(6.2)
Dividends paid	9	(62.0)	(44.2)
Net cash generated from financing activities		70.9	299.6
Net movement during the year		(145.8)	24.0
Cash and cash equivalents at the beginning of the Year	2	146.1	122.1
Cash and cash equivalents at the end of the year	2	**0.3**	**146.1**

The accompanying Notes are an integral part of these financial statements.

5.3 Notes to the Financial Statements

Notes to the Financial Statements
For the year ended 31 March 2023

1. General Information

SDCL Energy Efficiency Income Trust plc (the "Company") is a Public Company limited by shares, incorporated on 12 October 2018 and registered and domiciled in England, United Kingdom under number 11620959 pursuant to the Companies Act 2006 and is the ultimate controlling party of the group. The Company's registered office and principal place of business is 6th Floor, 125 London Wall, London, EC2Y 5AS.

The Company's ordinary shares were first admitted to the premium segment of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange under the ticker SEIT on 11 December 2018.

The Company's objective is to generate an attractive total return for investors comprising stable dividend income and capital preservation, with the opportunity for capital growth through the acquiring and realising of a diverse portfolio of energy efficiency infrastructure projects.

The Company currently makes its investments through its principal holding company and single subsidiary, SEEIT Holdco, and intermediate holding companies which are directly owned by the Holdco. The Company controls the investment policy of each of the Holdco and its intermediate holding companies in order to ensure that each will act in a manner consistent with the investment policy of the Company.

The Company has appointed Sustainable Development Capital LLP as its Investment Manager (the "Investment Manager") pursuant to the Investment Management Agreement dated 22 November 2018. The Investment Manager is registered in England and Wales under number OC330266 pursuant to the Companies Act 2006. The Investment Manager is regulated by the FCA, number 471124.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest million (£ million), except otherwise indicated. As a result, the prior year numbers have been rounded to the nearest million to facilitate comparability.

2. Significant Accounting Policies

a) Basis of Accounting

The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006, as applicable to companies reporting under those standards. The financial statements are prepared under the historical cost convention, except for certain investments and financial instruments measured at fair value through the Statement of Comprehensive Income.

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The principal accounting policies adopted are set out below and consistently applied, subject to changes in accordance with any amendments in IFRS.

(i) New standards and amendments to existing standards effective 1 April 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2022 that have a material effect on the financial statements of the Company.

(ii) New standards, amendments and interpretations effective after 1 April 2022 and have not been early adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 April 2022 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

b) IFRS 10 – Basis of Consolidation and Investment Entities Exemption

The Company applies IFRS 10 Consolidated Financial Statements. As in the previous year, the Directors have concluded that in accordance with IFRS 10, the Company continues to meet the definition of an investment entity having re-evaluated the criteria (see below) that need to be met. The financial statements therefore comprise the results of the Company only and no subsidiaries are consolidated on a line by line basis.

The Company invests its investable cash into SEEIT Holdco when a targeted investment has been approved by the Investment Manager's Investment Committee. The sole objective of the Holdco is to enter into several energy efficiency projects, via individual corporate entities. The Holdco issues equity and loans to finance the projects. Holdco also incurs overheads and borrowings on behalf of the group. As a result, the Directors have provided an alternative presentation of the Company's results in the Strategic Report which includes a consolidation of Holdco.

Under IFRS 10 investment entities are required to hold subsidiaries at fair value through the Statement of Comprehensive Income rather than consolidate them. There are three key conditions to be met by the Company for it to meet the definition of an investment entity. For each reporting period, the Directors assess whether the Company continues to meet these conditions:

(i) The Company has obtained funds for the purpose of providing investors with investment management services;

(ii) The business purpose of the Company, which was communicated directly to investors, is investing solely for risk-adjusted returns (including having an exit strategy for investments); and

(iii) the performance of substantially all investments is measured and evaluated on a fair value basis.

The Company is an investment company, providing investors exposure to a diversified portfolio of energy efficiency infrastructure projects that are managed for investment purposes.

During the year ended 31 March 2023, the Company, via Holdco, made significant new investments, and as a result the size of the Company increased. These investments are described in Note 11. These investments were made in line with the stated objective of the Company to generate returns from capital appreciation and investment income in accordance with the strategy that has been set by the Directors. The Directors assessed each new investment carefully in order to determine whether the Company as a whole still meets the definition of an investment entity.

As part of the assessments the Directors had regard for the nature of the underlying business and operations and the exit strategy of each new investment and how that compared to the already existing portfolio. The Company's exit of investments may be at the time each investment reaches its current assumed end of economic life. The Company is investing in a sector for which there is an active secondary market and therefore the Company may also exit investments at an earlier stage for profit or for portfolio rationalisation purposes.

The assessments concluded that the new investments shared similar characteristics to the existing investments, are in line with the business purpose of the Company and that each has an appropriate exit strategy. In particular, the Directors noted that:

- the underlying businesses and the structure of the new investments are in keeping with the existing portfolio through the provision of energy efficiency services to clients, or host counterparties, predominantly through long-term contracted agreements;
- the underlying businesses are set up as Special Purpose Vehicles (SPV's) and although each SPV can have an indefinite life, the equipment associated with providing such services have finite lives, are capable of being upgraded or sold and the contracts can be renewed;
- as part of the exit strategy for each new investment, the structure of that investment is such that it could be readily made available for sale; and
- each new investment is measured at fair value.

Exit strategy:

The Company's general approach to exit is as follows:

- The investments can be traded on the secondary market between willing buyers and willing sellers, therefore the Company can sell its interest in a project, via Holdco, before the end of its project life if there is an attractive offer from a buyer where the valuation is higher than the carrying of the specific asset.
- Investments are not indefinite. Generally SEEIT would invest in a project for the maximum time frame during which it could achieve required capital appreciation and returns acceptable for the Company's shareholders even though the useful life of the underlying assets can be longer than the period the investment is held.

After assessing whether the Company meets the definition of an investment entity set out in IFRS 10 the Directors concluded that as a whole:

(i) the Company has multiple investors with shares issued publicly on London Stock Exchange and obtains funds from a diverse group of shareholders who would otherwise not have access individually to investing in energy efficiency projects;

(ii) the Company's purpose is to invest funds for both investment income and capital appreciation. The Holdco and its SPVs have indefinite lives however the underlying assets have minimal residual value because they do not have unlimited lives, are not to be held indefinitely and have appropriate exit strategies in place; and

(iii) the Company measures and evaluates the performance of all of its investments on a fair value basis which is the most relevant for investors in the Company. The Directors use fair value information as a primary measurement to evaluate the performance of all of the investments and in decision making.

c) Going Concern

The Directors have considered the following current matters alongside the regular cashflow and business activities in assessing that it is appropriate to prepare the financial statements on a going concern basis:

Continuation Vote

The Articles of the Company provide that a continuation vote be put to shareholders at the upcoming AGM to be held in September 2023.

The Directors recognise the importance of the continuation vote mechanism for shareholders and believe that there is no fundamental concern with the Company's prospects and its ability to deliver value for shareholders and therefore recommend the shareholders vote in favour.

The resolution requires a simple majority to pass and the Directors and Investment Manager are confident the vote will be achieved. This is based on positive feedback from recent meetings held by the Chair or the Investment Manager with several major shareholders alongside discussions with the Company's Broker who has indicated their confidence the shareholders will vote in favour of continuation. The Company also has a strong track record of shareholder support through consistently oversubscribed capital raises since IPO and achieving overwhelming majority (over 90%) support for all resolutions at all its general meetings to date. The Directors believe the Company is well positioned, with substantial scale and a diversified portfolio able to deliver attractive returns.

Should the resolution not pass, the Directors note that this would not automatically result in the Company not continuing as a going concern. The requirement from the Articles of the Company would be for the Directors to put forward proposals within six months of the vote. In practice, the Directors would consider that this would be for a reconstruction, reorganisation or winding up.

Although the shareholder vote on continuation is outside of the control of the Company, the Directors remain confident that the Company's continuation vote will be passed and accordingly, having considered this carefully believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Ukraine conflict

In light of the events in Ukraine, the Board and the Investment Manager have been monitoring its continual development and performed an assessment of the current exposure to Ukraine, Russia and Belarus (the "Region") and the potential impact to the Company's and the portfolio companies' operations. The Company is a UK registered public company. Currently neither the Company nor the Investment Manager conducts business and operations in the Region; therefore the Company is not subject to any direct impact by this event.

With regards to the Company's investments, none of the portfolio companies have business operations or client / supplier relationships in the Region. Through this assessment, the Board and the Investment Manager duly considered any restriction imposed by the relevant sanctions, and its impact on the portfolio companies and have concluded there are no direct material implications.

Inflation and cost of energy crisis

The global impact of the Russian invasion of Ukraine on the oil and gas prices is a significant contributor to inflation and cost of living rises globally at present. The Company has carried out an assessment of the impact of the global rise in inflation on its portfolio and have concluded that overall there is a positive correlation to inflation and there is no adverse impact. The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of approval of the financial statements. The Directors have reviewed the Company's financial projections and cashflow forecasts, including the potential impact from this and believe, based upon those projections and forecasts and various risk mitigation measures in place, that it is appropriate to prepare the financial statements on a going concern basis.

Regular cashflow and business activity

The Company, through its investment in Holdco, benefits from a portfolio of investments that have a range of long-term contracts with a diversified set of counterparties across multiple sectors and jurisdictions. A key risk facing the Company is that counterparties to the investments may not be able to make their contractual payments. The Directors have reviewed a cashflow forecast to June 2024, taking into consideration potential changes in investment and trading performance and applying a 10% reduction in income to test the resilience of cashflows in the near term. The forecast results in positive cashflows for the foreseeable future that meets the liabilities as they fall due.

They also reviewed a severe downside scenario where the Company receives no income from its investment for the next 12 months but continue with existing committed payments for running the Company. Even under this stress scenario, the Company would have sufficient cash reserves to continue as a going concern. As at 31 March 2023, the Company's net assets were £1,125 million, including cash balances of £0.3 million.

Further amounts of cash are held by the Company's direct and indirect subsidiaries (including Holdco which has c.£62 million at the year-end), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Company are the payment of dividends and payments relating to the investment in new assets, both of which are discretionary.

The Company's single subsidiary, Holdco, has an RCF that has adequate headroom in its covenants that have been tested for historic and forward interest cover and loan to value limits. As at 31 March 2023, the facility was undrawn. The Company is a guarantor to the RCF but has no other guarantees or commitments.

Closing summary

The Directors have considered the upcoming continuation vote, impact from the Ukraine conflict and the cost of living crisis, and relevant financial projections and cashflow forecasts.

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of approval of the annual financial statements, and that it is appropriate to prepare the financial statements on a going concern basis.

d) Segmental Reporting

The Chief Operating Decision Maker ("CODM") being the Board of Directors, is of the opinion that the Company is engaged in a single segment of business, being investment in energy efficiency projects to generate investment returns whilst preserving capital. The financial information used by the CODM to manage the Company presents the business as a single segment.

e) Foreign Currency Translation

Foreign currency and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates, the Company's functional currency. The financial statements are presented in pounds sterling which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into pounds sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

f) Income

Dividend income and investment income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within investment income when the Company's right to receive payments is established.

Fair value gains on financial assets at fair value through profit or loss are recognised in the Statement of Comprehensive Income at each valuation point.

Finance income comprises interest earned on cash held on deposit. Finance income is recognised on an accruals basis. Loan interest income is accounted for on an accruals basis using the effective interest method.

g) Dividends Payable

Dividends to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders at the AGM.

h) Fund Expenses

All expenses including investment management fees, transaction costs, non-executive directors' fees are accounted for on an accruals basis. Share issue expenses of the Company directly attributable to the issue and listing of shares are charged to the share premium account.

i) Acquisition Costs

Acquisition costs are expensed to the Income Statement as they are incurred.

j) Taxation

The Company is liable to UK corporation tax on its income. Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted at the date of the Statement of Financial Position. Fair value movements and dividends received by the Company are exempt from UK corporation tax.

k) Cash and Cash Equivalents

Cash and cash equivalents include deposits held at call with banks and other short-term deposits with original maturities of three months or less. Cash is spread across three banks including at the Money market fund managed by JP Morgan. It is highly liquid investment and readily convertible to a known amount of cash. There is no expected credit loss as the bank institutions have credit ratings of at least BBB+ and all cash is held at call from the banks.

l) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cashflows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IFRS 9 Financial instruments.

Investments are recognised when the Company has control of the asset. Control is assessed considering the purpose and design of the investments including any options to acquire the investments where these options are substantive. The options are assessed for factors including the exercise price and the incentives for exercise.

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

At initial recognition, the Company measures investments in energy efficiency projects at its transaction price net of transaction costs that are directly attributable to the acquisition of the financial asset. The Company subsequently measures all investments at fair value and changes in the fair value are recognised as gains/(losses) on investments at fair value through profit or loss within investment income.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

m) Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that not quoted in an active market. Those includes Prepayments, VAT Receivable and other receivables which are intercompany balances due from subsidiary. Receivables are initially recognised at fair value. They are subsequently measured at amortised cost, less any expected credit loss.

The Company has assessed IFRS 9's expected credit loss model and does not consider that there is a material impact on these financial statements.

n) Trade and Other Payables

Trade and other payables include accruals and other payables and initially are recognised at fair value, and subsequently re-measured at amortised cost using the effective interest method.

o) Share Capital and Share Premium

The Company's ordinary shares are not redeemable and are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction in equity and are charged from the share premium account. The costs incurred in relation to the IPO and subsequent fundraisings of the Company were charged from the share premium account.

3. Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period and future periods if the revision affects both current and future periods.

Judgements

Investment entity

As disclosed in Note 2, the Directors have concluded that the Company continues to meet the definition of an investment entity as defined in IFRS 10. This conclusion involved a degree of judgement and assessment as to whether the Company met the criteria outlined in the accounting standards.

Estimates

Investment valuations

The key area where estimates may be significant to the financial statements is the valuation of the Company's single subsidiary, SEEIT Holdco, which in turns holds investments in a portfolio that are held at fair value (the "Portfolio Valuation(APM)").

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Board of Directors has appointed the Investment Manager to produce the Portfolio Valuation(APM) at 31 March 2023, which includes estimates of future cashflows that have the potential to have a material effect on the measurement of fair value.

The key estimates made include:

Discount rate

The weighted average unlevered discount rate (post tax) applied in the 31 March 2023 valuation was 7.7% (2022: 7.0%) and 8.5% on a levered basis (2022: 8.0%). The discount rate is considered one of the most unobservable inputs through which an increase or decrease would have a material impact on the fair value of investment at fair value through profit or loss. An appropriate discount rate is applied to each underlying asset. The range of discount rates applied and its sensitivity to movements in discount rates is shown in note 4.

Macroeconomic assumptions

Further estimates have been made on the key macroeconomic assumptions that are likely to have a material effect on the measurement of fair value being inflation, corporation tax and foreign exchange which are further described in Note 4.

Investment specific cashflow assumptions and sensitivities

The below highlights several key investment specific estimates made for the Portfolio Valuation(APM) at 31 March 2023:

Primary Energy - An estimate has been made to determine the future demand for generation by the offtaker in the PCI asset. If the demand assumed is 25% less than estimated, the Portfolio Valuation(APM) at 31 March 2023 could be reduced by between £10 million and £20 million, assuming no other mitigants are available. An estimate in relation to the Cokenergy asset has been included for the cash flows that can be generated through renewal of contract terms with the counterparty after the expiry of the existing contract terms. Although this assumption has not changed materially since March 2022, if the actual increase in contractual terms assumed for the Cokenergy investment is 50% less than estimated, the Portfolio Valuation(APM) at 31 March 2023 could be reduced by between £10 million and £20 million, assuming no other mitigants are available.

Onyx – The process of converting development assets into construction and then operational stages has been adversely affected by delays in the financial year, however an estimate has been made for the amount of megawatts that is expected to be become mechanically complete and earn revenues in 2024 and 2025. If only 75% of the megawatts are achieved in each of 2024 and 2025, the Portfolio Valuation(APM) at 31 March 2023 could be reduced by between £5 million and £10 million, assuming no other mitigants are available.

An estimate has been made for the amount of megawatts that is expected to be deployed from the development pipeline in 2025 to 2029 which are valued on an EV multiple per MW. This estimate and methodology has not changed since March 2022, however if only 50% of the development pipeline is achieved, the Portfolio Valuation(APM) at 31 March 2023 would be reduced by between £20 million and £30 million, assuming no other mitigants are available.

Oliva Spanish Cogeneration - There are updates under the regulatory regime governing the nine investments that have currently been published in draft form and awaiting finalisation. Key estimates are made by applying the draft legislation. If the final legislation differs materially from the draft legislation and no other changes are introduced, then the Portfolio Valuation(APM) at 31 March 2023 could be reduced by between £10 million and £20 million.

RED-Rochester - Estimates have been made regarding future capital expenditure projects at the site and the expected increase to overall revenues, the most material being the construction of a cogeneration plant expected to complete in 2025. If the cogeneration plant delivers only 75% of the energy savings currently assumed, the Portfolio Valuation(APM) at 31 March 2023 would be reduced by between £10 million and £20 million.

Estimates have been included for revenues related to providing electricity to customers based on projected demands and an assumed power price charged to customers. If market power pricing is 25% lower than assumed, the Portfolio Valuation(APM) at 31 March 2023 would be reduced by between £5 million and £10 million.

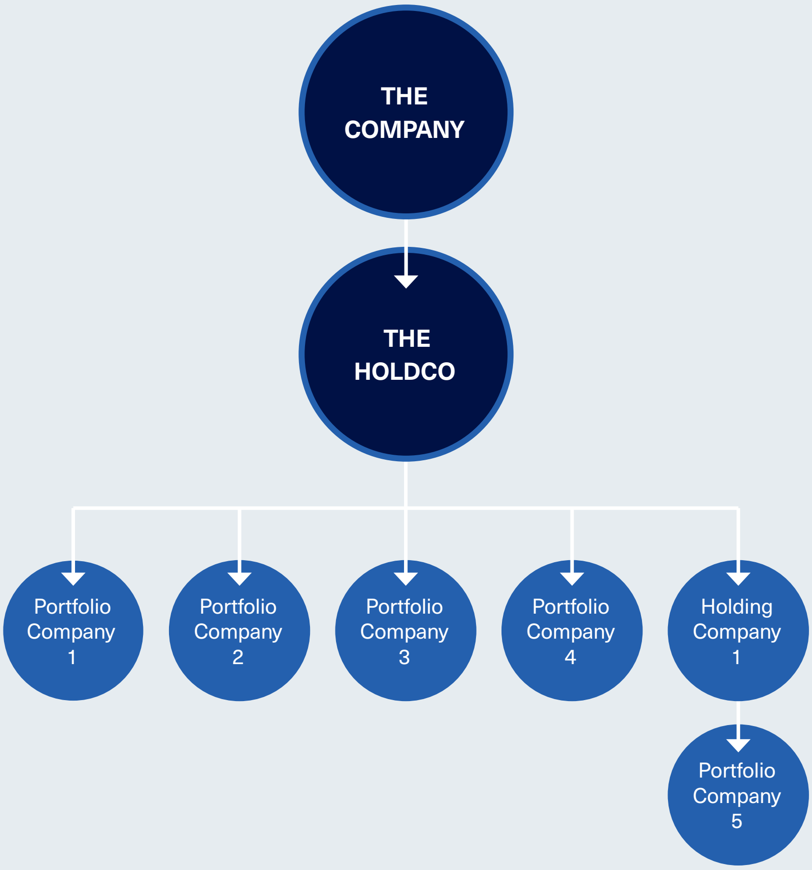
In addition, estimates have been included, based on projected growth of earnings in the RED-Rochester business, that a gain share pay-out will be made to the external asset management team tasked with delivering the growth within the next seven years, linked to the investment increasing its profitability. Furthermore, the projected growth is assumed to deliver a business capable of continuing to serve customers at the Eastman Business Park for a further 20 years beyond the c. 20 years lifetime previously assumed. Should only 15 years of the targeted economic life extension occur, the Portfolio Valuation(APM) at 31 March 2023 would be reduced by between £10 million and £20 million, assuming no other mitigants are available.

Värtan Gas - The future cashflows includes an assumption that the management team will target a decline in customer numbers at a year-on-year rate that is lower than the historic average decline. There are also a number of accretive expansion opportunities for the Värtan Gas investment in the Stockholm region's transport sector for which estimates have been made around the future growth profile in relation to decarbonisation targets and electrification. If the recent historic average rate to customers is applied for the next five years and no growth in revenue from transport is achieved over the next ten years, the valuation may potentially reduce by between £10 million and £20 million, assuming no other mitigants are available.

4. Financial Instruments

Valuation Methodology

As detailed in Note 1 and Note 11, the Company has a single investment directly wholly owned holding company (Holdco). It recognises this investment at fair value. To derive the fair value of Holdco, the Company determines the fair value of investment held directly or indirectly by Holdco and adjusts for any other assets and liabilities. See Note 11 for a reconciliation of this fair value. The valuation methodology applied by Holdco to determine the fair value of its investments is described below.



The Directors have satisfied themselves as to the methodology used and the discount rates and key assumptions applied in producing the valuations. All investments are at fair value through profit or loss.

For non-market traded investments (being all the investments in the current portfolio), the valuation is based on a discounted cashflow methodology and adjusted in accordance with the IPEV (International Private Equity and Venture Capital) valuation guidelines where appropriate to comply with IFRS 13 and IFRS 9, given the special nature of infrastructure investments. Where an investment is traded in an open market, a market quote is used. Certain investments may be held at cost if in the early part of a construction phase, however this will still be supported by a discounted cashflow analysis or similar method to determine fair value. For certain investments, fair value is determined through assuming a price that can be achieved per MW.

The Investment Manager exercises its judgement in assessing the expected future cashflows from each investment based on the project's expected life and the financial models produced for each project company and adjusts the cashflows where necessary to take into account key external macroeconomic assumptions and specific operating assumptions. Assumptions for future cashflows may include successful recontracting and project life extensions as well as cashflow linked to assumptions made on growth rates and further business development opportunities within existing projects.

The fair value for each investment is then derived from the application of an appropriate market discount rate (on an unlevered basis) to reflect the perceived risk to the investment's future cashflows and the relevant year end foreign currency exchange rate to give the present value of those cashflows. Where relevant, project level debt balances are then netted off to arrive at the valuation for each investment The discount rate takes into account risks associated with the financing of an investment such as investment risks (e.g. liquidity, currency risks, market appetite), any risks to the investment's earnings (e.g. predictability and covenant of the income) and a thorough assessment of counterparty credit risk, all of which may be differentiated by the phase of the investment.

Specific risks related to each asset that can be attributed to the Ukraine conflict or climate-related risks are assessed and where required, adjustments are made to expected future cashflows or reflected in the asset specific discount rate that is applied.

The Investment Manager uses its judgement in arriving at the appropriate discount rate. This is based on its knowledge of the market, taking into account intelligence gained from its bidding activities, discussions with financial advisers in the appropriate market, and publicly available information on relevant transactions.

All the operational investments included in the valuation have an underlying contract for energy services. The valuation is based on the future expected cashflow derived from these contracts. For the March 2023 valuation the assumed cashflows match the maturity of the underlying contract or regulatory life of the asset except in the case of RED-Rochester, four of the assets in Primary Energy, the assets in Oliva, and the development assets in Onyx and EVN where it is assumed that future contract extensions are achieved and hence the expected cashflows are currently projected to extend beyond the maturity date of the existing contract with the counterparty.

For the valuation as at 31 March 2023, the Directors commissioned a report from an independent third-party valuation expert to provide their assessment of the appropriate discount rate range for each investment (excluding small investments with an aggregate value of less than 2% of the Portfolio Valuation(APM)) in order to further benchmark the valuation prepared by the Investment Manager.

The valuation methodology is materially unchanged from the Company's IPO and has been applied consistently in each subsequent valuation. Different measures are used to derive fair value, as summarised below:

Valuation approach	Investments	% of Portfolio Valuation(APM)
Discounted cashflow ("DCF")	All remaining investments	95%
Held at cost	Turntide Iceotope EVN (Zood construction)	3%
Price per MW	Onyx Development Pipeline	2%
Total		100%

Fair Value Measurement by Level

IFRS 13 requires disclosure of fair value measurement by level. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments.

Investment at fair value through profit or loss	Level 1 £'millions	Level 2 £'millions	Level 3 £'millions
31 March 2023	**–**	**–**	**1,127.8**
31 March 2022	–	–	928.2

The Company's indirect investments have been classified as level 3 as the investments are not traded and contain unobservable inputs. As the fair value of the Company's equity and loan investments in the Holdco is ultimately determined by the underlying fair values of the SPV investments or debt schedules, the Company's sensitivity analysis of reasonably possible alternative input assumptions is the same across all its investments. The reconciliation of Level 3 fair value is disclosed in Note 11.

Valuation Assumptions

		31 March 2023	31 March 2022
Inflation rates	UK (RPI)	7.8% declining to 3.0% by 2025, 3.0% p.a. long-term	7.9% declining to 3.5% by 2024, 2.75% p.a. long-term
	UK (CPI)	6.6% declining to 1.5% by 2025, 2.0% p.a. long-term	6.0% declining to 2.3% by 2024, 2.00% p.a. long-term
	Spain (CPI)	4.6% declining to 2.1% by 2025, 2.0% p.a. long-term	5.8% declining to 1.7% by 2024, 2.00% p.a. long-term
	Sweden (CPI)	7.0% declining to 2.2% by 2025, 2.0% p.a. long-term	3.4% declining to 2.0% by 2024, 2.00% p.a. long-term
	Singapore (CPI)	5.0% declining to 2.0% by 2025, 2.0% p.a. long-term	3.2% declining to 2.0% by 2024, 2.00% p.a. long-term
	Ireland (CPI)	5.8% declining to 2.3% by 2025, 2.0% p.a. long-term	4.8% declining to 2.0% by 2024, 2.00% p.a. long-term
	USA (CPI)	3.7% declining to 2.1% by 2025, 2.0% p.a. long-term	6.3% declining to 2.0% by 2024, 2.00% p.a. long-term
Tax rates	UK	25%	19% to 2023, 25% thereafter
	Spain	25%	25%
	Sweden	20.6%	21.4%
	Singapore	17%	17%
	Ireland	12.5%	17%
	USA	21% Federal & 3-9% State rates	21% Federal & 3-9% State rates
Foreign exchange rates	EUR/GBP	0.88	0.84
	SEK/GBP	0.08	0.08
	SGD/GBP	0.61	0.56
	USD/GBP	0.81	0.76

Discount Rates

The discount rates used for valuing each investment are described in the Valuation Methodology section above.

The discount rates used for valuing the investments in the portfolio are as follows:

	31 March 2023	31 March 2022
Weighted Average discount rate (on unlevered basis)	7.7%	7.0%
Discount rates	4.75% to 10.25%	4.0% to 10.0%

Sensitivities

The sensitivities below show the effect on Net asset value(APM) of assuming a different range for each key input assumption, in each case applying a range that is considered to be a reasonable and plausible outcome for the market in which the Company has invested.

Discount Rates

The discount rates that are applied to each project's forecast cashflow, form in aggregate the single most important judgement and variable for the purposes of valuing the portfolio. The sensitivity shown in this section shows the sensitivity of changing the underlying discount rates for each underlying project and where such a project has debt in place, the sensitivity takes into account the levered discount rate of the project.

Discount rate	NAV/share impact	-0.5% change	Net asset value	+0.5% change	NAV/share impact
31 March 2023	**5.0p**	**£55.1m**	**£1,125.4m**	**(£50.3m)**	**(4.5p)**
31 March 2022	4.5p	£44.1m	£1,073.1m	(£40.6m)	(4.1p)

Inflation Rates

The Company's exposure to inflation via its investment portfolio is currently largely to the USA and Europe with c.59% and c.37% of NAV respectively although the level of exposure to changes in inflation in underlying investments in each geography varies. The investment portfolio as at 31 March 2023 has a positive correlation to inflation with approximately half of the current portfolio by value having revenues that are partly or wholly inflation linked.

The Company's portfolio includes investments that benefit from fixed or escalating revenues that are not directly linked to inflation. This includes the assets in Primary Energy where periodic recontracting is assumed in the valuation. It is assumed that the renewed revenue contracts (subject to negotiations) entered into in future years reset the revenues at such a level that it materially offsets increases to project level costs such as O&M that is materially inflation-linked, effectively offsetting the effect of inflation. Within the portfolio of Oliva Spanish Cogeneration assets there is some natural offsetting or protection between revenues and costs for inflation increases and decreases. The assumption in the Värtan Gas investment is that the regular renewals of customer contracts (typically annually) include inflationary increases to the tariffs charged, however it is also assumed that this would not result in the charges being above the regulatory cap and that the full inflationary increase is not passed on to the customer each time. In the current portfolio there are several investments with no or negligible exposure to inflation, notably the where investments are structured as senior debt loan investments.

As a result of the continued high inflationary environment, the Company has changed the sensitivity to inflation as at 31 March 2023 to 1.00% (31 March 2022: 0.5%)

Inflation rate	NAV/share impact	-1% (2022: -0.5%) change	Net asset value	+1% (2022: +0.5%) change	NAV/share impact
31 March 2023	**(1.5p)**	**(£16.4m)**	**£1,125.4m**	**£18.3m**	**1.7p**
31 March 2022	(1.1p)	(£10.5m)	£1,073.1m	£11.9m	1.2p

Corporation Tax Rates

The sensitivity is shown on the basis that corporation tax rates remain at the sensitised level for the remainder of any period in which cashflow is assumed for that project and that no mitigations that may be available are applied. Key mitigants available include portfolio structuring changes including gearing(APM), and the option available to the Company to use interest streaming of dividend distributions to shareholders in the future, whereby a portion of the dividend distribution is designated as interest, allowing net taxable interest income to be reduced.

The sensitivity mainly shows the unmitigated impact of changes in US, Swedish, Irish, Singaporean and Spanish tax rates. The exposure to UK corporation tax at project level has negligible sensitivity to the sensitised movements in UK corporation tax rates because of UK entities within the group being able to offset aggregate profits and losses, whilst in Spain the impact is reduced for similar reasons.

Corporation tax rate	NAV/share impact	-5% change	Net asset value	+5% change	NAV/share impact
31 March 2023	**2.7p**	**£29.5m**	**£1,125.4m**	**(£29.8m)**	**(2.7p)**
31 March 2022	3.2p	£31.7m	£1,073.1m	(£33.0m)	(3.3p)

Foreign Exchange Rates

The Portfolio Valuation(APM) assumes foreign exchange rates based on the relevant foreign exchange rates against GBP at the reporting date. A change in the foreign exchange rate by plus or minus 10% (GBP against Euro, Swedish Krona, Singapore Dollar and US Dollar) has the following effect on the NAV, with all other variables held constant. The effect is shown after the effect of current level of hedging which reduces the impact of foreign exchange movements on the Company's NAV.

Foreign exchange rate	NAV/share impact	-10% Change	Net asset value	+10% change	NAV/share impact
31 March 2023	**0.8p**	**£9.0m**	**£1,125.4m**	**(£9.0m)**	**(0.8p)**
31 March 2022	0.8p	£8.3m	£1,073.1m	(£7.6m)	(0.8p)

5. Investment Income

	Year ended 31 March 2023 £'millions	Year ended 31 March 2022 £'millions
Dividend income	57.5	33.7
(Loss)/Gain on investment at fair value through profit or loss (Note 11)	(74.3)	47.8
Loan interest income	9.0	7.3
Investment (loss)/income	**(7.8)**	**88.8**

Loan interest income is in respect of coupon bearing loan notes issued to the Company by Holdco (Note 15) for the year ended 31 March 2023. The loan notes accrue interest at 6%, are unsecured and repayable in full on 18 April 2039. Loan Interest income is recognised on the Statement of Comprehensive Income on an accruals basis. The loss/gain on investment is unrealised.

6. Fund Expenses

	Year ended 31 March 2023 £'millions	Year ended 31 March 2022 £'millions
Investment management fees (Note 15)	9.6	7.2
Non-executive directors' fees (Note 16)	0.3	0.3
Other expenses	1.3	1.0
Fees to the Company's independent auditors:		
- for the audit of the statutory financial statements	0.7	0.4
- for audit-related assurance services	0.1	0.1
Fund Expenses	**12.0**	**9.0**

As at 31 March 2023, the Company had no employees (31 March 2022: nil) apart from Directors in office. The Company confirms that it has no key management personnel, apart from the Directors disclosed in Directors' Remuneration Report in Section 4.7 of the Annual Report. There is no other compensation apart from those disclosed. Other expenses include professional fees, administration fees, irrecoverable VAT and other fees in relation to the running of the Company.

7. Tax

The tax for the year shown in the Statement of Comprehensive Income is as follows.

	Year ended 31 March 2023 £'millions	Year ended 31 March 2022 £'millions
(Loss)/Profit for the year before taxation	(18.6)	79.8
Tax on (loss)/profit on ordinary activities for the year multiplied by the standard rate of corporation tax of 19% (31 March 2022: 19%)	(3.5)	15.2
Fair value movements (not subject to taxation)	14.1	(9.1)
Dividends received (not subject to taxation)	(10.9)	(6.4)
Surrendering of tax losses to unconsolidated subsidiaries	0.3	0.3
Total tax charge	**–**	**–**

The corporation tax rate will increase from 19% to 25% with effect from 1 April 2023. No deferred tax was recognised in the periods.

8. (Loss)/Earnings per Ordinary Share

	Year ended 31 March 2023	Year ended 31 March 2022
(Loss)/Profit for the year (£'millions)	(18.6)	79.8
Weighted average number of ordinary shares ('000)	1,056,150	795,954
(Loss)/Earnings per ordinary share (pence)	**(1.8)**	**10.0**

There is no dilutive element during the financial year and subsequent to the financial year.

9. Dividends

	Year ended 31 March 2023 £'millions	Year ended 31 March 2022 £'millions
Amounts recognised as distributions to equity holders during the year:		
Fourth quarterly interim dividend for the year ended 31 March 2021 of 1.375p per share	–	9.3
First quarterly interim dividend for the year ended 31 March 2022 of 1.405p per share	–	9.5
Second quarterly interim dividend for the year ended 31 March 2022 of 1.405p per share	–	12.7
Third quarterly interim dividend for the year ended 31 March 2022 of 1.405p per share	–	12.7
Fourth quarterly interim dividend for the year ended 31 March 2022 of 1.405p per share	13.9	–
First quarterly interim dividend for the year ended 31 March 2023 of 1.5p per share	14.9	–
Second quarterly interim dividend for the year ended 31 March 2023 of 1.5p per share	16.6	–
Third quarterly interim dividend for the year ended 31 March 2023 of 1.5p per share	16.6	–
Total Dividends	**62.0**	**44.2**

All dividends have been paid out of distributable reserves. Further information on distributable reserves can be found in Note 12.

In June 2023, the Company declared a fourth interim dividend for the year ended 31 March 2023 of 1.5p per share which is expected to result in a cash payment of approximately £16.5 million on 30 June 2023.

10. Net Assets Per Share

	31 March 2023	31 March 2022
Shareholders' equity (£'millions)	1,125.4	1,073.1
Number of ordinary shares ('000)	1,108,709	990,288
Net assets per ordinary share (pence)	**101.5**	**108.4**

11. Investment at Fair Value through Profit or Loss

The Company recognises the investment in Holdco, its single directly owned holding company, at fair value. Holdco's fair value includes the fair value of each of the individual project companies and holding companies in which the Holdco holds a direct or an indirect investment, along with the working capital of Holdco.

	Year ended 31 March 2023 £'millions	Year ended 31 March 2022 £'millions
Brought forward investment at fair value through profit or loss	928.2	572.6
Loan investments in year	–	96.8
Equity investments in year	292.4	223.0
Loan Principal repaid in year	(18.5)	(12.0)
Movement in fair value	(74.3)	47.8
Closing investment at fair value through profit or loss	**1,127.8**	**928.2**

Movement in fair value is recognised through Investment Income in the Statement of Comprehensive Income (see Note 5).

Of the closing investment at fair value through profit and loss balance, £131 million (31 March 2022: £150 million) relates to loan investment (also see Note 5) and £996 million (31 March 2022: £778 million) relates to equity investment.

A reconciliation between the Portfolio Valuation(APM), being the valuation of the Investment Portfolio held by Holdco, and the Investment at fair value through profit or loss per the Statement of Financial Position is provided below. The principal differences are the balances in Holdco for cash and working capital.

	31 March 2023 £'millions	31 March 2022 £'millions
Portfolio Valuation (see Section 2.3 for details)	1,099.6	912.7
Holdco cash	65.4	24.9
Holdco debt	–	–
Holdco net working capital	(37.2)	(9.4)
Investment at fair value per Statement of Financial Position	**1,127.8**	**928.2**

Investments by the Company

During the year ended 31 March 2023, the Company invested £292.4 million (31 March 2022: £320 million) into Holdco for new portfolio investments and to fund acquisition costs. Acquisition costs are expensed to the income statement at Holdco as they are occurred.

Portfolio Investments, via Holdco

During the year ended 31 March 2023, Holdco invested £236 million (31 March 2022: £300 million) in new portfolio investments. The Company announced the following investment activity in the period:

Project	Investment/ Commitment Date	Type	Location	Investment/ Commitment Amount
Baseload	Various in the period	New	Sweden	c.£4m
Turntide	May 2022	New	USA	c.£8m
Iceotope	June 2022	New	UK	c.£3m
UU Solar	July 2022	New	UK	c.£100m
On.Energy	August 2022	New	USA	c.£4m
Biotown	Various in the period	Organic	USA	c.£1m
Onyx	Various in the period	Organic	USA	c.£50m
Spark US Energy Efficiency II	Various in the period	Organic	USA	c.£12m
Tallaght Hospital	Various in the period	Inorganic	Ireland	c.£4m
EV Network	Various in the period	Organic	UK	c.£23m
FES Lighting	Various in the period	Organic	USA	c.£6m
Lycra	Various in the period	Organic	Singapore	c.£3m
Bloc	November 2022	New	UK	c.£0.2m
RED-Rochester	January 2023	Organic	USA	c.£16m

12. Share Capital and Share Premium

Ordinary Shares of £0.01	Year ended 31 March 2023 '000	Year ended 31 March 2022 '000
Authorised and issued at the beginning of the year	990,288	677,087
Shares Issued – during the year	118,421	313,201
Authorised and issued at the end of year	**1,108,709**	**990,288**

	Share capital £'millions	Share Premium 'millions
Total as at 1 April 2022	9.9	925.1
Issue of ordinary shares	1.2	133.8
Costs of issue of ordinary shares	–	(2.1)
Total as at 31 March 2023	**11.1**	**1,056.8**

In September 2022, the Company issued 118,421,053 new ordinary shares at a price of 114p per share raising gross proceeds of £135 million.

The Company currently has one class of ordinary share in issue. All the holders of the £0.01 ordinary shares, which total 1,108,709k (31 March 2022: 990,288k) and are fully paid (31 March 2022: fully paid), are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

On 3 April 2023, the company announced the commencement of a Share Buyback Programme. The Share Buyback Programme will be funded from the Company's surplus liquidity and operating cashflows from the portfolio and only undertaken where the Board and the Investment Manager believe it to be in the shareholders' best interests at the prevailing share price and accretive to NAV per ordinary Share.

The Company has allocated up to £20 million of its FY2024 operational income from SEEIT Holdco to the Share Buyback Programme and will review this allocation on an ongoing basis considering the Company's ongoing liquidity position, the opportunity cost of investing in its own shares versus investing in its existing portfolio or pipeline of asset opportunities, as well as the discount to NAV that the shares are trading at.

Other distributable reserves were created through the cancellation of the Share Premium account on 12 March 2019. This amount is capable of being applied in any manner in which the Company's profits available for distribution, as determined in accordance with the Companies Act 2006, are able to be applied.

Other distributable reserves and Retained Earnings are detailed in the Statement of Changes in Shareholders' Equity.

13. Financial Risk Management

Financial Risk Management Objectives

The objective of the Company's financial risk is to manage and control risk exposure of the underlying investment portfolio held by Holdco. The Board is responsible for overseeing the management of financial risks, however the review and management of financial risks is delegated to the Investment Manager. The Investment Manager monitors and manages the financial risks relating to the operations of the Company through internal procedures and policies designed to identify, monitor and manage the financial risks to which the Company is exposed.

These risks include market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

Price Risk

The value of the investments directly and indirectly held by the Company is affected by the discount rate applied to the expected future cashflows and as such may vary with movements in interest rates, inflation, power prices, market prices host demand for energy services and competition for these assets.

Currency Risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company receives loan interest, loan principal and dividends from its single investment, Holdco, in sterling. However, the Company is indirectly exposed to currency risk through its Holdco as its investments include non-sterling investments are held in euro, US dollar, Singapore dollar and Swedish krona.

The Company monitors its foreign exchange rate exposures using its near-term and long-term cashflow forecasts. Its policy is to use foreign exchange hedging to provide protection to the level of sterling distributions that the Company aims to pay over the medium-term, where considered appropriate. This may involve the use of forward exchange.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates.

The Company, via Holdco, invests indirectly in loans in project companies, usually with fixed interest rate coupons. Where floating rate debt is owned, the primary risk is that the portfolio's cashflow will be subject to variation depending on changes to base interest rates. The portfolio's cashflows are continually monitored and re-forecasted to analyse the cashflow returns from investments.

The Company's policy is to ensure that interest rates are sufficiently hedged, when entering into material medium/long-term borrowings, to protect the Company and portfolio companies' net interest margins from significant fluctuations in interest rates. This may include engaging in interest rate swaps or other rate derivative contracts at the subsidiary level under direction of the Company.

The Company's financial assets and financial liabilities are at a pre-determined interest rate, as a result the Company is subject to limited exposure to risk due to fluctuations in the prevailing levels of market interest rates.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company through a reduction in future expected cash receipts.

The key counterparties are the project companies in which the Company makes indirect investments via Holdco. The projects companies' near-term cashflows forecasts are used to monitor the timing of cash receipts from project counterparties and are reviewed regularly to demonstrate the projects' ability to pay interest and dividends when they fall due.

The Company does not have any significant credit risk exposure to any single counterparty in relation to trade and other receivables. On-going credit evaluation is performed on the financial condition of accounts receivable.

As at 31 March 2023, there were no receivables considered impaired (31 March 2022: nil). At an investment level, the credit risk relating to significant counterparties is reviewed on a regular basis and potential adjustments to the discount rate are considered to recognise changes to these risks where applicable.

The Company maintains its cash and cash equivalents across various banks to diversify credit risk. These are subject to the Company's credit monitoring policies including the monitoring of the credit ratings issued by recognised credit rating agencies. The Company's cash and deposits are held with counterparties that meet strict investment rating criteria per the Company's treasury policy.

The Company is at risk of credit loss on its loans, receivables, cash and deposits. Underlying investments are held by Holdco at fair value using discounted cashflows. Receivables are primarily intercompany and taxation. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, there was no identified credit loss.

The Company's maximum exposure to credit risk over financial assets is the carrying value of those assets in the Statement of Financial Position.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board of Directors has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by monitoring forecast and actual cashflows and by matching the maturity profiles of assets and liabilities.

Risk is spread by holding cash at three separate banking institutions and the Company also ensures that Holdco has sufficient banking facilities by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities.

Unconsolidated project companies are subject to contractual agreements that may impose temporary restrictions on their ability to distribute cash. Such restrictions are not deemed significant in the context of the overall liquidity.

The table below shows the maturity of the Company's non-derivative financial assets and liabilities. The amounts disclosed are contractual, undiscounted cashflows and may differ from the actual cashflows received or paid in the future as a result of early repayments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 March 2023	Up to 3 months £'millions	Between 3 and 12 months £'millions	Between 1 and 5 years £'millions	Total £'millions
Assets				
Cash and cash equivalents	0.3	–	–	0.3
Trade and other receivables	0.6	–	–	0.6
Liabilities				
Trade and other payables	(3.3)	–	–	(3.3)
Total	**(2.4)**	**–**	**–**	**(2.4)**

As at 31 March 2022	Up to 3 months £'millions	Between 3 and 12 months £'millions	Between 1 and 5 years £'millions	Total £'millions
Assets				
Cash and cash equivalents	146.1	–	–	146.1
Trade and other receivables	–	–	–	–
Liabilities				
Trade and other payables	(1.5)	–	–	(1.5)
Total	**144.6**	**–**	**–**	**144.6**

Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders. In accordance with the Company's investment policy, the Company's principal use of cash (including the proceeds of the IPO) has been to fund investments via Holdco as well as ongoing operational expenses.

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. The capital structure of the Company consists entirely of equity (comprising issued capital, distributable reserves and retained earnings).

The Company is not subject to any externally imposed capital requirements.

14. Related Undertakings

The following table shows the Company's single direct subsidiary (SEEIT Holdco Limited). Appendix A lists the company's indirect subsidiaries through SEEIT Holdco Limited.

Investment	Country of incorporation & Place of Business	Shareholding at 31 March 2023
SEEIT Holdco Limited	United Kingdom	100%

15. Related Parties

The Company and Sustainable Development Capital LLP (the "Investment Manager") have entered into the Investment Management Agreement pursuant to which the Investment Manager has been given responsibility, subject to the overall supervision of the Board, for active discretionary investment management of the Company's portfolio in accordance with the Company's investment objective and policy.

As the entity appointed to be responsible for risk management and portfolio management, the Investment Manager is the Company's AIFM. The Investment Manager has full discretion under the Investment Management Agreement to make investments in accordance with the Company's investment policy from time to time. This discretion is, however, subject to: (i) the Board's ability to give instructions to the Investment Manager from time to time; and (ii) the requirement of the Board to approve certain investments where the Investment Manager has a conflict of interest in accordance with the terms of the Investment Management Agreement. The Investment Manager also has responsibility for financial administration and investor relations, advising the Company and its group in relation to the strategic management of the portfolio, advising the Company in relation to any significant acquisitions or investments and monitoring the Company's funding requirements.

Under the terms of the Investment Management Agreement, the Investment Manager will be entitled to a fee calculated at the rate of:

- 0.9%, per annum of the adjusted NAV in respect of the Net Asset Value(APM) of up to, and including, £750 million; and
- 0.8%, per annum of the adjusted NAV in respect of the Net Asset Value(APM) in excess of £750 million.

The management fee is calculated using an adjusted NAV which is the latest published NAV at the relevant time, less uncommitted cash and adjusted on a daily basis for new acquisitions, new cash committed to investments, disposals and changes in amounts of debt drawn.

The management fee accrues monthly and is invoiced monthly in arrears. During the year ended 31 March 2023, management fees of £9.6 million (31 March 2022: £7.2 million) were incurred of which £2.5 million (31 March 2022: £0.7 million) was payable at the year-end.

During the year ended 31 March 2023, £292.4 million (31 March 2022: £319.9 million) of funding was provided by the Company to the Holdco for investment acquisitions and the repayment of the RCF utilised by Holdco.

During the year ended 31 March 2023, coupon bearing loan notes of £nil (31 March 2022: £96.8 million) were issued which accrue interest at 6%. During the year ended 31 March 2023, Holdco had repaid coupon bearing loan notes of £18.5 million (31 March 2022: £12.0 million). In the year to 31 March 2023, £8.9 million interest had accrued on the loan notes (31 March 2022: £7.3 million) of which £0.2 million is outstanding at the year-end (31 March 2022: £nil).

All of the above transactions were undertaken on an arm's length basis and there have been no changes in material related party transactions since the last annual report.

16. Key Management Personnel Transactions

The Directors of the Company, who are considered to be key management, received fees for their services. Their fees were £0.3m (disclosed as non-executive directors' fees in Note 6) in the year (31 March 2022: £0.3m) which included £289k for Director salaries (31 March 2022: £254k), £18k for national insurance contributions (31 March 2022: £18k) and £10k for the reimbursement of expenses (31 March 2022: £3k).

17. Guarantees and Other Commitments

The Company is the guarantor of the RCF between Holdco and Investec Bank plc.

The company holds a revolving-credit facility (RCF) that it holds through its wholly owned subsidiary, SEEIT Holdco amounting to £180 million. The RCF, which is SONIA linked and has a margin of 2.65%, expires in June 2024 with options to extend for a further two years and includes an accordion function for a further £20 million increase on an uncommitted basis.

18. Events after the Reporting Period

The Directors have evaluated subsequent events from the date of the financial statements through to the date the financial statements were available to be issued.

Between April and June 2023, the Company made the following investments, via SEEIT Holdco:

- A further c. £2.3 million in RED-Rochester
- A further c. £2.2 million in FES Lighting
- A further c. £5.1 million in Onyx
- A further c. £6.9 million in Spark US Energy Efficiency II
- A new investment of c. £1.2 million into CPP Biomass
- A new investment of c. £2.3 million into a thermal energy storage company.
- Acquisition of remaining 50% stake on Onyx's development platform for an initial c. £4.0 million plus performance related contingent deferred consideration in future periods

On 3 April 2023, the company announced the commencement of a Share Buyback Programme. See note 12 for further details.

Appendix A – List of SEEIT plc's indirect subsidiaries

The following table shows the Company's indirect subsidiaries and related undertakings. As the Company applies IFRS 10 and Investment Entities (Amendments to IFRS 10) (see Note 2), these entities have not been consolidated in the preparation of these financial statements:

Investment	Country of incorporation & Place of Business	Shareholding at 31 March 2023
EECO Kingscourt Limited	United Kingdom	100%
EECO Biomass No. 1 Limited	United Kingdom	60%
EECO Data Centres No. 1 Limited	United Kingdom	100%
EECO Wilton No. 1 Limited	United Kingdom	100%
SmartEnergy Finance Two Limited	United Kingdom	49%
SEEIT UK 1 Limited	United Kingdom	100%
Combined Heat and Power Investments Limited	United Kingdom	100%
Energy Efficient Global UK Project Limited	United Kingdom	100%
SEEIT Asia Limited	United Kingdom	100%
EECO Smithfield Limited	United Kingdom	100%
SEEIT Europe 2 Limited	United Kingdom	100%
SDCL Solar Edge Limited	United Kingdom	100%
Zood Infrastructure Limited	United Kingdom	100%
SEEIT Europe Limited	United Kingdom	100%
SEEIT US TWO Limited	United Kingdom	100%
SEEIT Magma Limited	United Kingdom	100%
SEEIT Bloc Limited	United Kingdom	100%
SEEIT CPP Limited	United Kingdom	100%
SIAF Energia S.A	United Kingdom	80%
Iceotope Technologies Limited	United Kingdom	100%
Iceotope Liquid Cooling Limited	United Kingdom	100%
KU:L Sistem Limited	United Kingdom	100%
SEEIT Sol Limited	United Kingdom	100%
Greenland Investment Partners Limited	United Kingdom	100%
SEEIT US Limited	USA	70%
SDCL TG COGEN LLC	USA	71%
COGEN ONE LLC	USA	100%
COGEN TWO LLC	USA	100%
SEEIT CAPITAL LLC	USA	100%
SEEIT CAPITAL II LLC	USA	100%
SEEIT PE 1 LLC	USA	100%
SEEIT PE 2 LLC	USA	100%

Investment	Country of incorporation & Place of Business	Shareholding at 31 March 2023
PERC Midco LLC	USA	100%
PERC Holdings 2 LLC	USA	100%
Primary Energy Recycling Corporation	USA	100%
Primary Energy Recycling Holdings LLC	USA	100%
Primary Energy Operations LLC	USA	100%
Cokenergy LLC	USA	100%
North Lake Energy LLC	USA	100%
Portside Energy LLC	USA	100%
Ironside Energy LLC	USA	100%
Harbor Coal LLC	USA	100%
PCI Associates	USA	50%
SEEIT Red Holdco LLC	USA	100%
SEEIT District Energy LLC	USA	100%
Recycled Energy Development LLC	USA	100%
RED - Rochester LLC	USA	100%
SEEIT Hemisphere Holdco LLC	USA	100%
SEEIT Hemisphere I LLC	USA	100%
SEEIT Hemisphere II LLC	USA	100%
SEEIT Hemisphere III LLC	USA	100%
Iceotope Technologies US Inc	USA	100%
SEEIT US Lighting Holdings LLC	USA	100%
SEEIT US Lighting LLC	USA	100%
SEEIT TT LLC	USA	100%
Turntide Technologies Inc	USA	100%
SEEIT ON Holdco LLC	USA	100%
ON Energy Storage LLC	USA	100%
SEEIT BTB LLC	USA	100%
SEEIT Net Zero LLC	USA	100%
EE CO Ireland Hospitals TUH Limited	Ireland	100%
Iceotope Technologies Limited	Ireland	100%
SEEIPL 4 Pte Ltd	Singapore	100%
SEEIPL 1 Pte Ltd	Singapore	100%
SEEIPL 3 Pte Ltd	Singapore	100%

Investment	Country of incorporation & Place of Business	Shareholding at 31 March 2023
Shire Oak Green Asia Portfolio 2 Pte Ltd	Singapore	100%
Walworth Invest S.L.	Spain	100%
SEEIT Oliva, S.A.	Spain	100%
SEEIT GAS S.L	Spain	100%
Compañía Orujera de Linares, S.L	Spain	100%
Bioeléctrica de Linares, S.L.	Spain	100%
Compañía Energética de Linares S.L.	Spain	100%
Compañía Energética Pata de Mulo S.L.	Spain	100%
Compañía Energética Puente del Obispo	Spain	100%
Compañía Energética de La Roda, S.L.	Spain	100%
Biomasas de Puente Genil. S.L.	Spain	100%
Secaderos de Biomasa, S.L .	Spain	100%
Compañía Energética Las Villas, S.L.	Spain	90%
SEEIT EUROPE 2 SWEDEN Holding AB	Sweden	100%
Värtan Gas Stockholm AB	Sweden	100%
Värtan Gas AB	Sweden	100%
Gasnätet Stockhom AB	Sweden	100%
Stockhom Gas AB	Sweden	100%
Baseload Capital Sweden AB	Sweden	100%
SOGA Uranus Company Limited	Vietnam	100%
SOGA Mercury Company Limited	Vietnam	100%
SOGA Triton Company Limited	Vietnam	100%

All related undertakings that have a place of business in the United Kingdom are registered in the United Kingdom and their principal place of business and registered office is 5th Floor, 1 Vine Street, London, W1J 0AH.

All related undertakings that have a place of business in the USA are registered in Delaware, USA and their registered office is 1209 Orange Street, Wilmington, Delaware, USA with their principal place of business is 1120 Avenue of the Americas, New York, New York 10036, USA.

All related undertakings that have a place of business in Spain have principal place of business and registered office in Calle Príncipe de Vergara 112, Planta Cuarta, 28002 Madrid, Spain.

All related undertakings that have a place of business in Ireland have their principal place of business and registered office in 55 Merrion Square South, Dublin, DO2 YD65.

All related undertakings that have a place of business in Singapore have principal place of business and registered office in 6 Eu Tong Sen Street #11-09, The Central, Singapore 059817.

All related undertakings that have a place of business in Sweden have principal place of business and registered office in RÅSUNDAVÄGEN 12, 16967 Solna, Stockholm County, Sweden.

ADDITIONAL INFORMATION

Pictured: Primary Energy site

COMPANY INFORMATION

Directors
Tony Roper (Chair)
Helen Clarkson
Emma Griffin
Christopher Knowles
Sarika Patel

Registered Office
6th Floor
125 London Wall
London
EC2Y 5AS

Company Secretary and Administrator
Apex Group Secretaries (UK) Limited (Company Secretary)
Apex Group Fiduciary Services (UK) Limited (Administrator)
6th Floor
125 London Wall
London
EC2Y 5AS

Investment Manager
Sustainable Development Capital LLP
5th Floor 1 Vine Street
London
W1J 0AH

Independent Auditors
PricewaterhouseCoopers LLP
40 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

Public Relations
TB Cardew
5 Chancery Lane
Holborn
London
EC4A 1BL

Sponsor, Broker and Placing Agent
Jefferies International Limited
100 Bishopsgate
London
EC2N 4JL

Legal Adviser
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG

Depositary
Apex Group Administration Services (UK) Limited
6th Floor
125 London Wall
London
EC2Y 5AS

Registrar
Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Bankers
RBS International
440 Strand
London
WC2R 0QS

KEY COMPANY DATA

Company name	SDCL ENERGY EFFICIENCY INCOME TRUST PLC
Registered address	6th Floor, 125 London Wall, London EC2Y 5AS
Listing	London Stock Exchange – Premium Listing
Ticker symbol	SEIT
SEDOL	BGHVZM4
Index inclusion	FTSE All-Share, FTSE 250
Company year-end	31 March
Dividend payments	Quarterly
Investment Manager	Sustainable Development Capital LLP
Company Secretary & Administrator	Apex Group Secretaries (UK) Limited and Apex Group Fiduciary Services (UK) Limited
Shareholders' funds	£1.1 billion as at 31 March 2023 (31 March 2022: £1.1 billion)
Market capitalisation	£0.9 billion as at 31 March 2023 (31 March 2022: £1.2 billion)
Management fees	0.9% p.a. of NAV (adjusted for uncommitted cash) up to £750 million, 0.8% p.a. thereafter
ISA, PEP and SIPP status	The ordinary shares are eligible for inclusion in PEPs and ISAs (subject to applicable subscription limits) provided that they have been acquired by purchase in the market, and they are permissible assets for SIPPs
Website	www.seeitplc.com

SUSTAINABLE FINANCE DISCLOSURE REGULATION ("SFDR")

Periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: SDCL Energy Efficiency Income Trust plc

Legal entity identifier: 213800ZPSC7XUVD3NL94

Sustainable investment objective

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

✖ Yes	☐ No
✖ It made **sustainable investments with an environmental objective:** 100 %	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
✖ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** 0 %	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent was the sustainable investment objective of this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform?

The sustainability indicators used to measure attainment of the sustainable investment objectives are tonnes of carbon saved (measured in tonnes CO_2e) and amounts of electrical and thermal energy saved (measured in kWh), as both directly relate to the Company's sustainable objective of climate change mitigation. Both indicators performed well during the period due to new and follow-on investments in energy efficiency projects.

1,202,528 tCO_2e saved across the portfolio in the period ending 31 March 2023

387,868,000 kWh electrical and thermal energy saved in the period ending 31 March 2023

...and compared to previous periods?

1,060,617 tCO_2e saved across the portfolio in the period ending 31 March 2022

242,160,000 kWh electrical and thermal energy saved in the period ending 31 March 2022

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments not cause significant harm to any sustainable investment objective?

The Company ensures that its sustainable investments do not cause significant harm to any sustainable investment objectives through its ESG management process, which incorporates ESG considerations into investment due diligence and asset management. Potential investments are carefully assessed during due diligence through multiple stages, including a red flag review, a review of all mandatory principal adverse impact indicators (PAI indicators), the completion of a broader set of ESG due diligence questions, and a review of relevant climate and social indicators. After project acquisition, SDCL's asset management and ESG teams monitor the operations, policies and business conduct of an investment through quarterly and annual questionnaires to make sure it is not doing significant harm and is performing in line with the Company's ESG minimum standards.

How were the indicators for adverse impacts on sustainability factors taken into account?

The Investment Manager uses the PAI indicators to confirm that the Company's asset companies do no significant harm. When a potential investment opportunity is assessed, the ESG questionnaire has specific questions covering mandatory PAI indicators and the relevant climate and social indicators to uncover any potential red flags that would cause significant harm to any other of the other sustainable investment objectives. The PAI indicators are then monitored annually through an ESG questionnaire, that asks specific questions based around said indicators.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Company avoids investing in projects that are in breach of the ILO standards, UNGPs, UNGC or OECD Guidelines for Multinational Enterprises. The Investment Manager actively considers alignment of potential investments with the OECD Guidelines and UNGPs through the ESG due diligence process and investment decision and during the asset management phase. The Company's ESG principles include commitments to:

1. aide in the transition to a low carbon economy by maximising energy efficiency through its investment strategy and operations;
2. minimise the environmental footprint of its operations through managing negative impacts, such as waste, biodiversity loss and emissions;
3. secure robust governance and business integrity, including assessing resilience to physical climate risk and engaging as an active participant on ESG with its delivery partners; and
4. provide safe environments for all workers, contractors and members of the community who use or come into contact with its projects.

How did this financial product consider principal adverse impacts on sustainability factors?

As disclosed above, the Fund takes indicators for principal adverse impacts into account as part of the do no significant harm process. However, as the Fund's AIFM does not consider principal adverse impacts at entity level under Article 4 SFDR, the Fund does not consider principal adverse impacts at product level for the purposes of Article 7 SFDR.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31 March 2022 – 31 March 2023

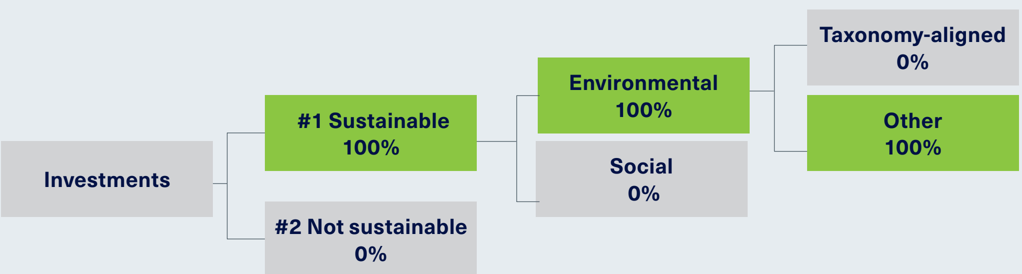
Large investments	Sector	% Assets	Country
RED-Rochester	Energy	22	US
Primary Energy - Cokenergy	Energy	9	US
Onyx Obsidian II	Energy	8	US
UU Solar	Energy	8	UK
Värtan Gas	Energy	6	Sweden

What was the proportion of sustainability-related investments?

What was the asset allocation?

100% of the Company's assets are sustainable with an environmental objective.

Asset allocation describes the share of investments in specific assets.



#1 Sustainable covers sustainable investments with environmental or social objectives

#2 Not sustainable includes investments which do not qualify as sustainable investments.

In which economic sectors were the investments made?

All of the Company's investments fall into the "energy" sector.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

Currently, 0% of the Company's assets are EU Taxonomy aligned.

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.

Did the financial product invest in fossil gas and/or nuclear energy-related activities that comply with the EU Taxonomy[1]?

☐ Yes

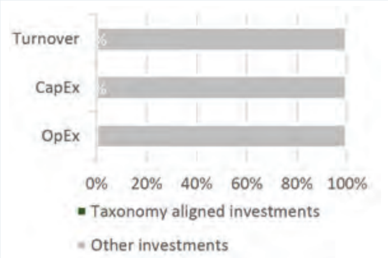
☐ In fossil gas ☐ In nuclear energy

☒ No

1 Fossil gas and/or nuclear-related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

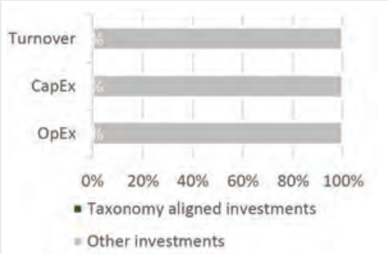
The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy -alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments **including sovereign bonds***



This graph represents 100% of the total investments.

2. Taxonomy-alignment of investments **excluding sovereign bonds***



This graph represents 100% of the total investments.

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have GHG emission levels corresponding to the best performance.

- **What was the share of investments made in transitional and enabling activities?**

  0%

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

  N/A

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

100% - the sustainable investments made by the fund all have an environmental objective and are 0% Taxonomy-aligned.

What was the share of socially sustainable investments?

0% - the fund does not make socially sustainable investments.

What investments were included under "#2 Not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

N/A – the Company allocated 100% of assets to sustainable investments. Other assets of the Company are limited to cash held on deposit and cash equivalent investments, which may include short-term investments in money market type funds and tradeable debt securities.

What actions have been taken to attain the sustainable investment objective during the reference period?

As laid out in its pre-contractual disclosure and pursuant to the Company's investment policy, save for any investment in cash and cash equivalents, the Company principally invests in Energy Efficiency Projects, the objectives of which are to achieve one or more of the following: a reduction in energy consumption, a reduction of GHG emissions, or an increase in the supply of renewable energy. The sustainable objective achieved by the Company's investments is climate change mitigation, as all the investments must contribute to one or more of the above criteria.

During the period, the Company attained its sustainable investment objective by growing its portfolio of energy efficiency projects, both by expanding upon its current projects and by adding new projects that add further diversification through new technologies and companies.

The Company invested over £240 million during the period, in new and follow-on investments.

The new investments made during the period include:

1. A portfolio of small-scale geothermal projects that utilise existing heat sources, increasing the supply of renewable energy;
2. An investment in energy efficient variable-speed motor systems technology that reduces carbon emissions and provides energy cost savings to various industries without incorporating environmentally damaging rare earth minerals used in alternatives;

3. Data centre immersion cooling technology that provides significant reduction in energy usage and associated CO_2 emissions versus traditional air-cooling technology;
4. A portfolio of predominantly solar PV assets, providing renewable energy generated on-site directly to end-users across the north-westNorth West of England;
5. An investment in a battery energy storage system and microgrids solutions provider, focusing on delivering long-term, on-site 'energy storage as a service' projects, thereby reducing energy demand and improving reliability;
6. An investment in energy efficiency solutions, including heat pumps, LED lighting, solar PV, battery storage, etc., for small and medium-sized enterprises and low-to-moderate income communities in New York State.

More details of these investments and their sustainability characteristics are detailed in the Company's Annual Report, Section 2.2 The Investment Manager's Report.

How did this financial product perform compared to the reference benchmark?

The Company does not use a reference benchmark to assess ESG performance.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How did the reference benchmark differ from a broad market index?**

  N/A

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?**

  N/A

- **How did this financial product perform compared with the reference benchmark?**

  N/A

- **How did this financial product perform compared with the broad market index?**

  N/A

GLOSSARY

AIC the Association of Investment Companies

AIFM an alternative investment fund manager, within the meaning of the AIFM Directive

AIFM Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010; the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

Board the Board of Directors of the Company, who have overall responsibility for the Company

CHP combined heating and power

Company SDCL Energy Efficiency Income Trust plc, a limited liability company incorporated under the Act in England and Wales on 12 October 2018 with registered number 11620959, whose registered office is at 6th Floor, 125 London Wall, London, EC2Y 5AS

Company SPV a Project SPV owned by the Company or one of its Affiliates through which investments are made

Contractual payment the payments by the Counterparty to the Company or relevant Project SPV under the contractual arrangements governing an Energy Efficiency Project, whether such payments take the form of a service charge, a fee, a loan repayment or other forms of payments as may be appropriate from time to time

Counterparty the host, beneficiary or procurer of the Energy Efficiency Project with whom the Company has entered into the Energy Efficiency Project, either directly or indirectly through the use of one or more Project SPVs

Decentralised energy is energy which that is produced close to where it will be used, rather than at a large, centralised plant elsewhere, delivered through a centralised grid infrastructure

Energy Efficiency using less energy to provide the same level of energy. Efficient energy use is achieved primarily through implementation of a more efficient technology or process

Energy Efficiency Equipment the equipment that is installed at or near the premises of a Counterparty or a site directly associated with an Energy Efficiency Project, including but not limited to solar, storage, CHP units, heat pumps, HVAC units, lighting equipment, motors, controls, biomass boilers and steam raising boilers (including IP steam processors) and green fuels for use in the built environment or transport produced at or near the point of use or via a distribution network

Energy Efficiency Project a project, the objective of which is to achieve one or more of the following criteria:

- reduce energy consumed and/or related GHG emissions arising from the existing and/or future supply, transmission, distribution or consumption of energy;
- reduce its Scope 1 GHG emissions ("Direct GHG emissions occur from sources that are owned or controlled by the Company") and Scope 2 GHG emissions ("electricity indirect GHG emissions from the generation of purchased, or generated on-site, electricity consumed by the Company") as defined by the GHG Protocol, directly and/or in conjunction with offsets that may be used to deliver additional net emissions reduction benefits;
- increase the supply of renewable energy generated on the premises of a Counterparty or generated at a site directly associated with the premises of a Counterparty;
- reduce emissions and energy consumption in non-domestic sectors, which include:
  - all forms of energy supply, conversion, distribution or transmission not originating within a private domestic dwelling, including district heating systems and CHP systems;
  - demand for energy in non-domestic buildings including commercially owned or used property and public sector owned buildings;
  - demand for energy in industrial and light manufacturing plant and machinery, operations and logistics;
  - demand for energy in the transport sector; and
  - through the deployment of energy efficiency measures in public and private infrastructure, such as in utilities (including the installation of smart metering equipment) and street lighting; or
- otherwise satisfy, in the Investment Manager's reasonable opinion, any other criteria or measurement of energy efficiency in an industry or sector, or by using energy efficiency technologies that are compatible with the Company's investment objective and policy

Energy Efficiency Technology technologies deployed to achieve an improvement in energy efficiency

EPC Engineering, procurement and construction

GHG greenhouse gases

Holdco is SEEIT Holdco Limited, the Company's single wholly owned subsidiary

HVAC heating, ventilation and air conditioning

Investment Manager Sustainable Development Capital LLP a limited liability partnership incorporated in England and Wales under the Limited Liability Partnership Act 2000 with registered number OC330266

Investment Portfolio is the portfolio of energy efficiency investments held by the Company via its single wholly owned subsidiary, SEEIT Holdco Limited

ISA individual savings account

KWh kilowatt-hours used or generated per hour

Lighting equipment energy efficient lighting used in connection with an Energy Efficiency Project, including but not limited to LEDs and associated fittings

MWh megawatt hours used or generated per hour

NAV net asset value

Ordinary Shares an ordinary share of £0.01 in the capital of the Company issued and designated as "Ordinary Shares" of such class (denominated in such currency) as the Directors may determine in accordance with the Articles and having such rights and being subject to such restrictions as are contained in the Articles

O&M Contractors operations and maintenance contractors, the contractor appointed by the Company or the relevant Project SPV to perform maintenance obligations in relation to the relevant Energy Efficiency Projects

PEP personal equity plan

Portfolio Valuation[(APM)] the Investment Manager is responsible for carrying out the fair market valuation of the SEEIT Group's portfolio of investments

RAB regulated asset base

RCF is the revolving credit facility of SEEIT Holdco Limited, used by SEEIT for capital efficiency in making new investments

RoRi the "Return on Operations" incentive payment and the "Return on Investment" incentive payment under Spain's Royal Decree-Law 9/2013 under which qualifying energy generation assets are compensated, in the medium to long term, for fluctuations in revenues and costs against an established base case

SIPP self-invested personal pension

SDCL Group the Investment Manager and the SDCL Affiliates

SEEIT the Company

SEEIT Holdco see Holdco

SPVs special purpose vehicles

WACC weighted average cost of capital

GLOSSARY OF FINANCIAL ALTERNATIVE PERFORMANCE MEASURES ("APM")

The Company uses APM's to provide shareholders and stakeholders with information it deems relevant to understand and assess the Company's historic performance and its ability to deliver on the stated investment objective.

Measure	Calculation	Why the Company uses the APM	31 March 2023	31 March 2022 (comparison)	Reconciliation/cross reference
Gross Asset Value ("GAV")	All assets of the Company (Non-current assets and current assets)	It provides a metric that allows for useful analysis of underlying portfolio exposures	£1,128.7m	£1,074.6m	Statement of Financial Position shows (Non-current assets and Current assets)
Net Asset Value ("NAV")	Net assets attributable to Ordinary Shares by deducting gross liabilities (£3.3m) from gross assets (£1,128.7m)	It provides a metric that allows for useful comparison to similar companies and that allows for useful year-on-year comparisons of the Company	£1,125.4m	£1,073.1m	NAV is shown on the Statement of Financial Position
NAV per share	NAV (£1,125.4m), divided by total shares in issue 1,108.7m at the balance sheet date	This provides shareholders with a metric that allows for tracking the Company's performance year on year	101.5p	108.4	NAV per share shown on the Statement of Financial Position
Total Return on NAV basis	Interim dividends paid and movement in NAV per share over the course of the relevant period, divided by opening NAV NAV return in the period: Dividends paid: 5.9p NAV movement: -6.9p NAV return since IPO: Dividends paid: 21.6p NAV movement: 3.5p	This provides shareholders with a metric that allows for tracking the Company's performance year on year	(0.9%)	11.2%	Referred to in the Highlights section on page 1 and Section 2.3, Financial Review and Valuation Update
Portfolio Basis	Portfolio Basis includes the impact if Holdco (the Company's only direct subsidiary) were to be consolidated on a line-by-line basis	See Section 2.3 for detailed description	n/a	n/a	Reconciliation provided in Section 2.3, Financial Review and Valuation Update

<table>
<tr><th>Measure</th><th>Calculation</th><th>Why the Company uses the APM</th><th>31 March 2023</th><th>31 March 2022 (comparison)</th><th>Reconciliation/cross reference</th></tr>
<tr><td>Ongoing Charges Ratio</td><td>In accordance with AIC guidance, defined as annualised ongoing charges on portfolio basis (i.e. excluding investment costs and other non-recurring items) £11.4m divided by the average published undiluted net asset value in the year £1,142m</td><td>Used as a metric in the investment company industry to compare cost-effectiveness</td><td>1.02%</td><td>1.00%</td><td>Discussed in Section 2.3, Financial Review and Valuation Update

Reconciliation of expenses used in ongoing charges calculation
<table>
<tr><th></th><th></th><th>£'m</th></tr>
<tr><td></td><td>Fund expenses (income statement)</td><td>11.8</td></tr>
<tr><td></td><td>Less Company expenses excluded from definition of ongoing charges</td><td>(0.5)</td></tr>
<tr><td></td><td>Add Holdco expenses included in definition of ongoing charges</td><td>0.1</td></tr>
<tr><td>A</td><td>Total annualised ongoing expenses</td><td>11.4</td></tr>
<tr><td>B</td><td>Average NAV (includes March 22, Sept 22 and March 23)</td><td>1,119.2</td></tr>
<tr><td></td><td>Ongoing charges (A/B)</td><td>1.02%</td></tr>
</table></td></tr>
<tr><td>Portfolio Valuation</td><td>The fair value of all investments in aggregate that are held directly or indirectly by Holdco</td><td>It provides relevant information of the value of the underlying investments held indirectly by the Company from which it is ultimately expected to derive its future revenues.</td><td>£1,100m</td><td>£913m</td><td>Reconciliation provided in Section 2.3, Financial Review and Valuation Update</td></tr>
<tr><td>Cash on Portfolio Basis</td><td>Cash at bank of the Company and Holdco</td><td>To provide relevant information to shareholders of the Company's ability for new investments, working capital and payment of dividends</td><td>£65.7m</td><td>£170.9m</td><td>Reconciliation provided in Section 2.3, Financial Review and Valuation Update</td></tr>
<tr><td>Investment cash inflow from the portfolio</td><td>Cash received from the portfolio investments at Holdco during the period</td><td>This provides shareholders with a metric that allows for tracking the Company's performance year on year</td><td>£85.1m</td><td>£64.7m</td><td>Referred to in Section 2.3, Financial Review and Valuation Update</td></tr>
</table>

Glossary of Financial Alternative Performance Measures ("APM") continued

Measure	Calculation	Why the Company uses the APM	31 March 2023	31 March 2022 (comparison)	Reconciliation/cross reference
Dividend cash cover	Operational cash inflow from investments into Holdco less fund expenses in the Company and Holdco, divided by dividends paid to shareholders	Provides a metric for the level of cash generated enabling the Company to pay dividends to shareholders	1.2x	1.2x	Net cash inflow (portfolio basis) divided by dividends paid in Statement of Changes in Equity
Cumulative excess cash cover	Excess cash inflow from investments net of dividends paid to shareholders, on a cumulative basis since IPO	Provides a metric for the number of times the Company can pay dividends to shareholders	£29.2m	£19.1m	Referred to in Section 2.3, Financial Review and Valuation Update
Gearing	Consolidated outstanding debt at Holdco and investment level (£361.0m) divided by NAV at the year-end (£1,125.4m)	To indicate the Company's direct and indirect exposure to debt obligation.	32%	34%	Referred to in the Chair's Statement and the Investment Manager's Report
Operational Cashflow	Cash inflow from investments net of operating and finance costs	Used in dividend cash cover calculation	£71.4	£52.9	Referred to in Section 2.3, Financial Review and Valuation Update
Rebased Valuation (Portfolio basis)	Portfolio Valuation brought forward, plus new investments (including transaction costs) during the period less cash from investments.	Used to derive the fair value movement of the portfolio.	£1,068.6m	£788.6	Referred to in Section 2.3, Financial Review and Valuation Update

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SDCL Energy Efficiency Income Trust plc
6th Floor
125 London Wall
London
EC2Y 5AS

www.seeitplc.com