SEEIT

Delivering a greener and more equitable future

Environmental, Social and Governance Report

2020

Contents

Introduction

Energy efficiency involves using less energy for the same outcome, reducing energy waste, greenhouse gases and costs. It results in cheaper, cleaner and more reliable energy solutions at the point of use, reducing or eliminating reliance on the grid and improving productivity.

This can be achieved for commercial, industrial and public buildings through on-site clean energy generation solutions such as combined heat and power (CHP) and roof-top solar, or through energy demand reduction measures, such as lighting, heating and cooling solutions and storage.

Energy efficient solutions present an attractive proposition for businesses, offering a reduction in energy costs with the added benefit of improved energy performance and reliability. With energy prices at current levels, carbon emission reductions, energy availability and security a priority, energy efficiency has a key role to play in the modern energy economy.

Decentralised, on-site energy solutions can reduce or avoid the significant generation, transmission and distribution losses associated with a centralised grid, saving money and carbon emissions. By reducing consumption of existing hydrocarbon resources, energy efficiency is widely recognised as the most efficient way to reduce greenhouse gas emissions. The cheapest and cleanest form of energy is the energy that we don't use.

A substantial and rapidly growing marketplace has emerged for energy efficiency solutions, which provides SEEIT with an attractive growth sector in which to invest.

This report covers the period 1 April 2019 to 31 March 2020.

1. ESG Highlights

Investing to make a positive impact

Financial performance

We fund and arrange the implementation of energy efficiency solutions, earning our investment returns from the cost savings achieved. Projects require no capex from the client and result in lower opex.

Environmental performance

We invest in solutions that offer best value for money and highest levels of performance from the leading technology and service providers. These deliver measurable and verifiable greenhouse gas emission reductions and energy security.

Infrastructure performance

We invest in commercially proven solutions with warranties or performance guarantees to deliver the highest quality outcomes for lighting, HVAC, CHP, BMS, controls, processes and optimisation, upgrading infrastructure solutions to improve resilience.

SDCL is the Investment Manager of SDCL Energy Efficiency Income Trust plc (SEEIT, or the Company), the first specialist energy efficiency investment company to have listed on the main market of the London Stock Exchange. As at September 2020 it has assets under management of over £430 million, having grown since the IPO in December 2018 through a combination of acquisitions and fresh equity issuance. Its portfolio has delivered cheaper, cleaner and more reliable energy solutions to more than 1,500 buildings in the UK, Europe and the US so far. The portfolio includes clean energy and energy efficiency projects for buildings like St Barts Hospital and Citigroup's data centre in London, solar power for Tesco in the UK and recycled energy for ArcelorMittal's steel mills in the United States.

156,000 tonnes of CO_2 emissions

saved[1], the equivalent to 127,000 cars[2] off the road

Nearly 1,300 jobs

supported in the operation and maintenance of projects

113,000 MWh of renewable energy

generated, sufficient to power the equivalent of 2,400[3] UK households

44,500 MWh of energy saved annually

through demand side efficiency measures

450MW

of gross renewable energy generation capacity

3.6 million

Negawatts of demand side energy reduction capacity

For the year ended 31 March 2020

2. Foreword from the Chairman

SEEIT's strategy is built on Environmental, Social and Governance (ESG) foundations, and I am proud to share the Company's progress in its first ESG Report.

Tony Roper
Chairman of SEEIT

When I look back on 2020, I certainly see this year as a turning point. No doubt the Covid-19 pandemic will be recorded as a generational event – but it cannot and will not end there. On the contrary, 2020 may be seen as the year of genuine opportunity to overturn outdated thinking and recommit to our efforts to mitigate climate change.

Now more than ever, the world needs efficient, cheap, clean and reliable energy solutions. This presents exciting growth opportunities for SEEIT. The Company invests exclusively in projects that generate positive environmental outcomes and deliver long-term economic value for its shareholders and customers.

Energy efficiency will play a key role in transitioning to a low-carbon economy. Importantly, energy efficiency can deliver immediate benefits, even as the energy market remains in transition. The projects in SEEIT's current portfolio help eliminate resource wastage, save money and improve performance in existing operational businesses. These benefits will continue to grow as demand for energy itself continues to grow in key sectors such as industry, commercial, healthcare, data centres and transport.

Various studies have shown that investments with a strong ESG focus have outperformed others throughout the Covid-19 pandemic. This suggests that the future presents further opportunities for SEEIT to invest in projects that can drive key sectors of the economy towards cleaner, resilient and more sustainable technologies, with reliable positive financial returns throughout their life.

SEEIT has assembled a portfolio of projects that achieve its objectives of delivering commercially attractive and sustainable solutions that reduce greenhouse gas emissions and other environmental impacts. Our annual report demonstrated the strong financial performance that we have been able to achieve. This, our first ESG report, provides information on our ESG approach and, via a number of case studies, brings out some of the wider environmental and social benefits that our projects create. We also highlight our ESG policies to illustrate our ambition to achieve the highest levels of impact from our existing as well as future investments. We expect that this will involve a combination of consistency as well as innovation, by acquiring projects and continuing to manage and, where possible, improve them, as well as funding and providing liquidity for new projects.

2. Foreword from the Chairman
continued

For SEEIT, the business case for cleaner energy is clear and in recognition of this, the SEEIT Board is delighted that the Company has been awarded the London Stock Exchange Green Economy Mark which recognises companies and funds that generate 50% or more of their total revenues from green activities. In the case of SEEIT, 100% of revenues are generated from green activities.

As the pandemic has shown, focusing on the environmental benefits of companies alone is not sufficient to ensure their long-term commercial sustainability. ESG factors are essential to identifying and managing material risks and opportunities. The Company has therefore updated and enhanced its practices, including a revised Responsible Investment Policy which defines consistent ESG standards for all of the Company's investments and associated contractors and delivery partners. Additionally, as SEEIT's Investment Manager, SDCL has become a signatory to the UN Principles for Responsible Investment, the leading code of practice for ESG investment, which is now applied across all of SEEIT's investment decision-making processes and investments.

The path to recovery from the Covid-19 crisis – across all institutions – is yet to be mapped in full. SEEIT's investment strategy, which focuses on investments that meet the public's ambitions for a resilient long-term future means we face this uncertainty optimistically. The Board and I are proud of the Company's investments in innovative, intelligent solutions that deliver improved performance, commercial sustainability, profitability and resilient growth while helping us all anticipate, mitigate and adapt to the environmental and energy challenges we face.

On behalf of the Directors , I hope you find this ESG report informative and look forward to your feedback.

Tony Roper
Chairman of SEEIT

> “Energy efficiency will play a key role in transitioning to a low-carbon economy.

3. Foreword from the CEO of the Investment Manager

Efficiency, performance and productivity are the opportunities that we, quite literally, cannot afford to lose as the world seeks to adjust and recover from a decade framed by a global financial crisis that defined its beginning and a global crisis, fuelled by the Covid-19 pandemic, that was the legacy of its end.

Jonathan Maxwell
Founder and CEO of SDCL

We have the opportunity and the need to start the new decade with a renewed focus on pathways to growth that are fundamental, sustainable, ambitious and new. The solutions for this next decade will be different, and in some ways more challenging than the last, but the opportunities and achievements may be all the greater. To limit global warming to 1.5°C - perhaps comparable in today's "Covid-speak" to an R below 1 – we need not just to double our efforts on cleaning energy, but to increase them by at least 5 times from current levels. We must make no mistake that at these levels, we are acting to give the planet the best chance of coping. Just as the pandemic will still claim lives and wreak economic havoc, so will environmental degradation and climate change. However, perhaps more than Covid-19, we do have the technology to anticipate, mitigate and adapt to our environmental challenges.

We will not, though, achieve our targets for the next decade by using the same tools as the past. We need continued investment in, and deployment of, clean energy generation on a massive scale. But our objectives will not be reached through supply side measures alone. We need to reduce the size of the problem by reducing energy demand as well as increasing the efficiency of supply. The same may be said of water, waste, transport and food. However, in the energy sector, we now have the technology and the opportunity to reduce carbon emissions through step changes in improvements in efficiency of supply, through decentralisation of energy generation and by improving demand side energy efficiency. Furthermore, these measures reduce costs and improve profitability as well as helping to achieve our common climate change goals.

The European Green Deal, proposed by the European Commission, recognises the transformative role that energy efficiency can play in achieving 2030 carbon emission reduction targets and 'climate neutrality' by 2050. At its heart is the "Renovation Wave", proposing more investment in buildings renovation and industrial energy efficiency than any other green measure. In the United States, a multi-billion dollar market functions based on commercially attractive energy efficiency solutions, both large and small scale, that deliver cheaper, cleaner and more reliable outcomes. In the UK, the market has developed significantly since SDCL began investing the first government backed institutional energy efficiency fund of its kind in 2012. Now, SEEIT has a large and fast-growing market in which to participate and to add and create value over the coming transformative decade.

3. Foreword from the CEO of the Investment Manager
continued

Be efficient

Energy efficiency means using less energy to achieve the same outcome; it saves money, reduces carbon emissions and increases productivity and growth – it's a win-win, good for the environment and good for the economy.

40% of the world's energy is used in buildings[4], but up to two-thirds of that energy can be lost or wasted in poor generation, transmission and distribution systems – more once it's in the building. Those losses account for about a third of global greenhouse gas emissions, more than any other sector. Energy efficiency is the business of using that lost energy, such as heat generated from electricity, instead of wasting it.

Improving the efficiency of high energy consuming products such as air conditioners, refrigerators, lights and motors will be critical to managing future energy demand and emissions. The United Nations Environment Programme's "minimum ambition" model points to potential for annual savings by 2040 equivalent to 480 power stations, or 970 million tonnes of carbon dioxide emitted annually. A 2015 report by Climate Works and the Fraunhofer Institute showed that energy efficiency could save between 2.5 and 2.8 trillion US dollars by 2030, including up to $150 billion per annum in Europe and the US. The International Energy Agency has long held that $1 invested in energy efficiency generates $2 of savings. It estimates that the global market for energy efficiency is more than $300 billion; the UK market alone is £20-30 billion p.a.

Be cool

Energy efficiency is as much about heating and cooling as it is about power.

Air conditioning and refrigeration are the biggest opportunities for greenhouse gas emission reduction and improvements in efficiency and performance globally. We will see a billion new air conditioners in the next 5 years. Demand for cooling is set to triple by 2050 and if we do nothing, will be equivalent to all energy used by China and India today. Investment in electric infrastructure and energy efficiency are going to have to be double that of renewable energy.

Notwithstanding record levels of investment in clean energy globally, levels of investment in energy efficiency are lagging while investment in many areas of the most heavily polluting energy generation is increasing fast. In the first 5 months of 2020, investments in new coal-fired power plants were twice as high compared to the same period in 2019. The number one driver of demand for their electricity is power for air conditioning. Seizing on this problem, the International Energy Agency insists that with the right policies, we can double the efficiency of air conditioners, requiring fewer power plants and reducing emissions. All of the global growth in buildings' energy demand to 2050 can be fully met through energy and cooling efficiency improvements[5].

Be smart

The good news is that we can use the best available technology today to create most if not all of the gains we need in the coming decade.

We can reduce the amount of energy that buildings use with more efficient use of electricity, more efficient heating and cooling solutions, more efficient lighting, more efficient industrial processes and more efficient transportation solutions. Solar panels, engines and turbines using waste gases, natural gas and hydrogen, boilers, heat pumps and batteries can significantly improve the efficiency of supply of energy to buildings, avoiding the generation and transmission losses associated with the grid. Motors, LED lights, heating, air conditioners, boilers, batteries, building management systems and controls and insulation panels reduce demand for energy in the buildings themselves.

Buildings – and the way that energy is supplied to and used by them – can also be made smarter. On-site generation can be varied according to the capacity and carbon intensity of the grid and even used to export to the grid when needed. Solar panels can be used in conjunction with other technologies and relied on more or less depending on the weather, which can be predicted with increasing accuracy. Batteries can help buildings draw energy from the grid only at times of day when it is economic and efficient to do so, then charging up and storing energy during off peak periods.

3. Foreword from the CEO of the Investment Manager
continued

Energy efficient products can adapt their use to conditions, for instance with lights switching themselves on or off as directed by sensors, air conditioners adjusting the temperature of a room to needs of the equipment or weather conditions or motors working at variable speed depending on the work they are expected to do.

Indeed, one of the largest energy users of this decade is going to be data centres. In certain markets, they will represent the fastest growing and largest user of energy. For example, in Ireland, the transmission systems operator, Eirgrid, estimates that electricity demand from data centres and other large energy users could more than double in the next decade to account for almost 30% of the country's electrical demand by 2028.

In Denmark, data centre consumption is set to grow from less than 1% today to 15% of total electrical consumption in 2030 according to the Danish Energy Agency. Introducing energy efficiency solutions, both on the supply and the demand side for data centres, which themselves are measured in MWs more often than square feet due to the amount and cost of energy that they use, will be a determining factor in how certain economies manage the carbon intensity and security of supply of energy.

Security of supply, as well as carbon and cost efficiency, are major priorities for healthcare and industry, two of the other principal sectors that remain ripe for energy efficiency improvements. Hospitals are usually one of the top two energy users in any country. With the current focus on healthcare and the incredible demand this places on public finances, achieving higher levels of energy efficiency and resilience must be a priority for the sector. Likewise, in industry, shareholders suffering tight margins should be assured that every measure is being taken to reduce waste related energy costs and carbon emissions but also to ensure that energy systems are more reliable and able to withstand supply disruption or more aggressive interference such as cyber attacks.

Being smart involves thinking of all building types as systems and delivering systems solutions, integrating technologies, creating microgrids. It requires getting technologies to work together and not to fight each other (e.g. one creating waste heat, while the other tries to cool). It involves addressing heat as well as electricity. It involves adjusting supply and demand to different 'shapes' during the day to help relieve and balance the grid. It also involves getting finance to work together with technology to create solutions and services.

So what and what next?

As we seek to recover from the Covid-19 crisis, many are calling on governments to focus on green stimuli.

Energy efficiency is likely to get more attention from government in the next decade than the last. The European Commission has put the Green Deal and, within it, the "Renovation Wave" (a euphemism for energy efficiency) at the heart of its recovery plans.

The levels of investment that this seems likely to be able to unlock will make a substantial difference to the focus put on a hitherto underestimated or overlooked sector.

However, unlike actions to mitigate Covid-19 so far, actions associated with energy efficiency do not ask society to make sacrifices but instead help reduce costs, improve productivity and strengthen the security of supply of essential services, while delivering the biggest bang for the buck from a greenhouse gas emission reduction perspective. The cheapest and cleanest form of energy is the energy that we don't use.

Energy efficiency is not about subsidies or market incentives but about doing more with less and capitalising wasted energy and resources. Energy efficiency involves the creation of jobs in construction, manufacturing and services. It reduces pressure on the electricity grid and improves energy security and the resilience not just of the energy system but of society at large. It achieves carbon emission reduction and reduces pollution while stimulating the economy.

Entering the next decade with a clear focus on energy efficiency must go hand in hand with a new lexicon – one of step change, improvement, innovation, creativity, intelligence, precision in engineering, performance, commercial sustainability, profitability and better growth.

Jonathan Maxwell
Founder and CEO of SDCL

4. Defining decade for climate change

The average temperature of the planet surface has risen by nearly 1°C

since the late 19th century[6] and is continuing to rise.

At 1.5°C global warming...

there is likely to be irreversible damage to vital ecosystems and habitats, detrimental impact on the livelihoods of millions of people especially in coastal areas, and significant cost to the global economy.

The 2020s is a defining decade to combat climate change.

To achieve the goals of the Paris Agreement, global CO_2 emissions need to be reduced by 7.6% every year up to 2030 and be on trajectory to reach net zero by 2050[7].

Action needs to be accelerated and be smart.

Every year, up to 66% of energy generated is lost by the time it reaches the end user.

Of the energy actually used, 36% is in the construction and operation of buildings, which together generate nearly 40% of global CO2 emissions[8].

Energy use in buildings can be reduced by 30% to 80%

using proven and commercially available technologies[9]

4. Defining decade for climate change
continued

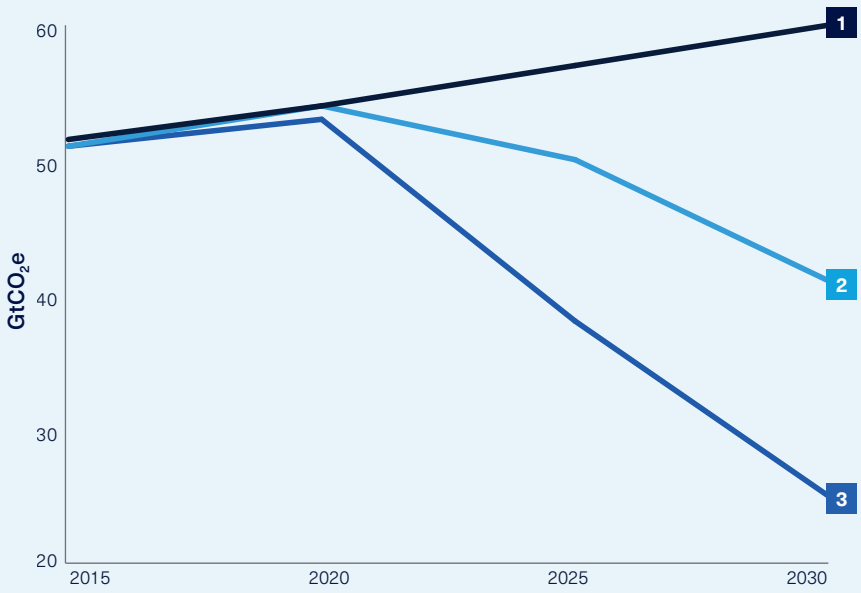
Accelerating action on climate change

2019 was the second warmest year and concluded the warmest decade on record.[10] Worryingly, global temperatures are currently on track to rise by up to 3.2°C above pre-industrial levels by 2100. An increase in temperature of this magnitude will represent a serious failure to meet the targets set out in the Paris Agreement. The Agreement saw the leaders of 197 countries pledge to limit global warming to well below 2°C above pre-industrial levels and to pursue further efforts to keep it below 1.5°C in order to have the chance to avoid the catastrophic global effects such increases would bring about. To meet the targets set out in the Paris Agreement, it is projected that a 7.6% cut in global emissions is needed every year up to 2030[7] and that the world economy produces net zero carbon emissions by 2050. It is estimated that a five-fold[11] increase in national emission reduction commitments is required to achieve the 1.5°C goal. Consequently, there is growing urgency to ensure that the 2020s are a decade of concerted leadership and accelerated action to deliver on the Paris Agreement and the global sustainable development agenda as set out in the 2030 UN Sustainable Development Goals.

The year ahead is critical in the fight against climate change, presenting an unprecedented opportunity to catalyse green investments and to 'build back better' in the wake of the Covid-19 crisis. Economists have found that green stimulus packages create more jobs, deliver immediate benefits and generate greater long-term returns through cost savings compared to their traditional counterparts.[12] In particular, the UK Committee on Climate Change (CCC) recommends policy interventions such as investments in low-carbon energy efficient homes and industry which can dramatically reduce carbon emissions, generate jobs and benefit a wide range of people and businesses.[13]

The postponed UN Climate Summit, COP26, now taking place in 2021, offers an opportunity for countries to unite behind a clean resilient recovery and accelerate the transition to a sustainable future. This will be a significant moment in ensuring the support of policymakers and in mobilising capital to invest in the low-carbon technologies and infrastructure that are urgently needed.

Global greenhouse gas emissions under different scenarios



1 The **current policy scenario** projects GHG emissions assuming all currently adopted and implemented policies (defined as legislative decisions, executive orders, or equivalent) are realized and that no additional measures are undertaken.

2 **Below 2.0°C scenario:** This is consistent with limiting end-of-century warming to below about 2.0°C with about 66 per cent or greater probability, while limiting peak global warming during the twenty-first century to below 2.0°C with about 66 per cent or greater probability.

3 **Below 1.5°C in 2100 scenario:** This scenario is consistent with limiting global warming to below 1.5°C in 2100 with about 66 per cent probability, while limiting peak global warming during the twenty-first century to 1.6– 1.7°C with about 66 per cent or greater probability.

Source: UNEP

4. Defining decade for climate change
continued

Energy efficiency is key to containing global warming

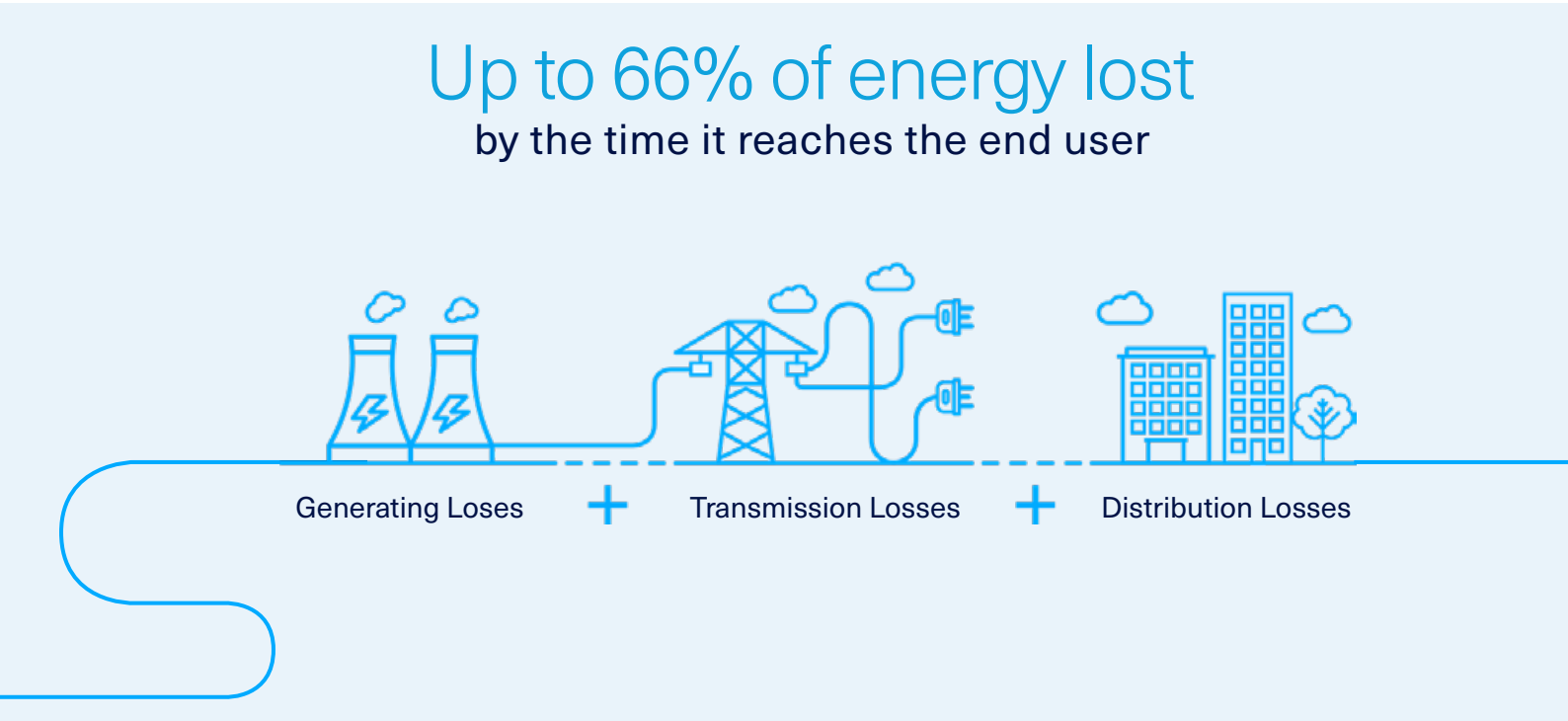
Existing centralised energy generation systems are generally inefficient, with up to 66% of energy generated being lost by the time it reaches the end user. These losses account for about a third of global greenhouse gas emissions.[14, 15, 16]

In addition, grid stability and reliability face increasing challenges as the energy system adapts to increased levels of intermittent renewable energy generation coming online.

As a result, demand side energy efficiency measures are critical in achieving net zero greenhouse gas emissions by 2050. Reducing energy wastage and demand, and increasing the efficiency of supply through decentralised generation, reduces the carbon intensity of the energy system whilst also reducing costs and improving energy users' profitability. As the UK CCC warns, failure to invest in the efficiency of the energy supply will require significantly higher amounts of low-carbon power, hydrogen and carbon capture and storage, and is likely to cost more.

In addition to the ability of energy efficiency to dramatically reduce emissions, investment in the sector can also drive economic growth. According to the International Energy Agency, efficiency policies could deliver over 40 per cent of the emissions reductions needed to meet the Paris Agreement, even before accounting for any potential technological advancement[17]. Research also shows that energy efficiency has been directly responsible for a quarter of the UK's economic growth in the last 50 years[18]; while globally reducing demand-side energy intensity, rather than the carbon intensity of energy generation, has been a major factor in decarbonising economic growth[19].

Energy efficiency also improves air quality by reducing pollution from less clean generation and at the point of use through measures such as waste gas recycling, waste to energy and EV infrastructure which supports increased use of electric vehicles.



4. Defining decade for climate change
continued

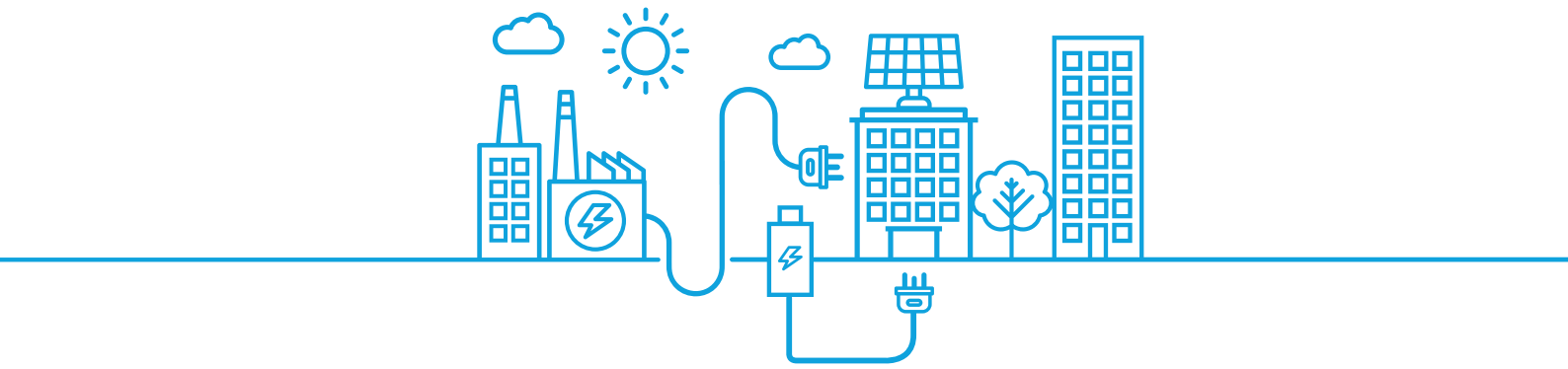
What are the benefits of energy efficiency?

Energy efficiency involves using less energy for the same outcome, reducing energy waste, greenhouse gas emissions, local air pollution and costs. It can result in cheaper, cleaner and more reliable energy solutions at the point of use, reducing or eliminating reliance on the grid and improving productivity.

This can be achieved for commercial, industrial and public buildings through on-site clean energy generation solutions that reduce generation, transmission and distribution losses, such as CHP and roof-top solar, or through energy demand reduction measures, such as lighting, heating and cooling solutions, energy storage and energy management systems.

Policy drivers

Energy efficiency and distributed generation investments benefit from strong levels of policy support in SEEIT's main markets of the UK, EU and US. Instruments vary from the top down initiatives such as the European Green Deal and the UK's legislation to reach net zero by 2050 to sectoral measures such as the EU Emissions Trading Scheme or US Renewable Energy Certificates. In the EU, the Energy Performance in Buildings and Energy Efficiency Directives underpin a wide range of policy and regulatory measures to set higher energy efficiency standards and encourage investment to improve energy efficiency. Although measures vary over time and in different regions, some with more success than others, the long term policy outlook to 2050 and beyond suggests energy efficiency investments will continue to benefit from a positive policy framework for the foreseeable future.



5. About SEEIT

Listed in December 2018 on the Premium segment of the Main Market of the London Stock Exchange (LSE), SEEIT is the first investment company of its kind in the UK focused mainly on investments in operational energy efficiency projects located primarily in the UK, Continental Europe and North America.

Upon flotation, SEEIT acquired a seed portfolio of nine operational energy efficiency projects from SDCL's UK Energy Efficiency Investment Fund. Between its IPO and 31 March 2020, SEEIT has made five further new portfolio acquisitions totalling c.£237 million of investments and commitments, representing continued expansion and diversification of its portfolio, and as at September 2020, its total assets have more than quadrupled since the IPO.

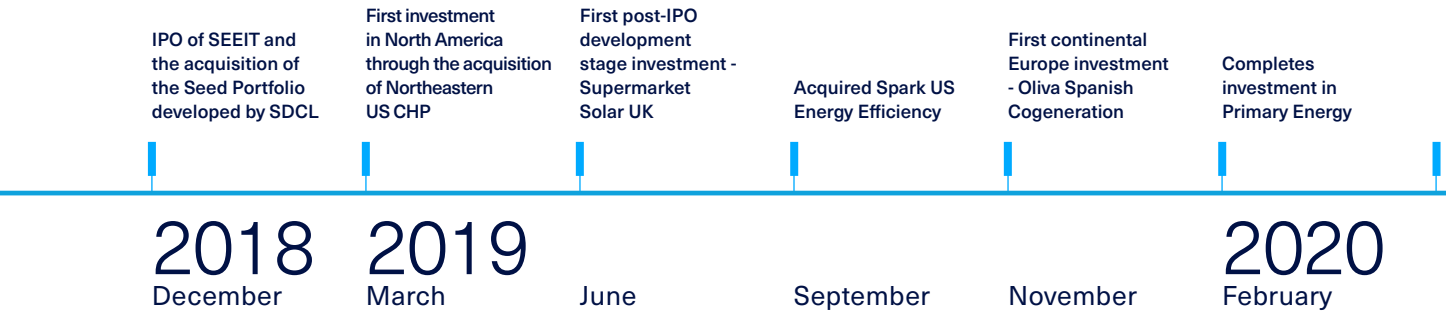
Investment objective

SEEIT'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 Company delivers this through investment in a diversified portfolio of predominantly operational energy efficiency projects that deliver lower cost, cleaner and more reliable energy solutions to end users of energy.

Investment strategy

SEEIT invests and manages a diverse portfolio of demand side energy efficiency and decentralised energy generation assets, either as individual assets or within related portfolios. These assets are predominantly proven operational projects that deliver energy savings for commercial, industrial and public sector buildings. SEEIT seeks to invest in projects for the long term with a focus on optimising and improving assets.



5. About SEEIT
continued

SEEIT portfolio

As of 31 March 2020, SEEIT has created a diversified portfolio of 25 projects that cover a broad range of technologies that help to reduce the carbon footprint and energy cost of private and public sector organisations in Spain, the United States and the UK.

Project	Phase	Customer	Industry	Technology	Overview
Spain					
Oliva Spanish Cogeneration (includes nine projects)	Operational	Spanish energy market and olive processing plants	Industrial: Food production	CHP, biomass and olive processing plants	Energy generation from recycling waste from olive oil production
United States					
Primary Energy (includes five projects)	Operational	ArcelorMittal and US Steel	Industrial: Steel production	CHP, Steam turbines, and pulverized coal injection plant	Recycling and reduction of waste gases from steel processing
Spark US Energy Efficiency	Operational	Various (264 contracts)	Commercial: Various	Lighting and energy efficiency measures	Energy efficiency measures for small and medium-sized companies
Northeastern US CHP	Operational	Various (8)	Commercial: Various	CHP	Efficient power and heat generation for the public and private sectors
United Kingdom					
Moy Park Biomass	Operational	Moy Park	Industrial: Food Production	Biomass boilers	Efficient heating
Santander UK Lighting	Operational	Santander plc	Commercial: Banking	Lighting and energy efficiency measures	Energy efficient measures for buildings with lighting enhancement
Huntsman Energy Centre	Construction	Huntsman	Industrial: Polyurethane manufacture	Steam raising boilers	Recycling and reduction of waste gases from chemical manufacturing
Citi Riverdale CCHP	Operational	Citigroup	Data centres: Banking	Combined Cooling, Heat and Power (CCHP)	Efficient power, heating and cooling for a data centre
Moy Park Lighting	Operational	Moy Park	Industrial: Food Production	LED lighting	Efficient lighting
St Barts CCHP	Operational	St Bartholomew's Hospital	Healthcare: Hospital	CHP	Efficient power, heating and cooling for a hospital
Supermarket Solar UK	Construction & Operational	Tesco plc	Commercial: Retail	Rooftop solar	Onsite solar energy generation
Kingspan Holywell Solutions	Operational	Kingspan	Industrial: Manufacturing	Lighting and energy efficiency measures	Energy efficient measures for building materials manufacturing
SmartEnergy	Operational	Various	Industrial: Various	CHP, HVAC, BMS and other EE solutions	Energy efficient measures for small and medium-sized businesses
EVN	Construction	Charge point operators (typically investment grade utility companies)	Infrastructure	Electric vehicle charging stations	Rapid and ultra-fast EV charging stations
GET	Operational & Construction	Hotels	Hospitality Sector	CHP	Efficient generation of heat and power

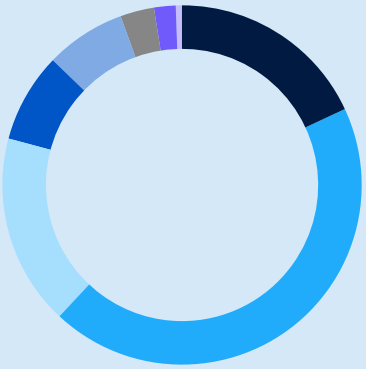
Note: EVN and GET were acquired by SEEIT after the reporting period in August and September 2020 respectively.

5. About SEEIT
continued

SEEIT portfolio snapshots

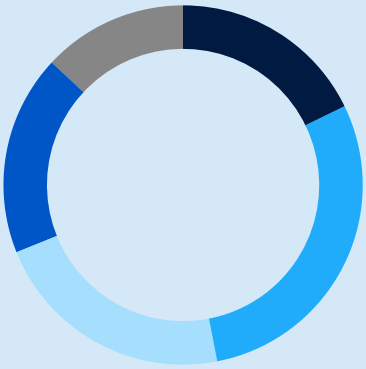
Based on portfolio value as at 31 March 2020

SEEIT portfolio breakdown by technology



- Cash & debtors, 18%
- CHP, 43%
- Biomass boilers, 17%
- Industrial process efficiency solutions, 8%
- Lighting, 7%
- Gas boilers, 3%
- Bundled energy efficiency solutions, 2%
- Rooftop solar, 1%

SEEIT portfolio breakdown by fuel supply type



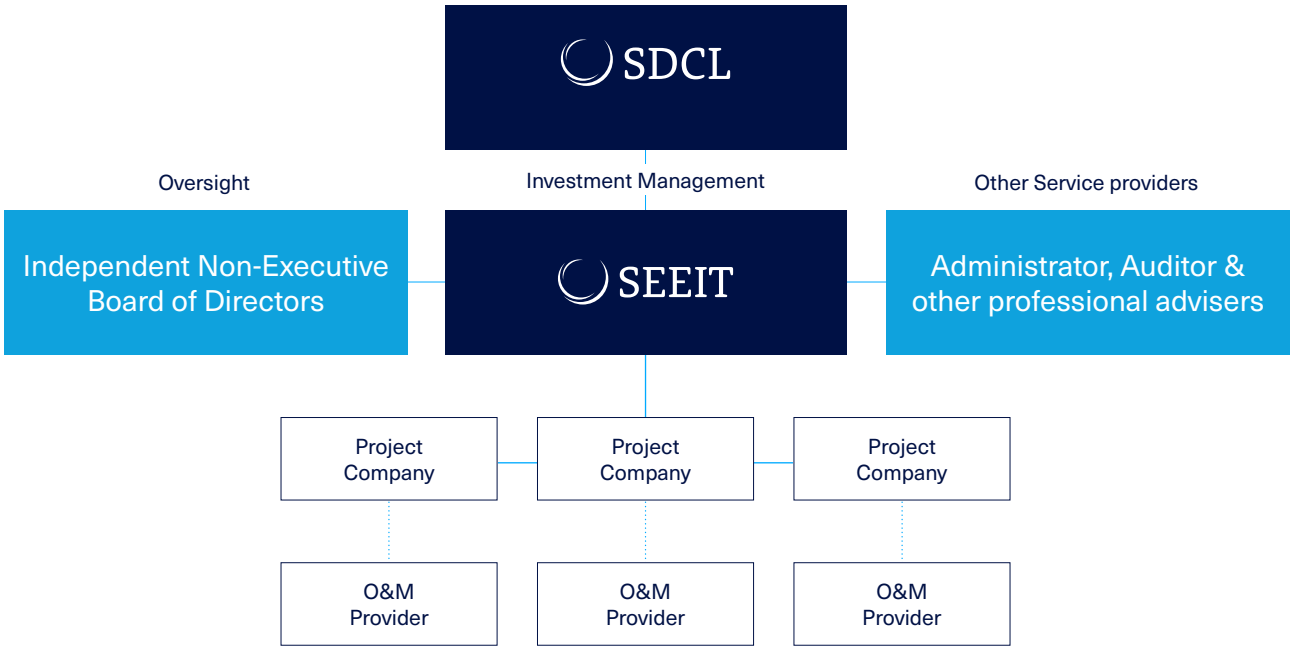
- Cash & debtors, 18%
- Natural Gas, 29%
- Biomass, 22%
- Waste Gas, 18%
- Non fuel (renewable energy and demand side energy efficiency), 13%

SEEIT portfolio breakdown by geography

- Europe, 36%
- US, 30%
- UK, 33%

5. About SEEIT
continued

How is SEEIT run?



SDCL

Sustainable Development Capital LLP ("SDCL") is the Investment Manager. SDCL was established in 2007 with a dedicated focus on sustainable infrastructure solutions. SDCL is a specialist firm with a proven track record of developing and investing in energy efficiency and decentralised energy generation projects in the UK, Europe, North America and Asia. SDCL launched the first institutional and government backed energy efficiency infrastructure project investment vehicles of their kind in each of the UK, Ireland, New York and Singapore and, in 2018, launched SEEIT – the first energy efficiency investment company to be listed on the main market of the London Stock Exchange.

SEEIT Board of Directors

The Board currently comprises three non-executive, independent directors; Tony Roper, Helen Clarkson and Christopher Knowles; who together bring significant executive experience and a wealth of expertise in infrastructure and climate investment, project finance and sustainable development.

The Board's primary role is to protect the long-term interests of SEEIT's shareholders and is responsible for providing leadership and oversight of the company's strategy, corporate governance, risk assessment and investment policy.

O&M providers

SEEIT, through its project companies, works with a range of high-quality partners that have a demonstrable track record and expertise in the operation and maintenance of relevant energy efficiency technologies.

O&M providers are in charge of the day-to-day running of the portfolio projects and the efficient, reliable and safe operation of all of SEEIT's energy efficiency projects.

5. About SEEIT
continued

SDCL – continued

SDCL develops and invests in energy efficiency projects. Its proactive project development and industrial expertise gives it a significant competitive advantage in creating, originating, evaluating, financing and managing investments, as well as securing enhanced risk adjusted returns.

SDCL is authorised and regulated by the Financial Conduct Authority.

SDCL is responsible for the active investment management of the portfolio in accordance with SEEIT's investment objective and policy and ESG policy and principles. SDCL achieves this by:

- finding and then advising the Board on new energy efficiency investment opportunities
- providing strategic management of the portfolio and oversight of the O&Ms
- ensuring that SEEIT's Responsible Investment Policy and set of ESG principles are effectively applied by O&Ms
- managing investment and operational risks of SEEIT
- maintaining a high standard of business conduct and integrity
- building strong relationships with suppliers, customers, communities and authorities among others

SDCL is a signatory to the #100BlackInterns initiative which aims to help young black university graduates break into the fund management sector by hiring at least one black intern each year starting from 2021[20].

SDCL has agreed to join the Green Building Council and is looking forward to being an active member supporting the Council's mission to radically improve the sustainability of the built environment.

SDCL is committed to being 100% carbon neutral across its own operations.

SEEIT Board – continued

The Board achieves this by:

- ensuring a culture of openness, debate and integrity through on-going dialogue and engagement with stakeholders and clear and timely disclosures
- maintaining an effective risk management culture and appropriate procedures, including on environmental, social and governance matters
- providing challenge, oversight and support to the Investment Manager through regular board meetings, engagement and reviews
- ensuring that SEEIT complies with the requirements of the UK Listing Authority, the Companies Act and follows the Principles and Provisions of the Association of Investment Companies Code
- ensuring the right balance and diversity of skills, experience, knowledge, perspectives and independence to fulfil its role

O&M providers – continued

SEEIT's O&M providers achieve this by:

- working closely with SEEIT project company's customers on site to deliver their expected energy efficiencies and other environmental benefits
- communicating regularly with the Investment Manager and timely reporting of any incidents
- upholding the highest standards of business conduct and SEEIT's ESG principles (see Section 6)

SDCL Covid-19 support

It's not just our investments and clients that are important to us – so is our community. In addition to our "business as usual", SDCL is committed to do whatever it can to use its skills and contacts to help and support our amazing NHS during what will be the toughest period in its history. We have launched and have been working with partners to build a not-for profit planning and co-ordinating organisation called 'Process C19' – a national network built to support our NHS during and after the Covid-19 pandemic. If you'd like more information please visit **www.processc19.org** or contact us on **info@processc19.org** – 'help us, help them'.

6. Investing responsibly

SEEIT invests exclusively in projects which contribute to a greener future. The Company is dedicated to accelerating the transition to a low carbon economy and delivering long term value for shareholders and society as a whole.

Responsible investment - the integration of ESG considerations into investment management processes and ownership practices - can have a positive impact on the performance of SEEIT's projects and their customers, and ultimately contributes towards the creation of long-term value for SEEIT's shareholders.

SEEIT fully endorses the United Nations-supported Principles for Responsible Investment (UN PRI) and SDCL - as Investment Manager for SEEIT, has become a signatory to the UN PRI to ensure that the six principles are embedded in the Company's behaviours and practices and applied to all SEEIT investments.

In December 2019, the LSE awarded SEEIT the Green Economy Mark, which recognises equity issuers with green revenues of 50% or more.

SEEIT's Responsible Investment Policy

SEEIT's Responsible Investment Policy[21] seeks to ensure that all investments and the associated contractors and delivery partners apply a set of defined ESG principles. SDCL is tasked with promoting the policy to all service providers who are responsible for the day-to-day operations of the projects (O&M providers) and to monitor their performance, to ensure compliance and best practice.

SEEIT's ESG implementation framework

The SEEIT approach to monitoring and managing ESG risks and opportunities covers four focal areas:

Low carbon transition:
Aiding the transition to a low carbon economy by maximising energy efficiency through SEEIT's investment strategy and operations

Environmental impacts:
Minimising the environmental footprint of SEEIT's operations through managing negative impacts, such as waste, biodiversity loss, and emissions

Governance and resilience:
Securing robust governance and business integrity, including assessing resilience to physical climate risk and engaging on ESG with SEEIT's delivery partners

Workplace and community:
Providing safe environments for all – for workers, contractors and members of the community who use or come into contact with SEEIT's projects

SEEIT has developed, in conjunction with SDCL, a set of ESG principles that build on each of the four focus areas. SDCL follows an ESG procedure that ensures SEEIT's ESG policies and principles are reflected in its screening and diligence process to assess all potential projects prior to a decision to invest, and then as a framework for managing and monitoring assets and engaging with O&M providers.

When SEEIT acquires projects checks are performed to ensure that O&M providers adhere to a set of general principles in their provision of services. These include but are not limited to the integration of ESG considerations in procurement and contractual terms for business partners, reporting periodically on ESG outcomes and providing adequate training to ensure O&M's employees comply with the policy. Where necessary we work with O&M providers to improve their ESG provisions to meet our requirements.

Where the Company invests in projects which are at development or construction phase, these ESG principles are also used to inform the selection and contractual terms for third party providers.

To strengthen SEEIT's understanding of project impacts and risks and ESG practices of O&M providers, in 2020 SDCL, as the Investment Manager of SEEIT, conducted a monitoring ESG questionnaire which will be completed annually for all of SEEIT's projects. The outcomes are also used to develop thematic engagements, targeting specific areas for each project. Examples of these include climate risk, cyber security, and diversity and inclusion.

6. Investing responsibly
continued

ESG portfolio highlights for the year ended 31 March 2020 include:

Low carbon transition

- 156,000 tonnes of CO_2e emissions were saved[22] or the equivalent to 127,000 cars[23] off the road
- 450MW of gross renewable energy generation capacity
- 113,000 MWh of renewable energy was generated which is sufficient to power the equivalent of 2,400[24] UK households.
- 3.6 million Negawatts of demand side energy reduction capacity
- 44,500 MWh of energy saved annually through demand side efficiency measures

Environmental impacts

- No major reportable environmental incidents occurred during the reporting period
- All projects have policies and procedures to identify, assess and manage relevant environmental risks, such as emissions to air and water, waste handling, and impact on natural habitats and review them regularly. The policies and procedures are varied and based on the specific circumstances and risk exposure of each of the projects
- All projects in development or construction phase have procedures in place to consider the sustainability credentials of suppliers and the equipment and materials used as part of the project

Governance and resilience

- All projects have a dedicated process for identifying, assessing and documenting risks and determining appropriate mitigation or management measures
- All projects are operated by O&Ms with Privacy and Data protection policies in place
- More than 80% of projects have further strengthened their cybersecurity measures over the last year in response to an elevated level of risk globally
- No stakeholder complaints were reported against any of the projects
- No instances of sanctions from non-compliance with laws, regulations or voluntary codes of practice or guidelines

Workplace and community

- Nearly 1,300 jobs were supported in the operation and maintenance of projects
- All projects have in place and periodically review policies and procedures to identify, assess and manage health and safety hazards and risks, such as slips and trips, working at height, electrical hazards, and fire or explosion hazards. The policies and procedures are varied and based on the specific circumstances and risks exposure of each of the projects
- Two O&M contractors' employees were involved in slip-related incidents at SEEIT projects resulting in 14 and 15 days of incapacitation, respectively. Preventative measures were implemented in both instances to mitigate the specific slip hazards
- No health and safety incidents related to the projects took place that involve SEEIT project companies' customers, workers or members of the local communities in which the projects operate
- 88% of the projects are serviced by O&Ms that have gone beyond applicable minimum wage legislation and have voluntarily committed to paying the prevailing living wage to those employed by them or do work on their behalf
- 88% of projects are serviced by O&Ms that have robust measures in place to ensure that their suppliers, vendors and subcontractors uphold labour standards and human rights not only in accordance with the applicable laws but are also voluntarily in line with internationally accepted standards such as the International Labour Organisation's International Labour Standards or the UN Guiding Principles on Business and Human Rights

7. Sustainable development in practice

Why is sustainable development fundamental to SEEIT?

SEEIT acquires and operates projects which are sustainable from environmental, financial and operational perspectives. Across the portfolio our projects demonstrate the benefits of energy efficiency and decentralised energy – achieving the same output with less energy:

Reducing energy costs for the end user

Improving energy efficiency performance

Enhancing reliability of energy supply and critical energy intensive equipment

Delivering cleaner energy and lower environmental impacts, including greenhouse gas emissions

Being commercially sustainable.

Select examples of where energy efficiency solutions have provided these benefits are presented on the following pages of the report.

7. Sustainable development in practice
continued

SEEIT's contribution to the UN Sustainable Development Goals

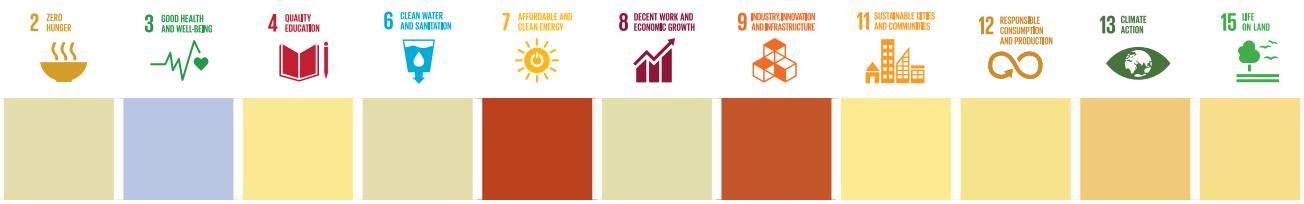
In 2015, 197 countries came together behind a common vision for achieving a better and more sustainable future for all. This vision is manifested in 17 interconnected global goals - the United Nations' Sustainable Development Goals (SDGs) - that aim to address the world's most pressing social, environmental, and economic challenges by 2030.

Generating positive social and environmental outcomes is fundamental to SEEIT and how the Company and its portfolio are run. SEEIT's ESG objectives and efforts are aligned with and support the SDGs agenda and the Company's portfolio contributes to 11 of the 17 SDGs as shown in the table below. SDCL looked at the expected outcomes and established practices of each individual project in SEEIT's portfolio against the 17 SDGs and their 169 underlying targets.

This first analysis shows that SEEIT's portfolio primarily contributes to two goals: **SDG 7 – Clean and affordable energy** and **SDG 9 – Industry, innovation and infrastructure**, and all Company activities are underpinned by the principles of **SDG 17 – Partnership for the goals**. Projects also contribute to other SDGs based on their specific circumstances and scale and the industries that they support.

Project	Primary SDG Goals	Addtional SDG Goals
Oliva Spanish Generation (includes nine projects)	Every project within SEEIT's portfolio contributes to: 7 Affordable and Clean Energy; 9 Industry, Innovation and Infrastructure	2 Zero Hunger; 12 Responsible Consumption and Production; 15 Life on Land
Primary Energy (includes five projects)		6 Clean Water and Sanitation; 12 Responsible Consumption and Production
Spark US Energy Efficiency		4 Quality Education; 8 Decent Work and Economic Growth; 13 Climate Action
Northeastern US CHP		4 Quality Education
Moy Park Biomass		12 Responsible Consumption and Production; 13 Climate Action; 15 Life on Land
Santander UK Lighting		11 Sustainable Cities and Communities; 13 Climate Action
Huntsman Energy Centre		6 Clean Water and Sanitation; 12 Responsible Consumption and Production
Citi Riverdale CCHP		11 Sustainable Cities and Communities; 13 Climate Action
Moy Park Lighting	and all investment activities are underpinned by the principles of: 17 Partnerships for the Goals	
St Barts CCHP		3 Good Health and Well-being; 11 Sustainable Cities and Communities; 13 Climate Action
Supermarket Solar UK		
Kingspan Holywell Solutions		
SmartEnergy		4 Quality Education; 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production

The analysis also looked at the number of targets that are supported under each of the 11 SDGs. This is represented below by a heat map showing the highest number of targets supported in red and the fewest in blue[25]:



SEEIT's contribution to the SDGs is demonstrated in more detail in the following case studies.

7. Sustainable development in practice
continued

Case study:
Closing the energy loop in the US steel industry

Key facts

Customers: ArcelorMittal and US Steel
Sector: Steel manufacturing
Technology: 3 steam turbines, 1 CHP and 1 pulverized coal injection plant (five projects in total)
Electricity generating capacity: 298MW
Steam generating capacity: ~2,200 Mlb/h
Phase: Operational
Location: Indiana, USA
SEEIT investment: $110 million (50% interest)
Year of investment: 2020

ESG Highlights (1 April 2019 - 31 March 2020)

76,000	1,500	215,500
tonnes of CO_2 saved	GWh of clean energy generated	UK households could be powered by the clean energy generated
~70%	35 jobs	Reduced air pollution
energy cost saved compared to alternative sources	supported in the operation and maintenance of the project	by utilising excess furnace gas and coke heat

Steel remains a key strategic commodity with an array of benefits such as durability, strength, design flexibility and indefinite recyclability. More than 50%[26] of steel is used in the construction of buildings and infrastructure providing not only structural rigidity but also solutions that enable energy-efficient buildings. Steel production requires significant amounts of energy and generates a large volume of waste heat and gases. This presents strong incentives for the industry to optimise its energy efficiency through energy recycling and achieve significant cost savings as a result.

In 2020, SEEIT invested in one such opportunity through the acquisition of a 50% interest in Primary Energy in the United States. The company owns and operates four energy recycling projects and a pulverised coal facility[27], which are all integrated into the operation of two of the most efficient and advanced steel mills in the US owned by ArcelorMittal and US Steel respectively. These energy efficiency solutions are designed to operate 24/7 and are critical for the operations of the steel mills as they are their sole source of fuel handling and/or emissions control. The portfolio has a combined electricity generating capacity of 298MW and a combined steam generating capacity of ~2,200Mlb/h.

Primary Energy provides about half of the electricity and steam required by the steel making operations of ArcelorMittal at its steel mills located in the state of Indiana. To improve reliability of supply and improve the thermal efficiency, energy is generated on site by utilising waste heat from the coke ovens and waste gas from the blast furnaces, which are supplied to steam turbines and a highly efficient CHP plant. Primary Energy also substituted a significant portion of the coke, natural gas, and fuel oil used in the iron production process with pulverised coal, which is now processed and injected on site. This also ensures that the blast furnace gas has a higher energy content, thus increasing the energy recovery potential for producing process steam and electricity.

7. Sustainable development in practice
continued

In addition, Primary Energy replaced an existing onsite boiler house with a state-of-the-art CHP at US Steel's Midwest Plant. The 63MW facility supplies 100% of the process steam and hot softened water, and significant portion of the electricity required by the Midwest Plant's steel rolling operations.

The projects are an excellent demonstration of utilising waste heat and gases to deliver cheaper, cleaner and more reliable energy infrastructure solutions to a critical sector of the economy. They deliver low cost energy to Primary Energy's customers and are about 70% cheaper than energy supply from the grid. Projects also offer strong environmental benefits, which means they qualify annually for Renewable Energy Certificates (RECs), which are equivalent to those generated by 536MW of solar or 374MW of wind projects. The portfolio has saved around 1 million tonnes of CO_2 emissions annually compared to using separate heat and power sources, or the equivalent of removing 260,000 cars from the road. Primary Energy's environmental equipment also handles waste gases, which results in fewer pollutants being emitted into the atmosphere. The utilisation of waste gases from the steel production process allows for a reduction in flaring of the off-gases and a reduction in greenhouse gas emissions by recovering heat and reducing the amount of energy required from conventional sources on the grid.

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

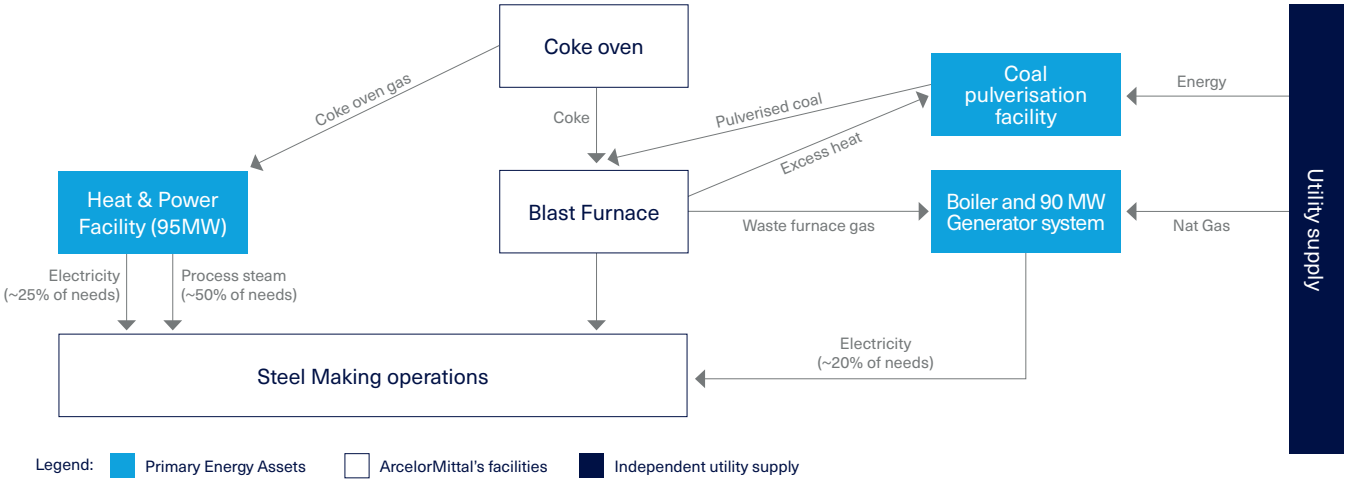
In addition to the positive environmental and social outcomes achieved by the projects, Primary Energy is actively contributing to other local initiatives. The company has supported many local charities including food and monetary assistance to those particularly hit hard by Covid-19. As a member of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

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

This year some of the organizations that Primary Energy supplied food and monetary assistance to included:

- People's Resource Center: Wheaton, IL
- 25 Alive Food Pantry: Gary, IN
- Claire's Closet: Gary, IN
- Loaves & Fishes Food Pantry: Naperville, IL
- Morning Star Missions: Joliet, IL

Indiana Harbor Works East steel mills



7. Sustainable development in practice
continued

Case study:
Highly efficient energy solution to utilise olive oil waste residues

Key facts

Industry: Olive oil production

Technology: 5 CHP, 2 biomass fired power plants and 2 olive processing plants (nine projects in total)

Generating capacity: 125MW

Phase: Operational

Location: Andalusia, Spain

SEEIT investment: €150 million

Year of investment: 2019

ESG Highlights (1 April 2019 - 31 March 2020)

55,000
tonnes of CO_2 saved

71 GWh
of clean energy generated, sufficient to power the equivalent of 3,700 UK households

150 jobs
supported in operations of the assets

support local communities
by purchasing additional feedstock for the biomass plant from nearby farmers

Zero
reportable H&S incidents

0.078 LTIR
total amount of hours lost/total amount of hours worked)

In 2019, SEEIT successfully completed its first investment in Continental Europe through the acquisition of a portfolio of five CHP facilities totalling 100MW, two biomass plants with an aggregate capacity of 25MW and two olive processing facilities.

The 'Oliva' portfolio is located in Andalusia, the southernmost region of Spain that produces about 35% of the world's olive oil or over 1 million tonnes of 'liquid gold' each year. This places it at the heart of an industry associated with significant raw material losses: to produce a tonne of olive oil, the primary extraction process generates about four tonnes of solid residue called olive pomace – made of the olive water, skins, pulp and stones.

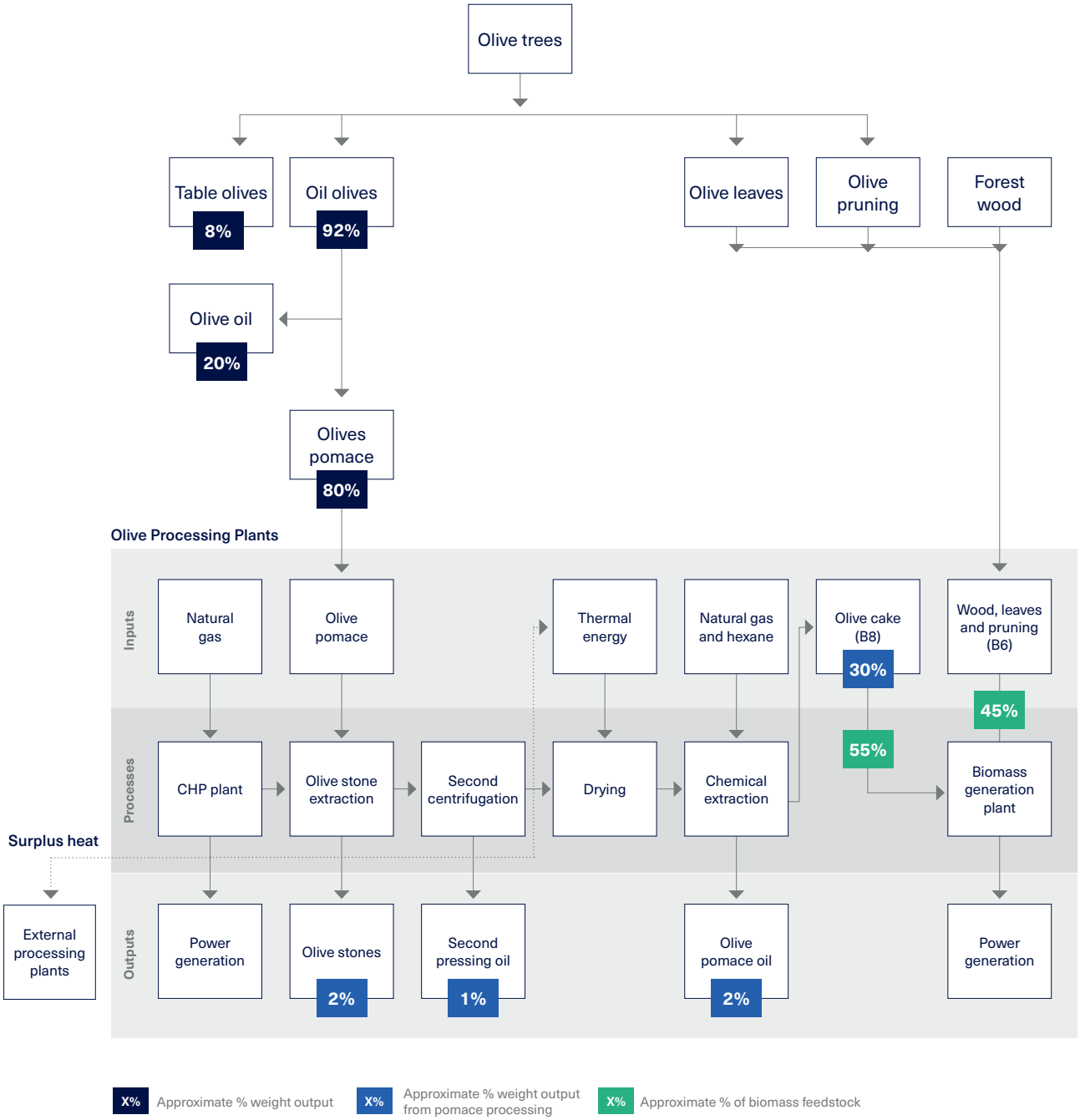
Food loss is a serious problem worldwide and that encompasses all stages of the food production process. It is a significant waste of economic value. It uses precious natural resources and labour. But perhaps most importantly, it generates significant levels of potent greenhouse gas emissions (methane)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

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

The acquired assets deliver a highly energy efficient solution to the food loss problem in the olive oil industry by turning its by-products into valuable goods and renewable energy. The nine plants in the portfolio are organised as integrated complexes along the olive oil value chain to maximise utilisation of waste and recycling of energy. In the reporting period, the two olive processing facilities used 336 GWh of the heat and electricity from the gas-fired CHP plants to extract the olive stones for use by the biomass plants, and produce second-pressing olive oil and olive pomace oil for commercial purposes. To complete the cycle, the olive cake by-product (about a third of the pomace input), together with olive tree leaves, pruning and forest biomass purchased from local farmers, was used as feedstock to biomass-fired CHP plants to generate 741 GWh of renewable electricity. This was sold to the Spanish grid under the regulated energy regime. Additionally, 296 GWh of surplus heat from the CHP plants was sold to external olive processors.

7. Sustainable development in practice
continued

Project value chain and resource utilisation



7. Sustainable development in practice
continued

Case study:
Providing critical energy services to England's oldest hospital

Key facts

Customer: St Bartholomew's Hospital, Barts Health NHS Trust

Industry: Healthcare

Technology: CCHP

Location: City of London, United Kingdom

Phase: Operational

SEEIT investment: £2.5 million

Year of investment: 2015

Generating capacity: 1.4 MW

ESG Highlights (1 April 2019 - 31 March 2020)

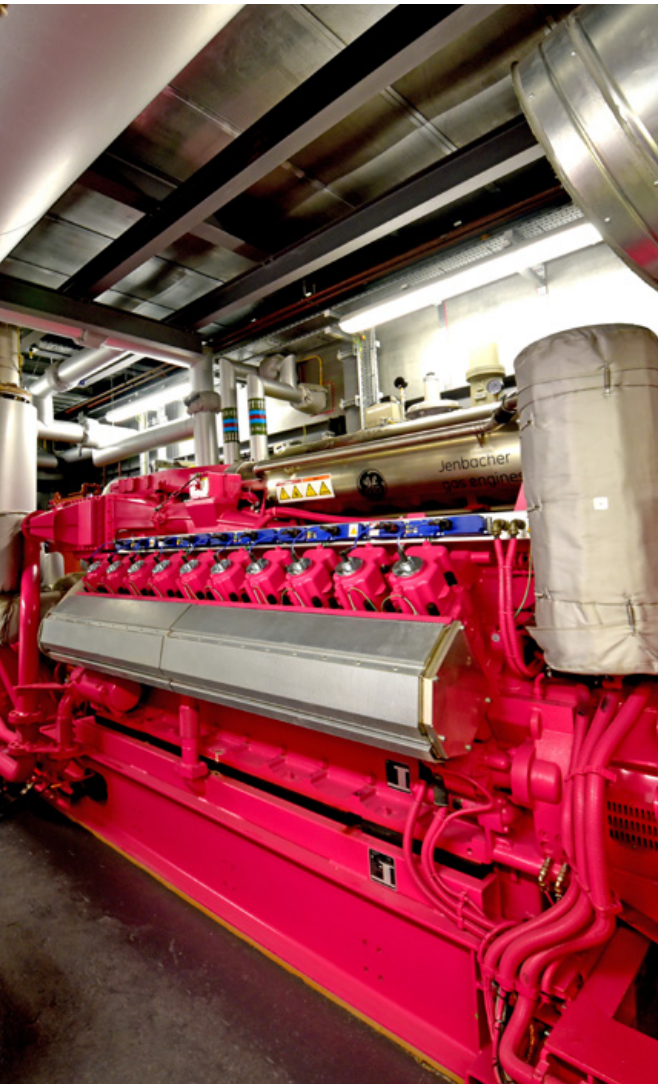
9.5 GWh
of clean energy generated

~500
UK households could be powered by the clean energy generated

13 jobs
supported in the operation and maintenance of the energy centre

~£500k
energy cost savings a year – enough for the Trust to employ an additional 15 nurses

Zero
reportable H&S incidents



St Bartholomew's Hospital, part of Barts Health NHS Trust, is the oldest hospital in Britain and is still located at its original site in the City of London where it was built in 1123. Today, the Hospital's state-of-the-art facilities are internationally renowned for cancer and cardiac care and home to one of the busiest heart attack centres in the UK.

In 2015, the Hospital decided to undertake an overhaul of its energy infrastructure to deliver on its progressive sustainability goals and better meet the needs of patients and more than 2,500 employees and partners. The project received the first investment under SDCL's "Powering Health", a strategic collaboration with GE, Clarke Energy and the NHS Confederation to finance and implement CHP solutions. This innovative scheme enabled St Bartholomew's to attain significant carbon reduction and energy security as a service while eliminating capital investment requirements.

SDCL provided £2.5m of finance and worked closely with Skanska, a leading international engineering contractor, to design, configure and deliver a highly efficient combined cooling, heating and power (CCHP) solution at the prestigious hospital. The project, which was subsequently acquired by SEEIT in its seed portfolio, involved the installation of a 1.4MW GE Jenbacher engine and the construction of a new energy centre underneath St. Bartholomew's. This solution is highly automated, integrated into the Hospital's emergency backup systems and runs in parallel to the electrical grid to ensure continuous and reliable energy supply up to 24 hours a day.

The CCHP engine was switched on during NHS Sustainability Day on 23 March 2016 and has since been generating much of the electricity needed to power the hospital, along with hot water; at substantially lower cost compared to the electrical grid. The CCHP system was designed to save £8 million over its lifetime in energy costs.

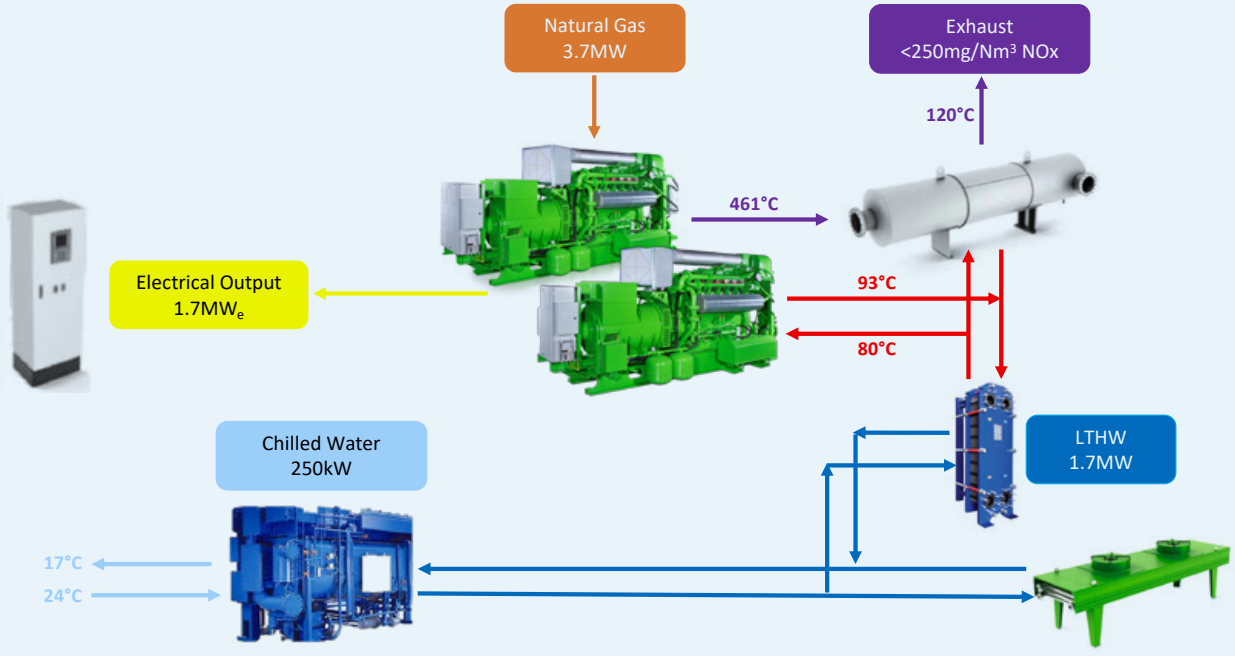
The project is now owned by SEEIT, and fully aligned with its investment objectives as it demonstrates that energy efficiency can deliver cheaper, cleaner and more reliable energy to hospitals - one of the largest and most consistent energy users in the economy.

7. Sustainable development in practice
continued

“Barts Health NHS Trust are delighted to lead the way and be the first organisation to successfully use the collaboration framework model between the NHS Confederation, SDCL and GE, with our partner Skanska. The project will deliver a Combined Cooling, Heat and Power solution to one of the oldest and most prestigious hospitals in the world, St Bartholomew’s. The agreement is the first of its kind and is being delivered through our existing PFI contract. It is an important step for us in achieving our sustainability goals and we believe that collaboration and partnership are the key to delivering successful, sustainable healthcare for the future”.

Barts Heath NHS Trust

Schematic showing how a CCHP works by utilising heat from the gas engine to provide hot water and cooling



38%
Efficiency with only electrical generation

85%+
Combined electrical and thermal efficiency

7. Sustainable development in practice
continued

Case study:
Cost-efficient onsite solar power for UK supermarket

Key facts

Customer: Tesco

Industry: Retail

Technology: Rooftop solar PV

Generating capacity: 1MW installed so far

Phase: Operational and in development

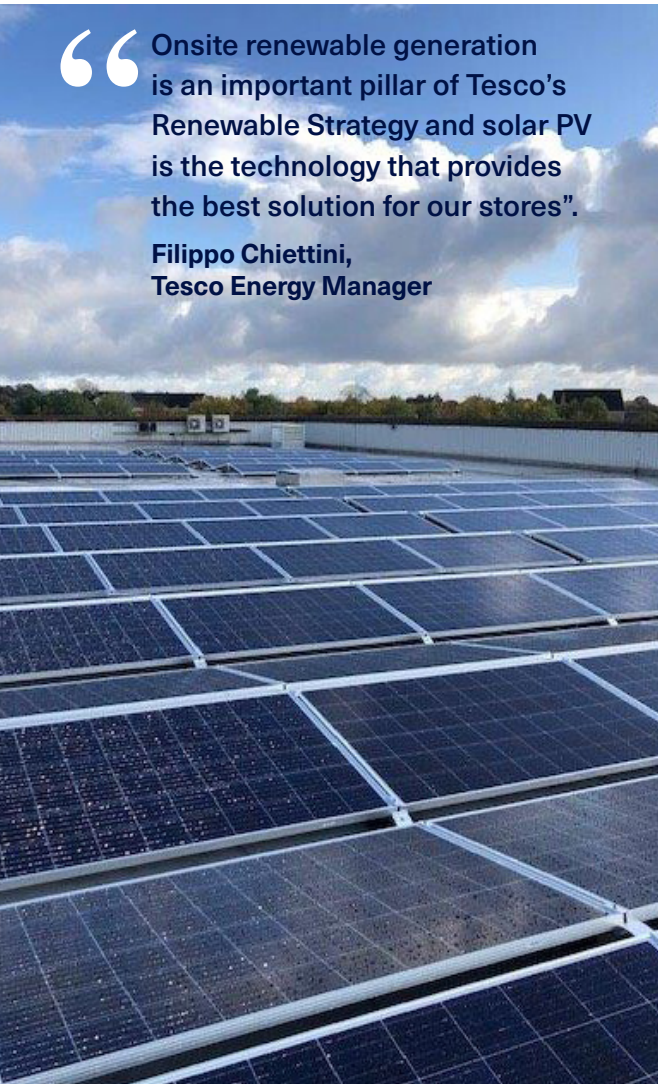
Location: Various across the United Kingdom

SEEIT investment: £1 million so far

Year of investment: 2019

ESG Highlights (1 April 2019 - 31 March 2020)

20	0.079	2 jobs
tonnes of CO_2 saved	GWh of clean energy generated	supported in the maintenance of the Solar PV panels, 10 design jobs and 40 installation jobs
12	Zero	competitive
UK households could be powered by the clean energy generated	reportable H&S incidents	electricity price competitive with grid import price



As part of SEEIT’s investment into supermarket solar, rooftop panels have been installed across the UK’s largest supermarket chain, Tesco. The project is part of a framework programme with Tesco where SEEIT has delivered around 1MW installed capacity to date, with further capacity to be installed at more sites in the future.

As part of the framework agreement, SEEIT is responsible for the installation, ownership, operation and maintenance of each project and delivers renewable energy to Tesco under a Power Purchase Agreement (PPA). To provide a comprehensive design, build, finance, operate and maintenance solution to Tesco, we have partnered with Kingspan, a leading engineering, procurement and construction contractor with a strong solar rooftop track record in the UK.

While solar PV is an established technology, Kingspan capitalises on its expertise to provide a customised structural solution based on the specifications of each site, which ensures the safe and reliable onsite generation of clean energy. To date, all installations were successfully completed without interrupting the operations of the supermarkets. As of 31 March 2020, power production has begun at 6 Tesco stores with a total of 1MW of installed capacity.

The project is part of a wider initiative by the supermarket chain to install onsite renewable generation, and it is key to achieving its Climate Change Targets.

The rooftop solar installations present a compelling case for bringing competitively priced clean energy directly to the point of use, therefore eliminating significant transmission and distribution losses. Commercial and industrial buildings with large flat roof spaces, such as supermarkets, can act as generators of clean decentralised energy and can help decarbonise the economy. Rooftop spaces in the EU have the potential to produce as much as 680TWh of solar electricity annually, or over a fifth of the total EU consumption[28].

7. Sustainable development in practice
continued

Case study:
First energy efficiency solution of its kind for a UK data centre

Key facts

Customer: Citigroup

Industry: Financial services

Technology: CCHP

Phase: Operational

Location: London, United Kingdom

SEEIT investment: £3 million

Year of investment: 2015

Generating Capacity: 2.8 MW

ESG Highlights (1 April 2019 - 31 March 2020)

35.8 GWh
GWh of clean energy generated

1,874
UK households could be powered by the clean energy generated

13 jobs
supported in the operation and maintenance of the energy centre

10%
energy use reduction, associated with significant cost savings

Zero
reportable H&S incidents

Today, the average person creates about 1.7MB[29] of data each second. In fact, 90%[30] of all existing data was created in the last two years alone and that growth is only projected to accelerate. To store, process and disseminate these huge and ever-increasing quantities of data, the digital economy will require a significant growth in data centres' capacity. While data centres enable productivity and stimulate economic growth, they also use a lot of energy – currently about 200 TWh each year. This is equal to 1% of the global electricity demand or 0.3% of overall carbon emissions[31] and is projected to grow as data demand increases. Energy represents up to 80% of the cost of running a data centre - offering significant cost saving and carbon reduction opportunities through energy efficiency measures.

The first such energy efficiency project for a data centre in the UK – where the CCHP system provides all of the cooling required by the facility - was conceptualised, financed, and delivered by SDCL in 2015 at Citigroup's data centre in Lewisham, London. The project, a pilot for the Bank globally, and delivered in partnership with Clarke Energy, involved the installation of two highly efficient 1.4MW CCHP systems that can deliver about 70% of the power needed to run the data centre and supply all the cooling required for its servers. To ensure continuous energy supply the project is also integrated into the data centre's emergency backup systems and runs in parallel to the electrical grid. As the data centre building is located in a semi-residential area, the energy centre was camouflaged with a living wall that helps reduce noise levels in addition to improving aesthetics.

By replacing the dependence on the national grid as the only source of electricity, and the need for back-up diesel generators, this scalable onsite generation solution has enabled Citigroup to achieve significant economic and environmental benefits. The project has reduced energy use by 10%, resulting in significant energy cost savings.

The project is now owned by SEEIT, acquired as part of its seed portfolio, and provides critical energy as a service to Citigroup up to 24 hours a day.

8. Looking ahead

The energy efficiency opportunity – using less energy and therefore generating less carbon and waste for the same outcomes - attests to the fact that greener business can be better business.

The operation and performance of SEEIT's portfolio of energy efficient projects and the essential nature of the energy services that they provide, has resulted in attractive environmental benefits and outcomes, ranging from greenhouse gas emission reductions and other forms of pollution prevention to improved efficiency of supply and reduced costs. These benefits go hand in hand with, not at the expense of, financial performance for SEEIT's projects, customers and investors.

Energy efficiency and decentralised energy generation play a crucial and growing role in balancing supply and demand of energy globally. This growth is set to continue as the market transitions away from traditional forms of energy towards the achievement of net zero carbon targets by 2050. The International Renewable Energy Agency anticipates that energy efficiency measures, together with renewable energy have the potential to achieve up to 90% of the required carbon reduction in the energy market. This transition will require fundamental changes to the way energy is consumed and the implementation of energy efficiency measures and decentralised generation to facilitate the largest possible contribution of clean energy into a well-balanced system.

This future presents exciting opportunities for SEEIT to continue to invest in commercially proven energy efficiency technologies and applications that have the capability to transform key sectors of the economy towards becoming cleaner, resilient and sustainable. The Company is particularly excited about the prospects for a number of new and emerging sub-sectors that it is actively working on, including:

- electric vehicle charging following its first investment in electric vehicle charging infrastructure, which represents an important requirement as the UK transitions to more efficient fuel choices.
- renewable heat generation and distribution, as governments and companies focus on industrial heat that cannot be generated by electricity, as well as requirements for heat in residential and district energy networks.
- construction of commercial, industrial and multi-family residential buildings, integrating energy efficiency technologies from the outset.
- cooling efficiency by replacing air conditioners and refrigeration equipment.
- transforming energy supply to new and existing data centres.
- public sector building retrofit, including hospitals, to reduce energy inefficiency.
- generation and supply of green gas, including hydrogen, for use in the buildings and transport sectors.
- energy storage – heat, electricity and gas - and flexible generation to balance the grid.

8. Looking ahead
continued

SEEIT strives to consistently deliver, and where possible further improve, the positive environmental and socio-economic impacts of SEEIT's investments. To do so SEEIT is committed to:

1. continuing to work closely, through the Investment Manager, with the Company's customers, O&M providers and equipment suppliers to ensure appropriate polices are implemented at all of SEEIT's projects, with a focus on climate and cybersecurity risk management, holistic wellbeing of workers, and procurement and employment practices.
2. actively and carefully managing the potential social and economic implications of the evolving Covid-19 pandemic to ensure safe work for everyone involved in SEEIT's projects; and the sustained resilience of SEEIT's investments and that of the key sectors they provide essential energy services to.
3. seeking to mitigate any local impacts in the implementation of development stage investments through extensive consultation with regulators, local authorities and local communities.
4. reporting annually on SEEIT's progress and further aligning SEEIT's ESG disclosures with relevant frameworks and international best practice, including the recommendations of the Taskforce on Climate-related Financial Disclosures.

References

1 The data as at 31 March 2020 is based on SEEIT's pro rata share of each project and for SEEIT's period of ownership. All CO2 figures include CO2 equivalent emissions. The emissions and energy saving data in SEEIT's Annual Report and Audited Financial Statements to 31 March 2020 covered the calendar year to 31 December 2019.

2 Based on EEA data for carbon emissions for new cars (https://www.eea.europa.eu/highlights/average-co2-emissions-from-new-cars-vans-2019), and an average annual mileage of 10,000km

3 Based on UK Government Typical Domestic Consumption Values, medium consumption, total of gas consumption and electricity use: https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/typical-domestic-consumption-values

4 See International Energy Agency, Alliance to Save Energy, EU Energy Centre et al.

5 IEA: "The Future of Cooling", 2018.

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10 https://undocs.org/en/E/2020/57

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14 The world wastes more energy than it uses every year, Business Insider (30 November 2015),

15 Energy efficiency and economic growth, The Climate Institute (June 2013)

16 The Future of Heating, Department of Energy and Climate Change (March 2012)

17 https://www.iea.org/news/energy-efficiency-is-the-cornerstone-for-building-a-secure-and-sustainable-energy-system

18 M Sakai et al, 29 December 2018, 'Thermodynamic efficiency gains and their role as a key 'Engine of Economic Growth' in Energies, 12(1);

19 CREDS, July 2019, Shifting the focus: energy demand in a net-zero carbon UK

20 www.100blackinterns.com

21 SEEIT's Responsible Investment Policy is available at: www.seeitplc.com/what-we-do/#ourResponsibility

22 The data as at 31 March 2020 is based on SEEIT's pro rata share of each project and for SEEIT's period of ownership. All CO2 figures include CO2 equivalent emissions

23 Based on EEA data for carbon emissions for new cars (https://www.eea.europa.eu/highlights/average-co2-emissions-from-new-cars-vans-2019), and an average annual mileage of 10,000km

24 Based on UK government Typical Domestic Consumption Values, medium consumption: https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/typical-domestic-consumption-values

25 Each SDG counts equally regardless of how many targets it includes, ie supporting 2 out of 4 targets gets the same score as supporting 5 out of 10 targets. Then the SDG scores for each project are added to get the heat map.

26 World Steel Association: https://www.worldsteel.org/steel-by-topic/steel-markets.html

27 Primary Energy owns 50% of the pulverised coal facility in JV with ArcelorMittal.

28 European Commission Joint Research Centre and the European Institute of Innovation & Technology, A high-resolution geospatial assessment of the rooftop solar photovoltaic potential in the European Union, Source: Science Direct

29 Source: Domo

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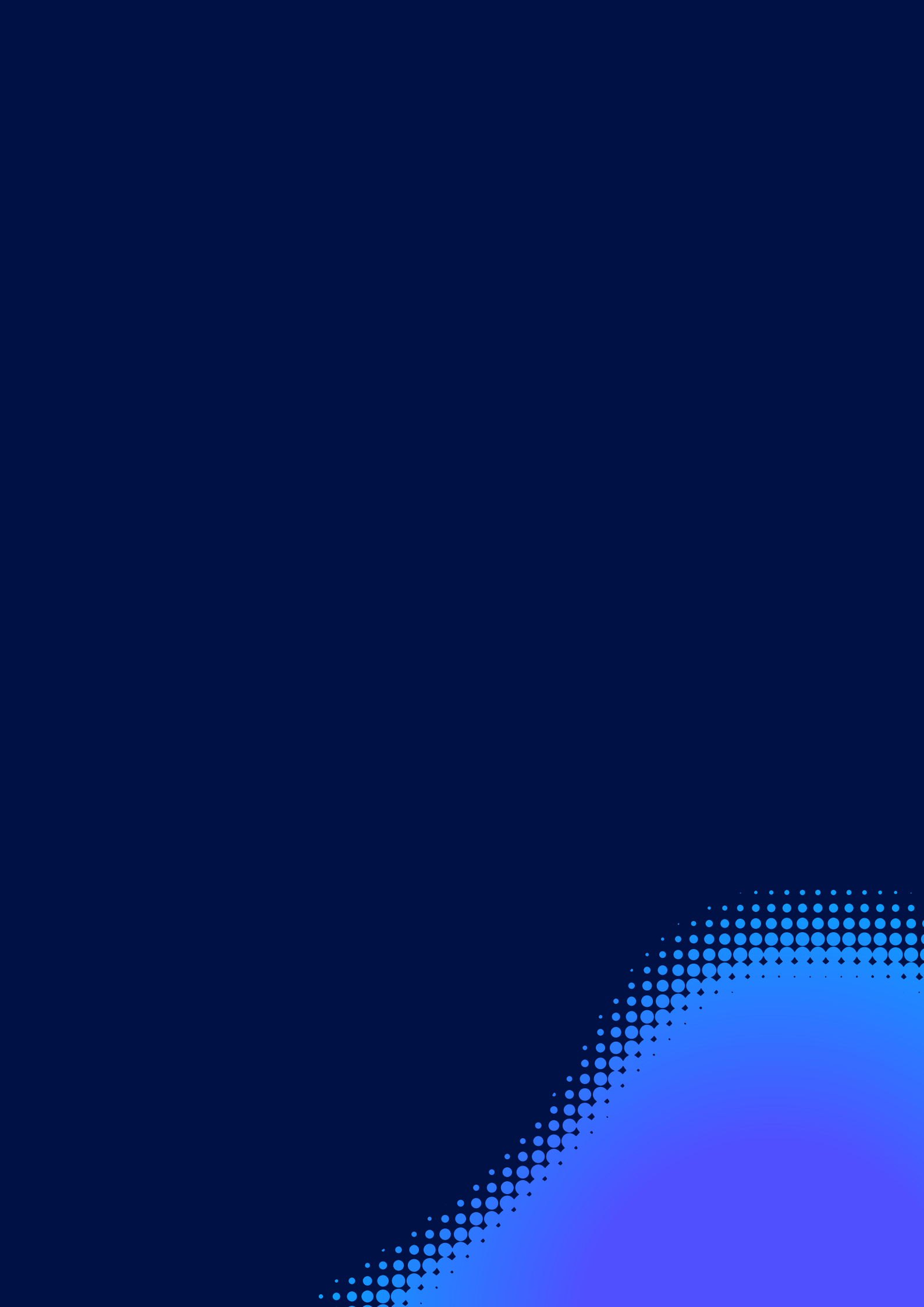

SEEIT

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