SEEIT

SDCL Energy Efficiency Income Trust plc

Annual Report and Audited Financial Statements

For the year ended
31 March 2022

Investing in energy efficiency

SEEIT was the first investment company of its kind listed on the London Stock Exchange to invest exclusively in energy efficiency infrastructure projects. Whereas over 65% of energy produced is typically wasted, the Company targets 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.

1. Highlights and Overview

1.1 Summary of the year to 31 March 2022

+ £1b

FTSE 250 Index entry, with effect from September 2021, with a market capitalisation of over £1 billion

108.4p

Net Asset Value ("NAV") per share[1] as at 31 March 2022, up from 102.5p as at 31 March 2021 and a total return on a NAV basis[1] in the year of 11.2%

10.0p

Earnings per share for year to 31 March 2022 (March 2021: 7.0p)

£79.8m

Profit Before Tax for year to 31 March 2022, up from £32.4 million for the prior year to 31 March 2021

£1,164m

Market Capitalisation at 31 March 2022, up from £758 million at 31 March 2021 and a total shareholder return[1] of 39.4% since IPO to 24 June 2022

£928m

Investment at fair value on balance sheet at 31 March 2022, up from £573 million 31 March 2021

5.62p

Aggregate dividends per share declared relating to the year ended 31 March 2022, in line with target

6.00p

Target dividend per share for year to March 2023, a 7% increase from year to March 2022

c.£305m

Investment of approximately c. £305 million in 12 investments during the year and a further c. £43 million in cash after the year end

£171m

Cash on a portfolio basis at 31 March 2022 available for investments and the fourth interim dividend payable in June 2022

1.19x

Cash covered per dividend Operational cash flow divided by dividends paid to shareholders during the year

£913m

Portfolio Valuation[1] at 31 March 2022, up from £553 million at 31 March 2021

£350m

Capital raised during the financial year from three well-supported equity issues, with proceeds substantially deployed or committed to be deployed into investments from the Company's new investment pipeline

1,060,617 tCO_2

Carbon Savings (2021: 657,030 tCO_2) from Company's portfolio, which also produced 2,455,305 MWh of electricity (2021: 1,750,0713 MWh)

11.2%

Percent NAV return total return on a NAV basis in the year end at 31 March 2022

1 In this Annual Report, there are a number of references to financial Alternative Performance Measures. For further details on these, please see the Glossary of financial Alternative Performance Measures ("APM")
2 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
3 Per SEEIT's ESG Report, November 2021

1.2 Chair's Statement

Tony Roper
Chair of SEEIT

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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 2022.

The past year has set the scene for a watershed period for the energy efficiency sector and the Company is well positioned to invest in solutions that reduce carbon emissions, cut energy costs, and improve energy security.

At the beginning of the financial year, the COVID-19 pandemic was a dominant risk for the global economy. Though the pandemic remains ongoing, associated risks began to recede during the period in the Company's key markets and, in the year, it has not had a material impact on the financial performance of the investment portfolio.

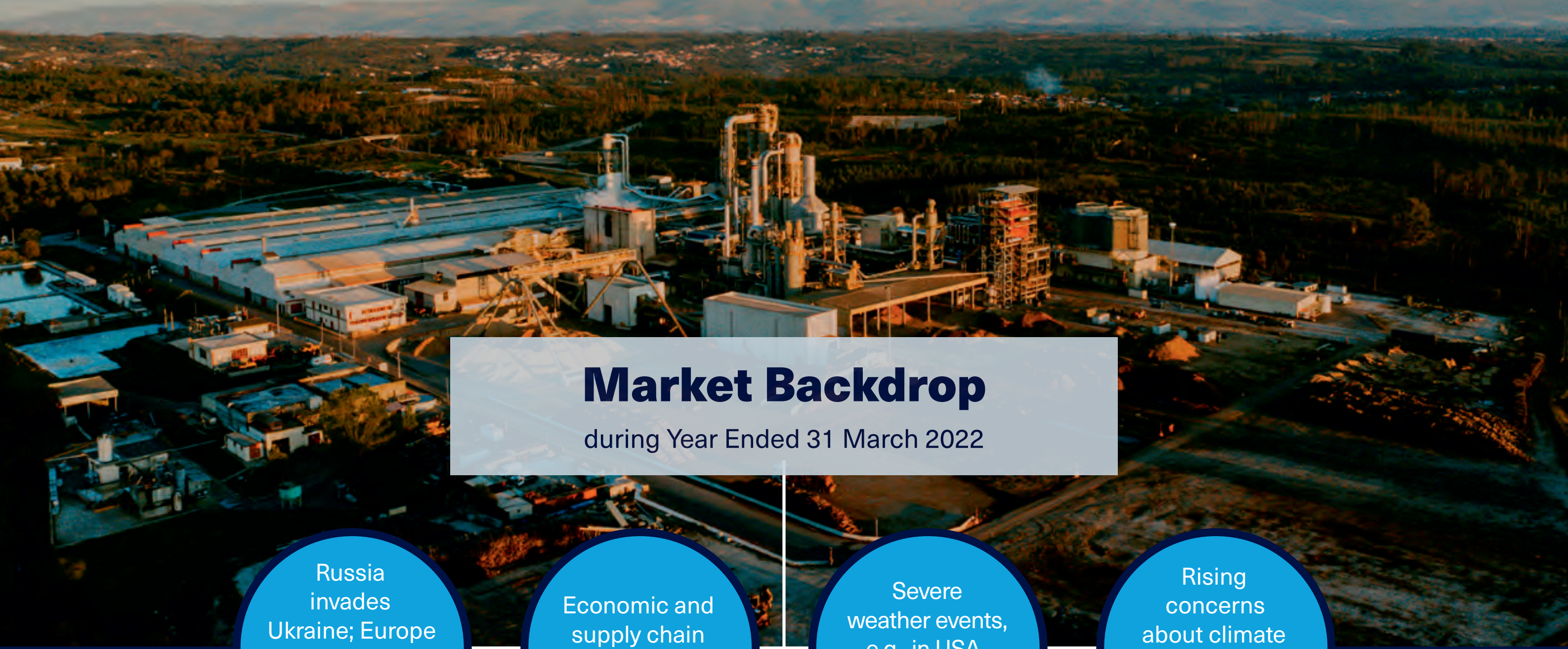
Increasing focus on corporate social responsibility, environmental sustainability, climate change and decarbonisation, and specifically on limiting global warming to 1.5°C, was galvanised by the 26th annual Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26). Hosted by the United Kingdom in Glasgow, COP26 resulted in commitments to strengthen climate targets and phase down unabated coal power. For the first time, energy efficiency was included alongside the deployment of clean power generation in the "Calls Upon Parties" in the Glasgow Climate Pact. In addition to the official negotiations, side announcements and pledges were made to cut methane emissions, to end and reverse deforestation by 2030, and to make all new car sales zero emission by 2040 and by 2035 in leading markets.

In 2021 there has been global supply chain dislocation, spiking of energy prices and surging inflation for several months. Since February 2022 the ongoing and tragic situation in Ukraine has had further massive impacts on energy prices, supply-chains, and general inflation, making markets – particularly energy markets – even more volatile and uncertain. The Russian invasion of Ukraine has further highlighted the need for resilience in the global energy system, including through diversification of energy sources, large-scale, near-term clean energy solutions, energy cost mitigation and energy security.

There is now an increasingly widespread recognition of the role that energy efficiency can play, particularly in the short to medium term, in reducing the amount of energy that the world uses by cutting waste both on the supply and demand side. While the scale of the challenge to displace fossil fuels, which still represent some 80% of the world's energy system, with lower carbon and renewable energy is very large and will take time, energy efficiency measures can be taken in the meantime and can reduce the amount of overall energy needed.

The global efforts to tackle the climate crisis and the latest climate data only further underpin the urgency and growth drivers in the energy efficiency sector. Many of our clients are committed to reaching net-zero emissions by 2050 or before and most of the world recognises the urgency of limiting global temperature rise to 1.5°C.

Within the energy sector, efficiency may not be the whole answer, but it is probably at least half of it. Efficient and decentralised energy generation represents one of the largest and fastest growing investment categories of energy and infrastructure markets[4] and the Company, as the first UK listed investment company to invest exclusively in the energy efficiency sector, is a market leader and well placed to continue to expand its diversified portfolio of investments capable of delivering cheaper, cleaner, and more reliable solutions to energy users.



Market Backdrop

during Year Ended 31 March 2022

- Russia invades Ukraine; Europe faces energy price & security crisis
- Economic and supply chain disruptions from Covid
- Severe weather events, e.g., in USA, creates need for resilience
- Rising concerns about climate change and responses to it

- Cost of living crisis
- Rising inflation
- Energy security fears
- Pressure on corporate margins
- Need to accelerate transition to net-zero
- Energy storage shortage
- Significant energy price volatility
- Grid instability

67%

Of total energy produced is wasted by conversion, generation, transmission and distribution inefficiencies

The Solution

Efficient and decentralised energy that...

- **Reduces carbon emissions**
- **Reduces energy costs**
- **Improves energy security**

Further information on the Investment Manager's activities is included in Section 2.3 Investment Manager's Report in and Section 2.5 Investment Portfolio Summary.

Financial Performance

Profit before tax for the year ended 31 March 2022 was £79.8 million (2021: £32.4 million) and earnings per share were 10.0 p (2021: 7.0p). The Company's net asset value ("NAV")[5] at 31 March 2022 was £1,073.1 million (2021: £693.8 million) and NAV per share was 108.4p (2021: 102.5p).

The Company's investment portfolio ("Portfolio Valuation") was valued at £912.7 million at 31 March 2022, up from the Portfolio Valuation of £785.0 million at 30 September 2021 and £552.7 million at 31 March 2021, predominantly as a result of investments made during the year which, along with other movements in the Portfolio Valuation, are described in Section 3.2 Valuation of the Portfolio.

The Company's Ongoing Charges ratio[5] reduced to 1.00 % (2021: 1.13%), benefitting from spreading costs across a larger net assets base. Further detail on the Company's financial performance and the alternative performance measures of Portfolio Valuation and Ongoing Charges can be found in Section 3.1 Financial Review.

Investment cash inflow from the portfolio during the year ended 31 March 2022 was £64.7 million (2021: £42.1 million) on a Portfolio Basis[5] (see Section 3.1 Financial Review for details), delivering 1.2x cash cover for interim dividends paid during the year.

Total return on a NAV per share basis[5] for the year was 11.2%, comprising a 5.9p increase in NAV from 102.5p at 31 March 2021 to 108.4p at 31 March 2022 and total dividends paid during the year totalling 5.6p. Total return on a NAV per share basis[5] since IPO is 8.1% p.a.

The Company's currency hedging strategy was successful in limiting the impact on the NAV arising from material movements in foreign exchange rates. Further details on the Company's hedging strategy can be found in Section 3.1 Financial Review.

While yields and discount rates in the infrastructure sector continue to tighten, improvements in the portfolio's value are also created from focused investment and active asset management activity which is discussed further in Section 2.3 Investment Manager's Report. Total return for the Company remains on track against target and the Company's NAV has remained resilient as the Investment Manager continues to effectively mitigate investment and portfolio level risk amidst a challenging market backdrop.

Dividends

In line with previous guidance, in June 2022 the Company announced its fourth interim dividend for the year ended 31 March 2022 of 1.405p per share, providing an aggregate dividend of 5.62p per share declared for the year ended 31 March 2022 which was fully covered by net cash income and earnings. The Company paid a total of £44.2 million in interim dividends during the financial year which included the last quarterly dividend for the year ended 31 March 2021 and three quarterly dividends for the year ended 31 March 2022.

Based on the projected investment cash flows from the current portfolio prepared by the Investment Manager and approved by the Board, the Company is announcing new dividend guidance of 6.00p per share for the year to March 2023 (an increase of 7%) and as before, targeting a progressive dividend growth thereafter. See Section 2.3 Investment Manager's Report for further details.

The Company intends to continue to pay interim dividends on a quarterly basis through four broadly equal instalments (in pence per share).

Investment Activity

The Company holds a single investment, its subsidiary SEEIT Holdco Limited ("SEEIT Holdco" or "Holdco") through which SEEIT's portfolio of investments are held. During the financial year, SEEIT increased and diversified its portfolio, making over £300 million of new investments and commitments. In addition, the Company invested a further c. £37 million in the portfolio after the financial year end. Details of these new investments are provided in Section 2.3 Investment Manager's Report.

The Company's target geographies remain the UK, Europe and North America, plus other countries where the Company can invest on a risk-adjusted basis to secure returns that support its objectives.

The Company has carefully targeted key markets and technologies as it continues to build and diversify its portfolio, including district energy, green gas, solar and storage, geothermal, energy efficient motors and chillers, and EV charging infrastructure.

4 Source : IEA ; https://www.iea.org/reports/energy-efficiency-2021/executive-summary
5 In this Annual Report, there are a number of references to financial Alternative Performance Measures. For further details on these, please see the Glossary of financial Alternative Performance Measures ("APM")

The Investment Manager entered into new, exclusive framework agreements during the year that demonstrate its ability to secure pipelines of further investment opportunities from existing investments and relationships. A significant proportion of the Company's investment activity during the year came from follow-on investment opportunities, which is expected to continue.

Our investment strategy of targeting high credit quality counterparties and providing services to key industries through contractual structures that limit exposure to demand or commodity price risk is proving to be successful.

The Board is pleased with the timely deployment of capital into new and follow-on investments during the year, which have been consistent with the Company's targeted technologies and geographic markets. This success demonstrates the Investment Manager's ability to source and secure attractive investments that meet the Company's investment strategy and objectives.

Funding

The Company published a new prospectus in September 2021 (the "September 2021 Prospectus") which was followed by the successful £250 million capital raise. This capital raise was the largest completed by the Company to date and was well-supported by investors with strong demand.

In March 2022, despite volatile market conditions due to the Russian invasion of Ukraine, the Company raised a further £100 million of capital (having targeted £75 million), and provided the Company the opportunity to maintain investment flexibility through prudent use of cash reserves.

The Company's share register has remained supportive and stable during the past financial year and the Board thanks its shareholders for their continued support in allowing SEEIT to pursue and achieve its objectives.

At the time of this report, the Group's gearing is approximately 34% of the Company's 31 March 2022 NAV, on the basis of a look through consolidated debt in the group, all of which is currently at investment level and in line with the Company's target structural gearing of 35%.

Portfolio Performance

The Company's investment portfolio performance remained broadly in line with projections during the financial year. Many of the operational assets within the portfolio provide key services to essential industries and continued to operate with minimal disruption, despite some challenges associated with the COVID-19 pandemic, disruptions to the energy market due to the Russian invasion of Ukraine and certain investments being affected by changes in offtake requirements such as Ironside which is affected by the idling of the blast furnace it provides energy services to. The Investment Manager remains focused on minimising the Company's exposure to risks associated with energy availability, input pricing, inflation, supply-chain disruptions, and additional macroeconomic factors that are creating volatility across the industry.

The Investment Manager places a significant emphasis on managing the investment portfolio through its asset management function, not only to protect the value of each investment but also to seek opportunities to create additional value for stakeholders. It plays an active role, both in oversight and in support of the management teams of its portfolio companies, with a focus both on risk management and value improvement.

The Investment Manager succeeded in securing additional value for certain portfolio investments, as well as identifying other accretive opportunities despite the headwinds described above. Further details on matters that specifically affected certain investments are described in Section 2.3 Investment Manager's Report.

Sustainable Future and ESG

SEEIT focuses exclusively on energy efficiency investments that contribute to a greener future. The Company is dedicated to accelerating the transition to a net-zero carbon economy and delivering long-term value for shareholders and society as a whole.

In November 2021, SEEIT published its second ESG report, wherein it reported on the Company's ESG considerations and carbon savings achieved in the investment portfolio in the previous year.

The Company recognises that in 2023 full disclosure on compliance with The Task Force on Climate Related Financial Disclosures ("TCFD") is required. The Company welcomes the adoption of the TCFD guidelines, and the Investment Manager is working towards implementing the full scope of the disclosure recommendations, which will allow the Company to highlight the intrinsic environmental benefits of its investment activities, while also providing valuable guidance on improving risk assessment and management approaches. This is part of the Company's broader strategy for reporting on climate-related issues and other ESG concerns, which includes TCFD.

See Section 2.4 ESG Management for further details.

Board and Governance

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

The Board seeks to guarantee the alignment of its purpose, values, and strategy with a culture of openness, debate, and integrity through ongoing dialogue and engagement with key stakeholders.

During the year, following the 2021 board evaluation, the Board commenced a recruitment process using a third party. This culminated in the Board appointing Sarika Patel as an independent Non-Executive Director and also as the chair of the Audit and Risk Committee, with effect from 1 January 2022. Sarika will support the other Directors' skills through her experience. The Board and the Investment Manager support equal opportunities in the recruitment and management of employees, regardless of age, race, gender, or personal beliefs and preferences.

Key Risks

The Board, its Audit and Risk Committee, and the Investment Manager monitor the risks that the Company and its investment portfolio face on an ongoing basis. Where relevant, mitigants against these risks are put in place in line with the Company's risk appetite and adjusted over time as necessary.

The majority of the risks identified, including the principal risks, affect only the Company's investment portfolio and therefore potentially impacts the Company, its performance and its ability to achieve its investment objective only indirectly.

The principal risks for the Company and its investment portfolio are described below:

- Credit risk of contracted counterparties
- Operational risks that may impact day-to-day operations
- Global macroeconomic factors

The principal risks to the Company have not changed materially from the prior year. The economic and political consequences of the Russian invasion of Ukraine have introduced an entirely new level of uncertainty to markets globally. The Investment Manager, through its asset management team, is monitoring these events with a view to mitigate their potential impacts on the Company where possible.

Pipeline and Outlook

SEEIT benefits from a substantial pipeline of new investment opportunities. SEEIT's target markets are also expected to continue to grow. Market drivers include increasing levels of focus on decarbonisation targets in the public and private sectors globally, the need for increased energy security and resilience, and relatively high and volatile energy prices. These factors continue to drive demand for on-site generation, efficient distribution, and demand side reduction solutions to the challenges faced by commercial, industrial and public sector clients.

The Investment Manager has remained very selective in making new investments, with a limited number of the new opportunities it sees making it to the stage of being reviewed by the Investment Committee. Looking ahead, organic growth of the existing SEEIT portfolio makes up, by value, around half of the near-term pipeline through follow-on opportunities, often at pre-agreed rates of return, while the Investment Manager continues to explore the most attractive secondary market investment opportunities for new investments.

The current investment pipeline has a good balance of smaller and larger opportunities, often involving bilateral negotiations where the Investment Manager has a particular strength or relationship, which helps the Company avoid competitive processes where possible. The Investment Manager exercises robust pricing discipline when evaluating any opportunities within its target markets and geographies.

In conclusion, we are pleased to report on another successful year for the Company. I would like to thank our shareholders again for their continued support. The Company is well positioned to deliver upon our stated investment objectives.

Tony Roper
Chair

2. Strategic Report: The Company

2.1 The Role of Energy Efficiency in Reaching Net-Zero

"We consider energy efficiency to be the 'first fuel' as it still represents the cleanest and, in most cases, the cheapest way to meet our energy needs. There is no plausible pathway to net zero emissions without using our energy resources much more efficiently"

International Energy Agency (IEA), 2021

SEEIT was the first investment company of its kind listed on the London Stock Exchange to invest exclusively in energy efficiency infrastructure projects. Whereas over 65%[6] of energy produced is typically wasted, the Company targets 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.

Since the Company launched in 2018, climate change mitigation has continued to be an increasingly pertinent and urgent issue. The most recent Intergovernmental Panel on Climate Change report, published in early April 2022, calls for deep and immediate cuts to greenhouse gas emissions to limit the impacts of climate change and reduce exposure to climate tipping points.

Notably, to limit warming to between 1.5°C and 2°C, according to the International Panel on Climate Change (IPCC), global carbon emissions must peak in the next three years - so at the latest by 2025. To limit warming to the Paris Climate Agreement Target of 1.5°C, global emissions would have to decrease by at least 43% by 2030 and reach net-zero by 2050 at the latest.[7]

Unfortunately, current global climate pledges and policies fall well short of meeting those targets. The United Nations estimates that national climate plans in place today will lead to an increase in emissions of 14% by 2030.[8]

The problem is clear, and so is the urgency in addressing it. Solutions will require focused efforts to decrease emissions by switching to low-carbon energy sources and sharply reducing energy demand and energy wastage.

The Role of Energy Efficiency

"Energy efficiency represents more than 40% of the emissions abatement needed by 2040, according to the IEA Sustainable Development Scenario. Maintaining global growth and supporting development in emerging economies implies a sharp rise in consumption habits. Meeting this need requires a transformation of the existing energy system."

IEA, March 2021

Reducing energy demand and usage through energy efficiency strategies has been identified by organisations such as the United Nations Framework Convention on Climate Change ("UNFCCC") and the International Energy Agency ("IEA") as one of the most important ways to reach net-zero.

The global population is predicted to hit 10 billion in 2050,[9] leading to increased energy demand for both renewable and traditional energy sources. Many predictions state that global energy demand will increase by nearly 50%[10] in the next few decades.

According to the IEA's Net-Zero by 2050 Pathway,[11] without significant gains in energy efficiency, the growth of energy demand due to population increases would present a substantial challenge in transitioning to alternative, lower-carbon sources of electricity. Without fundamental consumption changes that include a push towards maximising energy efficiency, final energy consumption in 2050 would be 90% above what is required to achieve the net-zero pathway.

By reducing energy wastage and energy demand, energy efficiency solutions further reduce carbon emissions. The IPCC report heavily emphasises the importance of these measures, finding that "demand-side measures and new ways of end-use service provisions can reduce global greenhouse gas emissions in end use sectors by 40-70% by 2050, compared to baseline scenarios." [12]

6 Source: https://www.weforum.org/agenda/2018/05/visualizing-u-s-energy-consumption-in-one-chart#:~:text=Around%20 68%25%20of%20all%20energy,being%20 wasted%20through%20various%20 inefficiencies.
7 Source: IPCC ; https://www.ipcc.ch/2022/04/04/ipcc-ar6-wgiii-pressrelease/
8 Source: UN ; https://www.un.org/en/climatechange/net-zero-coalition#:~:text=No%2C%20commitments%20 made%20by%20governments,2030%2C%20 compared%20to%202010%20levels.
9 Source: https://www.thenationalnews.com/world/2021/07/11/world-population-day-can-a-10-billion-strong-humanity-feed-itself-in-2050/
10 Source: https://www.thenationalnews.com/world/2021/07/11/world-population-day-can-a-10-billion-strong-humanity-feed-itself-in-2050/
11 Source: IEA ; https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf
12 Source: IPCC ; https://www.ipcc.ch/report/ar6/wg3/resources/spm-headline-statements/

Energy Efficiency Solutions

Carbon Emissions	Cost of Energy	Energy Security & Grid Stability

The Problems

Carbon Emissions

The clock is ticking, and the science is clear – we have no more than the next few years to reduce energy demand, address worsening air and water pollution, and decarbonise.

Society needs to transform the way we generate and use energy and other resources if we are to limit global temperature rises to 1.5°C and trend towards Net Zero.

Cost of Energy

Losses of up to 70% in energy conversion, generation, transmission, and distribution are associated with a centralised grid.

Energy is often sourced far from where it is used and where there is no use for the heat that is produced along with the power, resulting in waste.

At least 20-30% of energy is wasted on the demand side through sub-optimal equipment such as lighting, motors, controls, heating ventilation, and air conditioning.

Energy Security & Grid Stability

We have seen energy security risks affect SEEIT's main geographies in the recent years, notably power grid failures in the US (e.g. Texas and California) often related to climate, weather, or natural disasters.

The ongoing war in Ukraine poses an additional challenge as Europe faces severe curtailment in natural gas supplies because of reduced supplies from Russia.

Energy Efficiency Solutions

Carbon Emissions

Energy efficiency solutions reduce energy demand, which in turn reduces energy usage and carbon emissions.

An immediate and widespread adoption of energy efficient technologies across sectors and geographies is critical to solving the carbon emission crisis.

Cost of Energy

Decentralisation through on-site generation can slash losses on the supply side, while better and more efficient equipment can reduce waste on the demand side.

Cutting energy waste reduces costs and improves productivity and profitability.

Energy Security & Grid Stability

Conservation and on-site energy generation using local and renewable resources can deliver more reliable solutions that depend less, if at all, on the grid.

Energy efficiency does not rely on technologies that are yet to be invented, and it can be delivered now, often at lower cost and more reliably than business as usual.

Energy efficiency measures can be taken now, whereas transition to alternative and lower carbon energy sources takes more time.

2.2 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. The Company seeks to achieve its investment objective by investing principally in a diversified portfolio of energy efficiency infrastructure investments through collaboration with high quality, private and public sector counterparties.

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 entitle the Company to receive stable and predictable cash flows. The Company's returns take the form of 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 phase 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 greenhouse gas ("GHG") emission reductions.

Change to Investment Policy during financial year

With the development of the energy efficiency sector and growth of the Company's portfolio since IPO, the Board and the Investment Manager have, during the financial year ended 31 March 2022, reviewed and slightly amended the Company's investment policy as follows:

- increase to short-term gearing limits (thus enabling larger levels of acquisition financing, 65% of NAV versus 50% of NAV previously, to be used between capital raises);
- small clarifications to certain definitions; and
- provided for some flexibility to invest in developers, operators or managers of energy efficiency infrastructure projects, limited to 3% of Gross Asset Value at the point of acquisition.

At the Company's Annual General Meeting ("AGM") held in August 2021, shareholders voted in favour of these amendments.

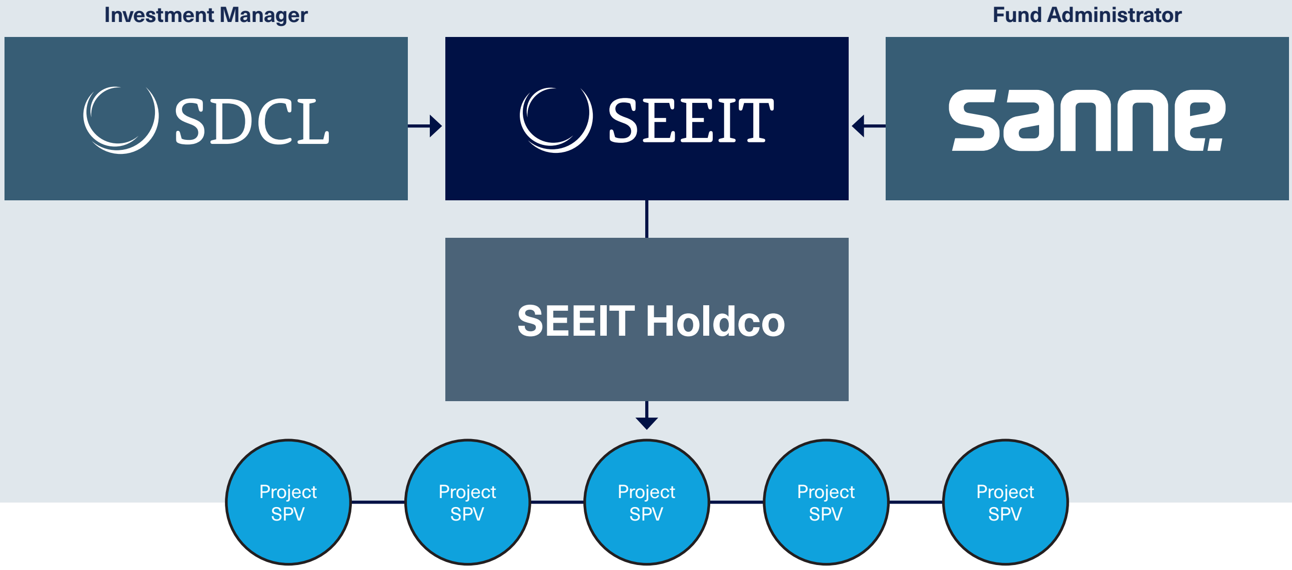
A full copy of the Investment Policy is available on the Company's website and is also in the September 2021 prospectus.

Business model and group structure

The Company has been established in the UK as an investment trust to provide an efficient manner in which shareholders can access investment into energy efficiency infrastructure investments.

The Company has an independent Board of Directors (see Section 4), has no employees, and has appointed Sustainable Development Capital LLP ("SDCL" or "Investment Manager") to manage the investments on its behalf (See Section 2.3 Investment Manager's Report).

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



The Investment Manager controls the actions of Holdco and its direct and indirect subsidiaries with the aim of assisting the Company to achieve its stated objective through making new investments via Holdco that are funded by the Company and managing the existing portfolio of investments that Holdco has directly or indirectly invested in.

Holdco typically invests in project SPVs. The SPVs normally provide energy efficiency solutions to counterparties, often through long-term contracts with a fixed lifespan. A 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 normally 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.

Sanne Group (UK) Limited (''Sanne'') has been appointed by the Company as a third-party service provider via an administration agreement.

Gearing

The Company maintains a conservative level of aggregate gearing in the interests of capital efficiency, to enhance income returns, long term capital growth, and capital flexibility. The Company's target medium term gearing is 35% of NAV, calculated at the time of borrowing (the "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, 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 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 and Acquisition Finance primarily comprise bank borrowings, though small overdraft facilities may be utilised for flexibility in corporate actions.

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.

2.3 Investment Manager's Report

Jonathan Maxwell
SDCL, CEO & Founder

Purvi Sapre
SDCL, Fund Manager of SEEIT

Eugene Kinghorn
SDCL, Group CFO

"Europe has been confronted with a critically challenging question: how to replace the 40% of natural gas that it sources from Russia. The answers are uncomfortable. 80% of the world's energy is generated from natural gas, oil, and coal. Replacing Russian gas, and oil, with alternative sources of conventional and clean energy takes time and substantial investment. Meanwhile, the world is wasting much of the energy it is producing."

The Investment Manager

Sustainable Development Capital LLP ("SDCL", or the "Investment Manager") is a leading and specialist investor in energy efficiency infrastructure.

SDCL was established in 2007 and has a proven track record of financing, investing in and developing clean energy, energy efficiency and decentralised energy infrastructure projects in the UK, Europe, North America and Asia.

SDCL was launched to facilitate investment into environmental infrastructure markets and has always focussed on investing in projects that are good for the environment, good for people and commercially sustainable.

Market Review for Energy Efficiency

During the financial year, Europe and North America started to emerge from Covid-19 lockdowns. Economies rebounded with a combination of demand and stimulus-fuelled growth. Supply chain and resource constraints added to high inflationary trends. Energy prices escalated in the second half of 2021 in Europe against a background of, amongst other things, low wind yields and insufficient storage of gas, highlighting energy security vulnerabilities, notably in Europe. Gas markets responded globally, with substantial price volatility that continued throughout the financial year. No sooner had the United Nations climate change conference in Glasgow, COP26, aligned countries on the objective to work towards net zero and limiting global temperature rise to a 1.5°C above pre-industrial levels, the energy price and security crisis took on another geo-political dimension as Russia invaded Ukraine.

Alongside the terrible human tragedy associated with the loss of life, suffering and displacement resulting from the war in Ukraine, Europe has been confronted with a critically challenging question: how to replace the 40% of natural gas that it sources from Russia.[13] The answers are uncomfortable. 80%[14] of the world's energy is generated from natural gas, oil, and coal. Replacing Russian gas, and oil, with alternative sources of conventional and clean energy takes time and substantial investment.

Meanwhile, the world is wasting much of the energy it is producing. The World Economic Forum demonstrated that in 2019, the United States lost some 70% of its original energy through conversion, generation, transmission, and distribution losses before getting to the point of use. This is another uncomfortable truth, but one that we believe is crucial to address. However, there are encouraging signs that international governments have

[13] Source: IEA ; https://www.iea.org/news/how-europe-can-cut-natural-gas-imports-from-russia-significantly-within-a-year
[14] Source: EESI ; https://www.eesi.org/topics/fossil-fuels/description

recognised the vital role that energy efficiency can play are encouraging. For example, the Glasgow Climate Pact signed at COP26 called for energy efficiency, for the first time, alongside clean power generation. The European Commission increased prioritisation of its "energy efficiency first principle" in a recast Energy Efficiency Directive and guidelines on its application.

The conditions of acute energy security needs, high energy costs, and the urgency to decarbonise all point towards energy efficiency, which is one of the largest, fastest, and cheapest sources of greenhouse gas emission reductions, economic productivity and resilience and energy security.

The IEA refers to energy efficiency as the "first fuel". SEEIT's portfolio is uniquely focussed on solutions that reduce generation, transmission and distribution losses through on-site generation, storage, and efficient distribution at local, municipal or district level. It is also investing in demand side measures such as lighting, heating, ventilation, air conditioning, building management systems and controls. Taken as a whole, investing in energy efficiency improves the energy system, so that when the new clean energy generation does eventually arrive at scale, it's not wasted.

Objectives and dividends

During the financial year, the Company achieved its financial objectives by generating sufficient net income from its investment portfolio to support its dividends and a positive NAV total return, consistent with its targets.

The Investment Manager prepared projections for the Directors and proposed 6.00 pence per share for the target dividend for the year ending 31 March 2023, an increase of approx. 7%.

In making the proposal, the Investment Manager took into account a number of factors. These included the new investments made during the year, projected levels of cash generation from the investment portfolio, excess of earnings and cash flow over dividends paid in prior years and the current inflationary environment across the geographies in which the investment portfolio operates. The aim of the Company is to continue to deliver future capital growth and to target covering of the future progressive dividend with earnings and cash flow.

Growth

The Company's portfolio increased by over £300 million during the year, through 12 investments. The value of the Company's investment portfolio, including portfolio company leverage, surpassed £1 billion, compared to £100 million at IPO.

Diversification

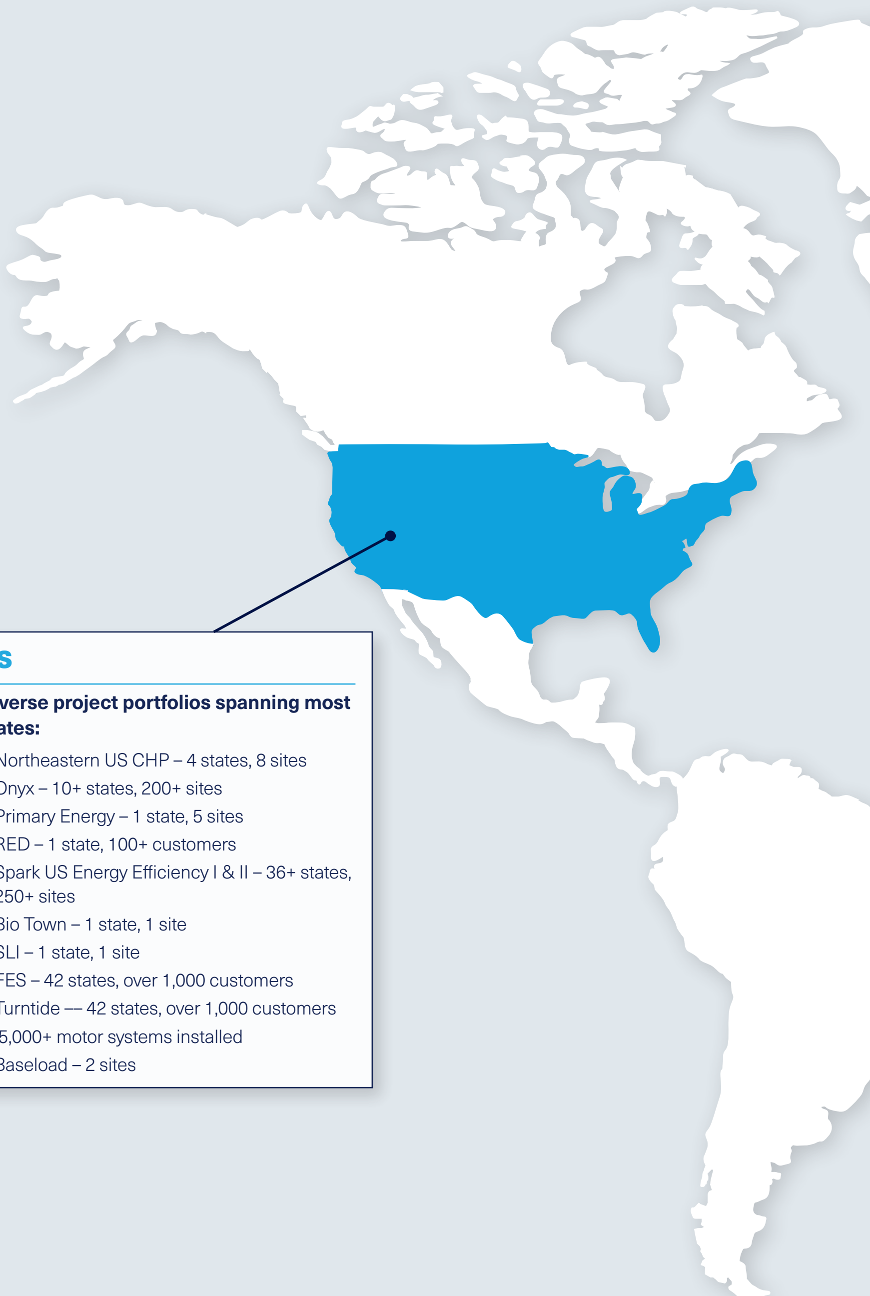
Portfolio of projects spanning most U.S. states, the UK, Europe and Asia

Diversification

Thanks to shareholder support for two new equity issues during the year that raised £350 million, the Investment Manager was able to achieve further scale and diversification for SEEIT by geography, technology, industry and counterparty, described further below.

Geographically, SEEIT added new investments to its portfolio in the United States, which now covers nearly every State. In Europe, SEEIT gained exposure to a new country, Portugal, through its acquisition of an operational green CHP system and the establishment of a strategic partnership with Sonae Group.

By technology, SEEIT expanded its portfolio of lighting and green CHP projects, so further diversifying its supply chain and end markets. In addition, it added exposure to new markets by funding the energy efficiency measures for the first certified net zero multi-family residential building in the United States and entered the United States biogas market, serving the Californian low carbon transport fuels market by financing the generation of green gas upstream, reducing the fugitive emissions from dairy farms. Post period, SEEIT added new investments in geothermal district energy, liquid cooling for datacentres and rare-earth free energy efficient motors.



US

Diverse project portfolios spanning most states:

- Northeastern US CHP – 4 states, 8 sites
- Onyx – 10+ states, 200+ sites
- Primary Energy – 1 state, 5 sites
- RED – 1 state, 100+ customers
- Spark US Energy Efficiency I & II – 36+ states, 250+ sites
- Bio Town – 1 state, 1 site
- SLI – 1 state, 1 site
- FES – 42 states, over 1,000 customers
- Turntide –– 42 states, over 1,000 customers
- 5,000+ motor systems installed
- Baseload – 2 sites

2.3 Investment Manager's Report
continued

Risk Management

The Investment Manager constantly monitors the portfolio for risks, seeking to identify and to actively mitigate them. This process is set out further in Section 3.3. Risk Management.

Credit risk mitigation is a key priority. The Investment Manager has sought to ensure that the majority of the portfolio's revenues are associated with investment grade clients (approx. 60% by investment value of the investment portfolio as at 31 March 2022) and, further, that the investments are providing essential energy services to essential infrastructure assets or facilities, such that they will continue to be needed even if there is a change of ownership. New investments during the year were made with the objective of maintaining a diversified portfolio of credit counterparties. During the year, and indeed since IPO, the Company has not suffered from any material losses from credit defaults in the underlying investment portfolio.

The investment portfolio companies benefit from over 300 full time employees at portfolio level, in addition to the team of over 45 at the Investment Manager.

Performance risk mitigation is an ongoing and active function of the Investment Manager, aimed at minimising the chances of operational disruption causing a loss in revenues to the Company from the underlying investments. This involves ensuring that appropriate operation and maintenance teams and contracts are in place for new investments, that availability of energy services is maintained at the levels required by clients and that warranties or guarantees as to performance from suppliers are enforced if required.

The Investment Manager has also reviewed its insurance strategy across the portfolio to ensure suitability and value for money from the insurance programme and continued level of coverage across the projects.

The Company's revenues from underlying investments can be affected, in some cases, by changes in utilisation of assets by clients. This can occur where investments have 'capacity-based' revenues, which are derived principally from a contractual right of first despatch, whereby an off-taker agrees to pay for a volume of output to the extent that it has demand for it. This differs from revenues that are 'availability-based, regulated or pre-determined', which are derived principally from making an investment's asset available for use and that do not depend substantially on the demand for or use of the project. Most of the Company's investments have availability-based, regulated or pre-determined revenues (approx. 77% by investment value of the investment portfolio as at 31 March 2022) but in some cases they have capacity-based revenues (approx. 18% by investment value of the investment portfolio as at 31 March 2022), such as Ironside and PCI in the Primary Energy portfolio.

During the financial year, expectations for future demand lowered at two of the five investments in the Primary Energy portfolio. One case was at Ironside with the announcement in February 2022 of the idling of Indiana Harbor number 4 blast furnace ("IH4"). The other case was at PCI in conjunction with a planned transition to lower carbon solutions over time. The Investment Manager is working closely with the Primary Energy management team and the client, Cleveland Cliffs, to re-configure the Ironside investments to serve other blast furnace needs at Indiana Harbor, and also to assist the client to identify solutions at PCI, which is a joint venture with Cleveland Cliffs. At the same time, the Investment Manager and the Primary Energy management team will be engaging with the client on the upcoming re-contracting at Cokenergy. The net incremental impact on the valuation as at 31 March 2022 from the operational challenges and opportunities at Primary Energy was however limited to less than £10 million.

The Company's revenues from underlying investments can also be affected by development and construction risks, including delays. Most of the Company's investments are in the operational phase but in some cases, such as Onyx's portfolio, they involve development stage projects. During the financial year, the impact of and expectations for delay to some project developments increased due to supply chain and other Covid-related factors. Nonetheless, the Onyx pipeline grew in volume and quality during the year. The Investment Manager worked closely with the Onyx management team and with its co-shareholder Blackstone to pro-actively grow the pipeline, as well as to strengthen and support the management team, systems and processes to ensure that risks can be managed so that Onyx can be in the best position to address a large and growing market opportunity.

The Company's revenues from the underlying investment portfolio are exposed to macro-economic factors, including foreign exchange rate fluctuations, and volatile inflation and interest rate environments.

Financial risk mitigation during the year included an effective foreign exchange hedging strategy which resulted in minimal impact on the

Company's NAV from fluctuations in foreign exchange rates. In addition, the Investment Manager sought, where possible, opportunities to ensure that any exposure to energy or commodity prices are mitigated or passed through under contracts over the medium to long term. In certain areas of any potential residual risk exposure, for example on EU ETS costs in Spain, the Investment Manager implemented forward hedging to help manage the rising cost of certificates and the short-term impact on costs and cash flow.

Given the challenges faced across Europe with rising gas prices, the Investment Manager has also implemented a short-term gas hedging strategy across Vartan Gas and Oliva Spanish Cogeneration to manage the short-term impact of this on the free cash flow within these investments. The Investment Manager has also established an internal gas procurement division at Oliva Spanish Cogeneration, which it considers is valuable, to manage risks of fluctuating prices and supply interruption, and to optimise return through closer and more efficient alignment with the operations of the five natural gas fuelled investments within Oliva Spanish Cogeneration.

In addition to physical and financial risk management, the Investment Manager has also conducted a comprehensive review of cybersecurity across selected key investments during the year. No critical issues were flagged in the review and the Investment Manager has already commenced actioning recommendations that have come out of the exercise.

Value Protection and Creation

The Investment Manager seeks to generate added value for shareholders over the short, medium and long term. Examples of short-term value creation include the making of investments on attractive terms. In the case of new investments, this involves discipline on purchase price and upside opportunities. In the case of operational assets, an example was the incremental investment in Primary Energy in September 2021 through the exercise of an option previously agreed on attractive terms. In the case of construction phase assets, an example was Biotown Ag, where discount rates can be expected to reduce as the investment moves from construction to operational phase and construction risk becomes sufficiently mitigated.

Over the medium term, value protection and creation can involve adding capacity to drive revenues, rationalising costs and/or otherwise improving margins. Successful examples on operational assets have included, in the case of Oliva Spanish Cogeneration, a combination of vertical integration by in-sourcing fuel supply and forward purchasing of EU ETS.

In regards to assets under development or construction, the Investment Manager has actively supported platform companies such as EV Network in structuring and securing key contracts, for example with bp pulse and ESB. The Investment Manager had active involvement in the negotiation of material contracts with offtakers, helping to accelerate roll-out of the fast-charging network and negotiating the right to convert a proportion of development capital to equity on pre-agreed terms with EV Network, the company managing the roll-out. The Investment Manager believes that the exercising of this right to convert will lead to additional value for the Company.

In the case of Onyx Renewables, the Investment Manager has worked closely with its partner and co-shareholder, Blackstone, to drive additional pipeline generation and to seek synergies across SEEIT's portfolio by making introductions to other SEEIT portfolio companies, with the objective of further enhancing Onyx's valuable position as one of the top ten commercial and industrial solar platforms in the United States.

Another example is RED, where the Investment Manager has been working to identify and invest in accretive projects that provide additional energy services to existing and new customers, as well as to identify new energy efficiency initiatives.

Over the longer term, the Investment Manager is focussed on business strategy and the opportunity for significant growth in certain investments. A good example is Vartan Gas, Stockholm's gas grid. The Investment Manager stated, at the point of acquisition, its environmental objective of increasing the biogas content from 70% to 100% over time. Currently, the biogas content is on track at approximately 80%. The Investment Manager believes that there is additional environmental and economic opportunity in leveraging the network to offer additional services, including electrical, as well as to service new transport markets beyond the existing bus networks. The Investment Manager is also exploring opportunities to expand downstream into on-site combined heat and power generation and, over the longer term, the role that its distribution assets might play in the distribution of hydrogen. These upsides will however take time, and in some cases years, to realise.

Organic Origination

A key feature of SEEIT's growth and competitive advantage has become the follow-on investment opportunities that arise from its existing portfolio, through investment in assets or commitments to platforms, or what the Investment Manager refers to as SEEIT's "organic" pipeline. Examples include the series of projects that SEEIT has invested in under the rights of first refusal or other arrangements that it has with Sparkfund in the US and the EV Network in the UK, and the development of future investment opportunities in onsite solar generation that the Onyx management team specialises in. These arrangements generate substantial volumes of deal flow, often at pre-agreed rates of return, which provides defensive characteristics in a competitive environment.

Acquisitions in the Market

The Investment Manager has continued to be selective in its approach to acquisitions in the market. It has continued to exercise pricing discipline and has preferred to make investments through a private or bilateral negotiation with a vendor, rather than through a competitive auction process competing on price alone.

During the year the Investment Manager secured significant new investments in Red Rochester and FES Lighting in the USA, Capshare in Portugal, and incremental stakes in Primary Energy and Oliva Spanish Cogeneration. These investments were all secured through private or bilateral negotiations and added to the investment portfolio to achieve further diversification and enhance the Company's ability to deliver on its stated objective.

The Investment Manager has seen similarly high levels of investor appetite and therefore competition for district energy assets in Europe and North America and has therefore preferred to adopt a strategic or buy-and-build strategy as opposed to pursuing existing platforms at high prices.

During and shortly after the period end, the Company made its first investments from the new allocation of up to 3% of gross asset value to developers, operators or managers of energy efficiency projects, in accordance with the modification of the Company's Investment Policy in August 2021. These investments offer the Company exposure to potentially 'breakthrough', although commercially proven, technologies, together with the opportunity to invest in a scalable pipeline of projects. One of these investments involved a US$10 million investment in Turntide, a company that manufactures energy efficient motors that do not use rare earth minerals, together with a negotiated opportunity to invest up to US$100 million in project opportunities. Another of these investments involved an investment of £3 million in a company that offers an energy efficient cooling solution for data centres, Iceotope, together with a negotiated opportunity to invest up to another £100 million in project opportunities. Both investments were made alongside several other high quality institutional investors.

Active Asset Management of Investments

In addition to overseeing the portfolio and each investment, the Investment Manager carefully considers emerging geopolitical and macroeconomic developments that may impact the performance of the investments. In the current market – made increasingly volatile due to extenuating circumstances such as the COVID-19 pandemic, supply chain disruptions, inflation, energy and carbon price volatility and most recently the Russian invasion of Ukraine – seeking to mitigate risks associated with external circumstances is essential.

The Investment Manager's team consists of investment professionals with experience in portfolio management, asset and risk management, managing construction and operation and maintenance (O&M) contracts and ESG Management. Further information on ESG Management can be found in Section 2.4.

Focussing On Performance

The Investment Manager seeks opportunities to improve margins and returns, whether by increasing capacity, unlocking new sources of revenue, or addressing cost inefficiencies. For example, in the case of its Oliva Spanish Cogeneration portfolio in Spain, the Investment Manager put in place measures to improve the cost efficiency of fuel gas by bringing in house at investment level the gas procurement. Other examples included establishing priorities to expand revenue streams and increase biogas content in the Värtan Gas investment in Stockholm and actively developing pipeline opportunities with Onyx. The Investment Manager also seeks opportunities for collaboration between portfolio companies.

The portfolio is managed through a combination of:

- Over 45 employees at SDCL, plus over 300 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

2.3 Investment Manager's Report
continued

- Coordinated full time presence on-site, teams of professional advisers and active day-to-day involvement by the Investment Manager's management team, including a team of senior and experienced professionals focused solely on driving value through asset management and improvement.

The Investment Manager typically seeks to maintain influence and control over investments through board representation and to secure protection through financing and contractual arrangements. The Investment Manager seeks to retain the right to step in and replace subcontractors in the event of underperformance.

The Investment Manager is particularly focused on maintaining health and safety, reporting on and improving ESG factors, enhancing the value of its services, identifying and mitigating risks, and developing the skills of individuals involved in managing investments in the portfolio. The Investment Manager is in the process of undertaking a periodic review of its health and safety governance programme to ensure it is consistent across all investments and remains fit for purpose as part of the management of the overall investment portfolio.

Long-Term Contracted Cash Flows

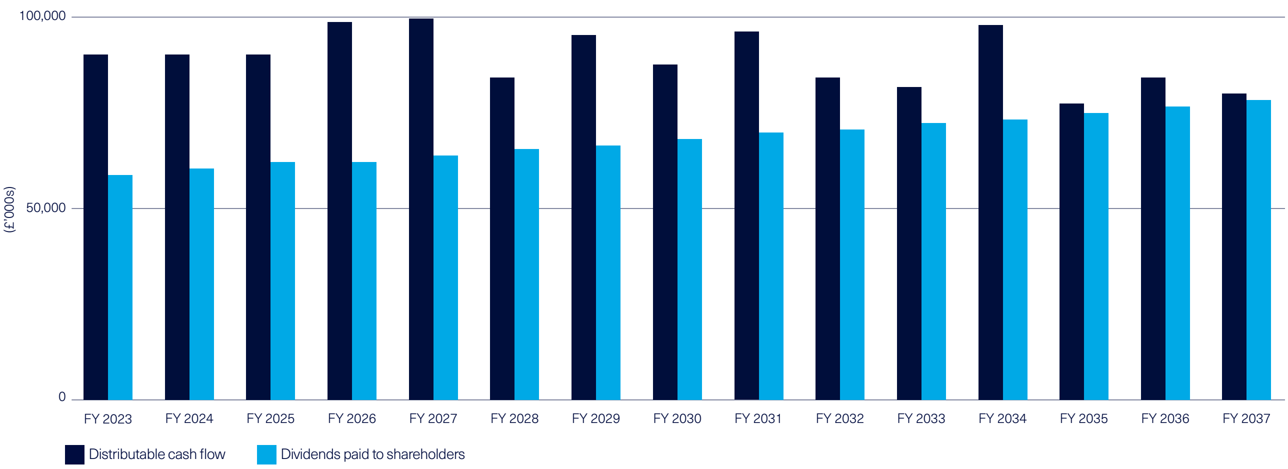
The Company derives its return on its investments primarily through receipt of contracted cash flows through the operational life of the investments in the portfolio. These are often calculated upfront and can be based on a variety of factors, including but not limited to: heat and electricity availability, output of heat and electricity, opportunity for energy savings, or other energy related services. Cash flows may however have potential to be variable or fluctuating for certain investments, if they rely on a host counterparty's demand for energy or can be impacted by volatility in the energy market. Certain investments also assume that cash flows will continue beyond the current contractual period – further details are in Section 3.2 Valuation of Portfolio.

Once operational, investments provide attractive levels of cash distributions and running yield, and are designed to achieve relatively high, contracted, and predictable cash flows. The quality of this running yield is enhanced through investments with strong delivery partners, where the risks involved in implementation, operation, and the associated revenues can be identified and mitigated.

Based on an illustrative model of projected future cashflows over the next 15 years, the Investment Manager believes that the Company will generate sufficient cash to fully cover dividends over the medium to long-term, with excess cashflows after dividend payments expected to be re-invested to grow the Company's NAV in line with its target returns[15].

The visibility of revenues derived from the contracts at the operational phase provides support for an attractive and growing yield to be returned to investors.

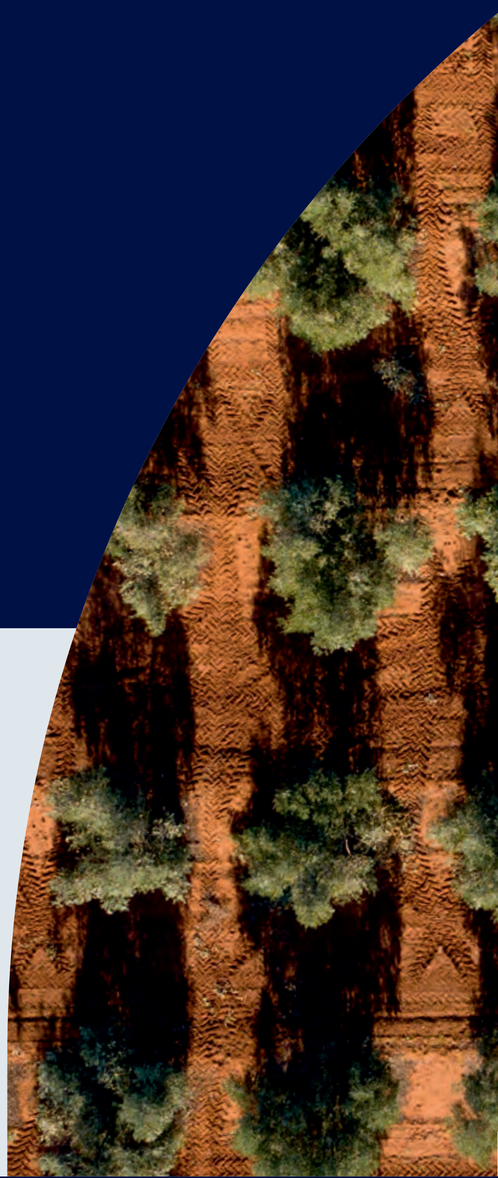
Projected Cash Flows



[15] Note: The chart above is for illustrative purposes only, assuming a 14 year weighted average portfolio term and does not represent a forecast. There can be no assurance that these cash flows will be met. The hypothetical cash flows do not take into account any unforeseen costs, expenses or other factors which may affect the portfolio assets and therefore the impact on the cash flows to the Company. As such, the graph above should not, in any way, be construed as forecasting the actual cash flows or actual returns from the portfolio

Portfolio Construction

SEEIT's portfolio is diversified and allocated between efficient supply, distribution, and demand reduction. Selected examples are shown in the Venn diagram below:



The Problem

Most energy is wasted before reaching the end user, and yet more energy is wasted when what remains gets there ...

Energy is wasted during:

- **Conversion**
- **Generation**
- **Transmission**
- **Distribution**
- **End use**

The Solutions

Cleaner and More Efficient Supply

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

Green Energy Distribution

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

Point of Use / Demand Reduction

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

Cleaner and More Efficient Supply

ONYX
Over 200 on-site solar and storage projects in the US

Primary Energy
5 cogeneration projects for steel industry in the US

SEEIT OLIVA
9 cogeneration projects for olive industry in Spain

BioTownAG
Large-scale green gas-to-grid project in the US

Energy efficiency retrofit at one of Ireland's largest public hospitals

RED-Rochester, LLC
District energy system providing C&I utility services over 1,200 acre Eastman Business Park in the US

gasnätet STOCKHOLM AB / STOCKHOLM GAS
Stockholm's gas grid, 70% biogas, with over 50,000 customers

Portfolio of geothermal power plants in Japan, Iceland, and the US

theEVnetwork
Fast electric vehicle charging stations for operators in the UK

Santander
LED Lighting for 500+ Santander buildings in the UK

FUTURE ENERGY SOLUTIONS
Over 1,000 LED lighting customers across 42 states in the US

Green Energy Distribution

Point of Use / Demand Reduction

Exploring co-investment opportunities

As set out in the Company's investment policy, the Company may co-invest alongside one or more co-investors, which could include investment companies, other financial investors, or strategic investors in the relevant sector.

The Investment Manager will consider co-investment opportunities where it believes such opportunities to be in the best interests of the Company, for instance, to manage the Company's exposure to an investments or counterparty and ensure compliance with investment policy restrictions.

Outlook

Overall, SEEIT's portfolio has grown to scale and benefits from a critical mass to support diversified income and growth opportunities from a combination of organic as well as new investment.

The market background and outlook provide tailwinds for energy efficiency, given that energy efficiency is more valuable than ever as a solution to economic, climate and energy security challenges.

SEEIT will continue to focus on operational investments and to a more limited extent, on investments in the development or construction phase that the Investment Manager considers can be commissioned within a short period of time following commitment and at low risk that project commissioning will overrun (both in terms of time and budget). The Investment Manager will seek opportunities to improve margins to achieve capital gain from operational projects, as well as to seek NAV growth through acquisitions at attractive prices or through development and construction stage projects that can be commissioned quickly to generate total return.

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 and grow.

2.4 ESG Management

Through its focus on energy efficiency solutions, SEEIT's investments provide positive environmental outcomes by reducing overall energy-related greenhouse gas emissions. However, in addition to environmental issues, the Company has evolved its ESG approach to integrate a broader range of material social and governance issues centred on key focus areas that maximise long term value creation for both investors and society.

SEEIT's Responsible Investment Policy, outlined above, sets out four focus areas that provide the Company an ESG lens with which to view its operations. The Responsible Investment Policy acts as the nexus of the Company's ESG considerations and is thus carried out in SEEIT's entire ESG management process.

The Company's ESG Management process sets out how material ESG risks and opportunities are identified, systematically analysed and assessed, monitored and managed throughout the investment lifecycle of projects, from initial screening and due diligence to acquisition and asset management.

The Investment Manager's focus on developing and investing in energy efficiency solutions signifies the Company's involvement in decarbonising energy production and thus facilitating net-zero. As part of that commitment, the Investment Manager strictly monitors, with the intention of abating, the Company's climate risks and related impacts. This includes key performance indicators which are used to measure, monitor, and manage ESG outcomes.

ESG Management

Responsible Investment Policy

The Company's commitment to facilitating net-zero is an integral aspect to its Responsible Investment Policy, the purpose of which is to set out the Company's approach to responsible investment and incorporate its considerations into its investment decision-making and monitoring processes. This policy applies to all of the Company's investments and is overseen on a day-to-day basis by the Investment Manager.

The Company's focus in looking at the material ESG issues in its investments covers four principal areas:

1. Aiding the transition to a net-zero 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 safe, diverse, and inclusive environments for all workers, contractors and members of the community who use or encounter its projects

The Company's Responsible Investment Principles govern the ESG management process to make sure that sustainability, and specifically the energy transition, are incorporated into the governance of our operations.

The Investment Manager is responsible for implementing SEEIT's ESG policy under instruction and supervision of the Board. The Investment Manager then oversees all aspects of ESG policy and implementation, including how ESG considerations, such as climate-related factors, are incorporated into processes for investment appraisal and asset management.

The investment appraisal process is conducted in two main stages with early identification of climate-related and other ESG issues during the first phase followed by detailed due diligence to resolve any identified concerns and confirm that climate-related targets will be met during project operation.

Climate-related performance targets for all portfolio projects are monitored and reported quarterly. This informs any interventions and is reflected in quarterly reporting to the Company's Board.

Climate-Related Environmental Performance Data – year to 31 March 2022

The principal environmental performance data of SEEIT's portfolio is set out in the tables below which cover, respectively: portfolio energy generation and savings; Scope 1, 2 and 3 GHG emissions; and carbon intensity indicators.

Portfolio Energy Generation and Savings

	IMPACT													
	Period Carbon Savings		Renewable Electricity Generated		Renewable Heat Generated		Non-Renewable Electricity Generated		Non-Renewable Heat Generated		Energy Efficiency (Electricity)		Energy Efficiency (Thermal)	
	tCO2e		MWh		MWh		MWh		MWh		MWh		MWh	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
EU	**167,191**	**160,898**	**195,723**	**195,910**	**-**	**-**	**721,754**	**720,198**	**487,511**	**459,068**	**-**	**-**	**-**	**-**
Oliva Spanish Cogeneration	161,627	157,215	195,723	195,910	-	-	721,754	720,198	487,511	459,068	-	-	-	-
Värtan Gas	5,564	3,684	-	-	-	-	-	-	-	-	-	-	-	-
USA	**872,106**	**475,060**	**75,294**	**9,542**	**-**	**-**	**1,417,920**	**791,983**	**718,082**	**14,739**	**188,076**	**51,571**	**-**	**-**
Onyx	29,030	3,679	75,294	9,542	-	-	-	-	-	-	-	-	-	-
Primary Energy	716,651	451,280					1,259,942	786,422						
Spark US Energy	15,719	20,101	-	-	-	-	-	-	-	-	44,145	51,571	-	-
Northeastern US CHP	-	-	-	-	-	-	4,860	5,561	10,212	14,739	-	-	-	-
RED Rochester	-	-	-	-	-	-	153,118	-	707,870	-	-	-	-	-
FES Lighting	110,707	-	-	-	-	-	-	-	-	-	143,931	-	-	-
UK	**16,597**	**18,335**	**745**	**1,993**	**36,031**	**33,580**	**43,867**	**30,446**	**51,079**	**34,085**	**38,831**	**40,229**	**3,691**	**4,101**
Moy Park Biomass	9,660	9,003	-	-	36,031	33,580	-	-	2,882	2,050	-	-	-	-
Santander UK Lighting	6,071	6,869	-	-	-	-	-	-	-	-	24,610	26,008	3,691	4,101
Hunstman Energy Centre	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Citi Riverdale CCHP	(3,983)	(2,075)	-	-	-	-	24,065	17,752	23,358	17,642	-	-	-	-
Moy Park Lighting	3,020	3,242	-	-	-	-	-	-	-	-	14,221	14,221	-	-
St Barts CCHP	322	322	-	-	-	-	12,531	11,003	12,111	11,003	-	-	-	-
Supermarket Solar UK	161	448	745	1,993	-	-	-	-	-	-	-	-	-	-
GET Solutions	1,346	526	-	-	-	-	7,271	1,691	12,728	3,390	-	-	-	-
ASIA	**4,723**	**2,738**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,562**	**6,702**	**-**	**-**
SEEIPL	4,723	2,738	-	-	-	-	-	-	-	-	11,562	6,702	-	-
TOTAL PORTFOLIO	**1,060,617**	**657,031**	**271,762**	**207,445**	**36,031**	**33,580**	**2,183,541**	**1,542,627**	**1,256,672**	**507,892**	**238,469**	**98,502**	**3,691**	**4,101**

Portfolio GHG Emissions

	SCOPE 1				SCOPE 2				SCOPE 3	
	Direct Emissions				Indirect Emissions				Other Emissions	
	tCO2e		MWh		tCO2e		MWh		tCO2e	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
EU	**366,020**	**363,787**	**2,794,579**	**2,804,691**	**2,487**	**1,996**	**14,646**	**11,258**	**8,210**	**3,806**
Oliva Spanish Cogeneration	362,532	361,863	2,775,506	2,794,191	2,368	1,950	12,798	10,265	-	-
Värtan Gas	3,488	1,924	19,073	10,500	119	46	1,848	993	8,210	3,806
USA	**365,223**	**-**	**1,993,948**	**-**	**5,149**	**-**	**48,408**	**-**	**256,920**	**153,095**
Onyx	-	-	-	-	-	-	-	-	-	-
Primary Energy									256,920	153,095
Spark US Energy	-	-	-	-	-	-	-	-	-	-
Northeastern US CHP	-	-	-	-	-	-	-	-	-	-
RED Rochester	365,223	-	1,993,948	-	5,149	-	48,408	-	-	-
FES Lighting	-	-	-	-	-	-	-	-	-	-
UK	**6,162**	**2,257**	**74,090**	**50,122**	**-**	**-**	**-**	**-**	**15,832**	**16,220**
Moy Park Biomass	1,450	1,180	48,361	44,242	-	-	-	-	801	827
Santander UK Lighting	-	-	-	-	-	-	-	-	-	-
Hunstman Energy Centre	-	-	-	-	-	-	-	-	-	-
Citi Riverdale CCHP	-	-	-	-	-	-	-	-	10,622	10,629
Moy Park Lighting	-	-	-	-	-	-	-	-	-	-
St Barts CCHP	-	-	-	-	-	-	-	-	4,409	4,764
Supermarket Solar UK	-	-	-	-	-	-	-	-	-	-
GET Solutions	4,712	1,077	25,729	5,880	-	-	-	-	-	-
ASIA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SEEIPL	-	-	-	-	-	-	-	-	-	-
TOTAL PORTFOLIO	**737,405**	**366,044**	**4,862,617**	**2,854,813**	**7,636**	**1,996**	**63,054**	**11,258**	**280,962**	**173,121**

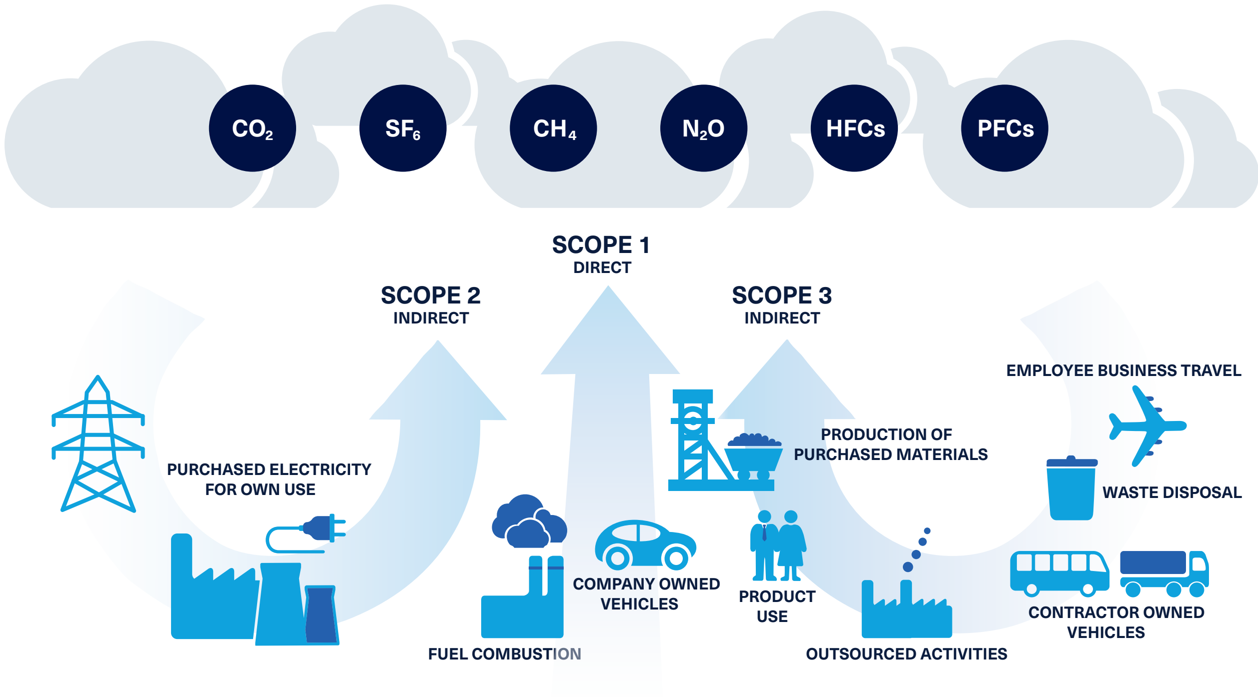
2.4 ESG Management
continued

Carbon Intensity Indicators

	Weighted Average Carbon Intensity		Total Carbon Emissions (S1+2)		"Total Carbon Emissions (S1+2+3)"		Carbon Footprint		Carbon Intensity		Carbon Intensity		Exposure to Carbon-Related Assets		Exposure to Carbon-Related Assets	
	tCO2e / £M Value		tCO2e		tCO2e		tCO2e / £M Value		tCO2e / £M Revenue		tCO2e / £M Value		£		%	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
EU	**3,010**	**3,116**	**368,507**	**367,167**	**376,717**	**370,973**	**404**	**664**	**1,879**	**-**	**3,010**	**3,116**	**210**	**222**	**23.1%**	**40.1%**
Oliva Spanish Cogeneration	2,969	3,116	364,900	365,177	364,900	365,177	400	661	1,863	-	2,969	3,116	123	117	13.5%	21.2%
Värtan Gas	41	-	3,607	1,991	11,817	5,797	4	4	16	-	41	-	88	104	9.6%	18.9%
Tallaght	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
Capshare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
USA	**1,909**	**-**	**370,372**	**-**	**627,292**	**25,879**	**406**	**-**	**5,184**	**-**	**1,909**	**-**	**420**	**201**	**46.1%**	**36.4%**
Onyx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
Primary Energy	-	-	-	-	155,910	24,152	-	-	-	-	-	-	111	152	12.2%	27.5%
Primary Energy II	-	-	-	-	46,773	1,727	-	-	-	-	-	-	33	46	3.7%	8.2%
Primary Energy III	-	-	-	-	54,237	-	-	-	-	-	-	-	78	-	8.5%	0.0%
Spark Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
Tecogen	-	-	-	-	-	-	-	-	-	-	-	-	3	4	0.4%	0.6%
RED	1,909	-	370,372	-	370,372	-	406	-	5,184	-	1,909	-	194	-	21.3%	0.0%
FES Lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
Biotown	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
SLI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
UK	**734**	**2,195**	**6,162**	**11,360**	**21,994**	**27,638**	**7**	**21**	**3,285**	**-**	**734**	**32**	**41**	**38**	**4.5%**	**6.9%**
Moy Park Biomass	87	32	1,450	550	2,251	1,376	2	1	352	-	87	32	17	17	1.8%	3.1%
Santander UK Lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
Hunstman	-	-	-	-	-	-	-	-	-	-	-	-	13	12	1.5%	2.1%
Citi Riverdale CCHP	-	-	-	-	10,622	10,669	-	-	-	-	-	-	3	3	0.3%	0.6%
Moy Park Lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
St Barts	-	-	-	-	4,409	4,782	-	-	-	-	-	-	1	1	0.1%	0.2%
Tesco	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
Smartenergy	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0.0%	0.0%
GET Solutions	647	2,163	4,712	10,811	4,712	10,811	5	20	2,933	-	647	-	7	5	0.8%	0.9%
EVN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
Base Power	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
ASIA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.0%**
SEEIPL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
SOGA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
TOTAL PORTFOLIO	**5,653**	**5,311**	**745,041**	**378,527**	**1,026,003**	**424,490**	**817**	**685**	**10,349**	**0**	**5,653**	**3,148**	**671**	**461**	**73.6%**	**83.4%**

Collecting energy and carbon data across the portfolio is currently a manual process which the Company is continuously evolving and improving. Further enhancements to the reporting process during this financial year resulted in a change to the historic data, principally to the re-classification between categories of the portfolio's energy generation and savings. The comparative data for 2021 is therefore based on the data the Company reported in its November 2021 ESG report rather than the data reported in its Annual Report and Accounts for 31 March 2021.

Overview of scopes and emissions across a value chain[18]



Mitigating our Climate Impacts

Calculating GHG Emissions

The Investment Manager is dedicated to mitigating the Company's climate impacts through its ESG management process, which gathers climate-related performance data quarterly. One of the most critical datasets gathered from investments are their relevant carbon emissions. The Investment Manager calculates carbon savings, renewable electricity and heat generated, and energy efficiency savings each reporting period based on power usage data recorded at the investment level. The Investment Manager also calculates Scope 1, 2 and 3 emissions based on the guidance from the Greenhouse Gas Protocol, which is the most comprehensive and globally standardised framework to measure and manage GHG emissions.

Due to the operational and organisational boundaries the Investment Manager set with regards to the Greenhouse Gas Protocol, the Company considers the Scope 1 and 2 emissions of its underlying investment portfolio to be its own Scope 1 and 2, instead of considering them as "Investments" under Scope 3. This allows the Investment Manager to take a critical look at the Scope 1,2 and 3 emissions of the Company's investments in order to create detailed and strategic plans for abating them.

Net-Zero Strategy

The Investment Manager is committed to aligning the Company's portfolio with the International Energy Agency's net-zero scenario, recognising the importance of decarbonising power generating assets to follow the sectoral decarbonisation pathway. The Investment Manager's ESG Team has reviewed the Science Based Target Initiative and created an internal timeline and working group to analyse decarbonisation scenarios for the Company's highest emitting assets. The ESG Team continues to monitor existing and potentially 'breakthrough' technologies and other innovative solutions to reduce climate impacts of the Company's projects.

The Investment Manager also considers the impact of future investments on net-zero and will continue to pursue projects that facilitate the global energy transition.

18 Picture: Greenhouse Gas Protocol

2.4 ESG Management
continued

Climate Risk Management and Resilience of Strategy

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 acquisition or development opportunities in the future, on its pipeline.

In terms of the investment portfolio, the Investment Manager is considering how different climate-related scenarios would impact investments and related revenues and costs over time. This includes consideration of both transition risks and physical risks which are assessed during investment appraisal and on an on-going basis as part of asset management. The scenarios considered reflect general assumptions about short-, medium- and long-term climate-related impacts under a range of scenarios and are assessed in terms of project specific impacts.

This approach enables SEEIT to identify climate-related risks relevant to each project against which mitigation measures and plans are formulated. In line with evolving Task Force on Climate-Related Financial Disclosure (TCFD) guidelines, the Investment Manager's ESG team is now working to model the long-term climate risks associated with SEEIT's investments depending on specific IPCC scenarios and will suggest specific actions to mitigate the Company's risk exposure.

For new acquisition and development opportunities the Company considers the impact of climate-related scenarios in making decisions about the technologies and markets to focus on. Whilst this involves commitments to deploy resources to new regions and to develop new technology partnerships the Company can adapt its business development strategy in the medium to long term to take account of impacts suggested by climate-related scenario analysis as they evolve.

For more information on risks and risk management, see Section 3.3 Risk Management.

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

The Investment Manager and the Company supports the importance of adhering to TCFD to maintain consistent climate-related financial risk disclosures and indicate the opportunities for investments related to the energy transition. The TCFD regulations are not yet mandatory for the Company and as such, this section reflects the work undertaken so far by the Company on a voluntary basis. Sustainability and climate are integral aspects of the Company's overall operations, as reflected in many of the disclosures outlined in this report and mapped out below for reference.

In the year ahead the Investment Manager will continue to progress relevant matters as the Company prepares to fully adopt TCFD.

SDCL is a signatory of the UN PRI

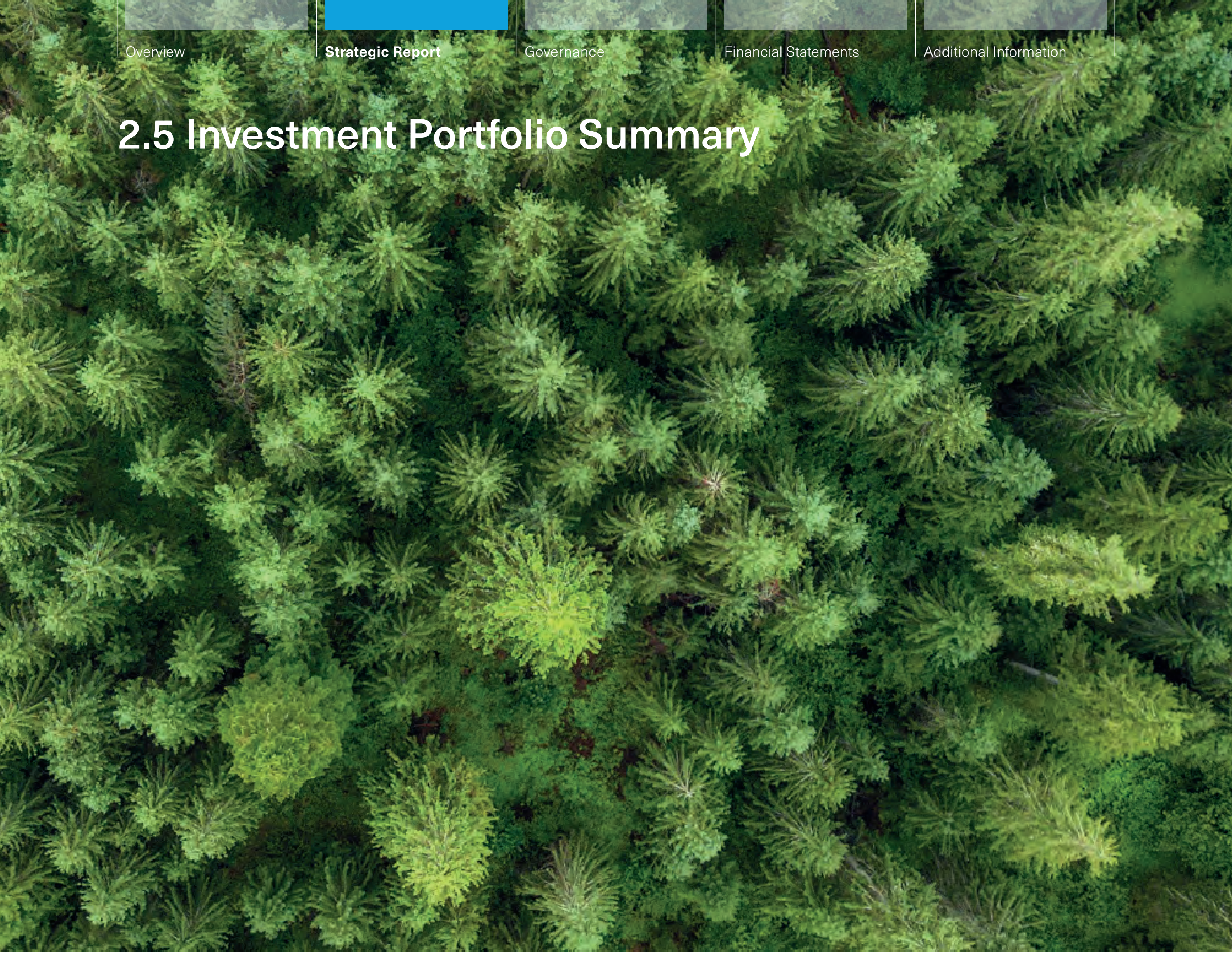
SEEIT supports the recommendations of the Task Force on Climate-related Financial Disclosures'

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

Boutique investment manager of the year

Recommendation	Disclosure
Governance	
Describe the Board's oversight of climate-related risks and opportunities.	Climate-related considerations are always included when reviewing or setting strategy, major plans of action, risk management policies, annual budgets and business plans as well as setting the performance objectives of the Company. The Company's board is informed about climate related issues affecting the portfolio and potentially impacting SEEIT's strategy and business prospects at least quarterly, through regular reporting by the Investment Manager for discussion during quarterly board meetings. Additional matters arising outside of the regular reporting cycle which the Investment Manager considers require Board notification and/or a decision on actions will be notified to the Board immediately.
Describe management's role in assessing and managing climate-related risks and opportunities.	The Investment Manager is responsible for implementing SEEIT's ESG policy under instruction and supervision of the Board. Details are located above in Section 2.4 ESG Management.
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	As a company investing primarily in investments that improve sustainability through reduced use of energy or utilisation of renewable energy resources, risk and opportunity are assessed primarily in terms of the long-term capability of those investments to deliver sustainable solutions while taking account of possible policy changes or potential technology improvements whilst maintaining net income to deliver financial returns. Details on climate-related opportunities and climate-related risks are located in Section 3.3. Risk Management
Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.	The overall impact of the climate related issues affecting the Company is generally positive due to the fact its investments are designed to provide lower-emission solutions to climate-related issues.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The Company considers the resilience of its strategy in terms of the impact of climate-related risks on its portfolio and on the prospects for new investments or development opportunities in the future.
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks.	Identifying risks is a key part of the Investment Manager's due diligence process for each potential investment. The Investment Manager currently takes the obvious climate associated risks into consideration during due diligence but is onboarding a new process to consider the diverse array of risks more quantitatively.
Describe the organisation's processes for managing climate-related risks.	The ESG due diligence process includes engagement and dialogue with investee companies' management or project developers to discuss a wide range of ESG matters which will inform both the due diligence process and the development of each asset management plan. The Investment Manager will take an active management approach when managing climate-related risks, and is finalising a strategy to do so across the portfolio.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	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 and investment management. The Investment Manager plans to further refine its process for incorporating climate-related risks into its overall risk management.
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 climate-related metrics related to energy consumption, savings, and emissions – in addition to overall ESG models. Details on the relevant metrics are laid out in the tables above in Section 2.4 ESG Management and Section 2.6 Company Key Performance Indicators
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	The Company reports on its Scope emissions in accordance with the guidelines set out in the Greenhouse Gas Protocol. Details on our emissions data are above in Section 2.4 ESG Management.
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. Details on these KPI's are in the tables above in Section 2.4 ESG Management and Section 2.6 Company Key Performance Indicators

2.5 Investment Portfolio Summary



Investment Update

During the financial year, SEEIT successfully increased the scale of its portfolio, investing over £300 million in new 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 2021, SEEIT has made investments focused on supply and distribution and demand reduction involving:

- Geothermal district energy
- Biomass (forest waste) fuelled combined heat and power
- Green gas (agricultural waste) combined heat and power and gas grid injection
- Net zero carbon residential homes
- Industrial motors, controls and batteries
- Datacentre cooling

The Company started the year with approximately £126 million of cash and no revolving credit facility ("RCF") debt drawn. The available cash and RCF was used to acquire the Red Rochester and SOGA investments for c. £140 million, commit an initial c. £10 million out of a total of £22 million to Biotown, pay the fourth quarterly dividend in June 2021 and be available for general working capital purposes. In September 2021 the Company published a new prospectus with a twelve-month share issuance programme and completed a £250 million capital raise shortly thereafter.

The proceeds were partially used to repay approximately £70 million of debt under the RCF held by SEEIT Holdco, and £34 million was used to acquire the remaining 35% stake in the Primary Energy portfolio in September 2021. The remainder was utilised, committed or allocated to new investments, including FES Lighting and Sustainable Living Innovations, and follow-on investments, including EV Network, Onyx and Spark US Energy Efficiency II.

A further £100 million capital raise was concluded in March 2022 (see Financing Update below) and the proceeds supported the Company's c.£32 million investment in Capshare and allocations to follow-on investments and opportunities, including Turntide, Baseload and Iceotope.

Over £300 million in new investments and commitments.

Investment activity since 31 March 2021

During the Financial Year Ended 31 March 2022




	SOGA	RED	Tallaght Hospital	Biotown
Investment/ Commitment Date	April 2021	April 2021	May 2021	July 2021
Type	New	New	New	New
Location	Singapore & Vietnam	USA	Ireland	USA
Commitment	c. £2m	c. £139m	c. £6m[17]	£22m[18]




	Lycra	Primary Energy	Sustainable Living Innovations	FES Lighting
Investment/ Commitment Date	September 2021	September 2021	October 2021	November 2021
Type	New	Follow-on	New	New
Location	Singapore	USA	USA	USA
Commitment	c. £3m[19]	c. £34m	c. £4m	c. £16m




	Capshare	EV Network	Onyx	Spark US Energy Efficiency II
Investment/ Commitment Date	March 2022	Various in period	Various in period	Various in period
Type	New	Follow-on	Follow-on	Follow-on
Location	Portugal	UK	USA	USA
Commitment	c. £32m	c. £8m	c. £21m	c. £11m

After the Financial Year Ended 31 March 2022



	Baseload	Turntide	Iceotope
Investment/ Commitment Date	May 2022	May 2022	June 2022
Type	New	New	New
Location	Sweden	USA	UK
Commitment	c. £21m[20]	c. £8m	c. £3m



	Biotown	Onyx	Spark US Energy Efficiency II
Investment/ Commitment Date	Various in period	Various in period	Various in period
Type	Follow on	Follow on	Follow on
Location	USA	USA	USA
Commitment	c.£1m	c.£18m	c.£3m



	Tallaght Hospital	EV Network	FES Lighting
Investment/ Commitment Date	Various in period	Various in period	Various in period
Type	Follow on	Follow on	Follow on
Location	Ireland	UK	USA
Commitment	c.£2m	£6m	c.£2m

17 A total commitment of £6 million of which £1.4 million had been deployed by 31 March 2022

18 A total commitment of £22 million of which £14 million had been deployed by 31 March 2022

19 A total commitment of £3m which £0.3m had been deployed by 31 March 2022

20 A total commitment of £21m not yet drawn

Portfolio Analysis

The below table provides a summary of the Company's total portfolio as at 31 March 2022:

	Project	Phase	Customer	Industry	Technology	Overview
Ireland	**Tallaght Hospital**	Construction	Tallaght Hospital	Healthcare: Hospital	Combined Heat and Power (CHP), Heating, Ventilation, and Air Conditioning (HVAC), Building Management Systems (BMS) and other Energy Efficiency (EE) solutions	Energy efficient measures for one of Ireland's largest hospitals, resulting in more efficient generation of power onsite as well as overall reduction in consumption of power on-site
Portugal	**Capshare**	Operational	Sonae Arauco PT and Portuguese energy market	Industrial: Manufacturing	Biomass	Onsite efficient generation of renewable heat and electricity
Spain	**Oliva Spanish Cogeneration (includes nine investments)**	Operational	Spanish energy market and olive processing plants	Industrial: Food production	CHP, biomass and olive processing plants	Onsite efficient generation of heat and power to support the process of recycling waste from olive oil production for energy production as well as secondary olive oil products
Sweden	**Värtan Gas (consisting of Gasnätet and Stockholm Gas)**	Operational	54,000+ customers	Utility: Biogas and natural gas supply	Biogas and natural gas pipeline	Gas supply and distribution to buildings and transport across Stockholm, with high levels of system efficiency
United States	**Onyx (includes five investments)**	Operational, construction and development pipeline	70+ off takers across 200+ assets	Public and private sector	Solar and energy storage	Onsite solar and battery energy storage providing efficient renewable power for public and private sector customers
	Primary Energy (includes five investments)	Operational	Cleveland-Cliffs and US Steel	Industrial: Steel production	CHP, Steam turbines, and pulverized coal injection plant	Recycling of waste gases from steel processing as well as other fuel sources to produce onsite energy to the customer sites that is more efficient and cleaner than the grid
	Spark US Energy Efficiency I	Operational, construction and development pipeline	Various	Commercial: Various	Lighting and energy efficiency measures	Multi technology energy efficiency measures in buildings for small and medium-sized companies, resulting in decrease in consumption of energy onsite
	Spark US Energy Efficiency II	Operational, construction and development pipeline	Various	Commercial: Various	Lighting and energy efficiency measures	Multi technology energy efficiency measures in buildings for small and medium-sized companies, resulting in decrease in consumption of energy onsite
	RED Rochester	Operational	100+ companies	Industrial: various	Multiple energy and utility services	Onsite efficient power and heat generation and distribution, as well as energy, water and waste management for industrial and commercial companies located within a large commercial and industrial business park
	Biotown	Operational and expansion construction	NIPSCO, a public utility	Utility: Biogas and green gas supply	Biogas fired energy generation	Conversion of agricultural and food waste into biogas for energy generation and green gas supply
	Northeastern US CHP	Operational	Various (eight)	Commercial: Various	CHP	Onsite efficient generation of power and heat for the public and private sector customers
	SLI	Construction	Sustainable Living Innovations	Residential	Direct energy efficiency systems, solar and control systems	Direct energy efficiency systems, solar and control systems in the building, which collectively support the Net Zero Energy designation of 303 Battery Street building in Seattle
	FES Lighting	Operational, development pipeline	Various	Commercial: Various	Lighting	Energy efficiency though lighting retrofits for a range of mainly small and medium sized companies, resulting in decrease in energy consumption onsite

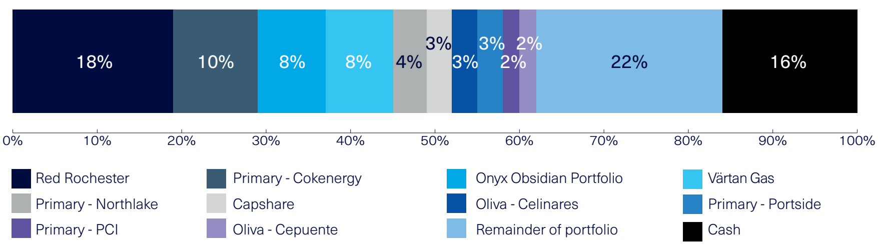
2.5 Investment Portfolio Summary
continued

	Project	Phase	Customer	Industry	Technology	Overview
United Kingdom	**Moy Park Biomass**	Operational	Moy Park	Industrial: Food Production	Biomass boilers	Onsite and efficient generation of renewable heat
United Kingdom	**Santander UK Lighting**	Operational	Santander plc	Commercial: Banking	Lighting and energy efficiency measures	Energy efficient measures for buildings including more efficient lighting, resulting in decrease in consumption of energy across the customer's site
United Kingdom	**Huntsman Energy Centre**	Construction	Huntsman	Industrial: Polyurethane manufacture	Steam raising boilers	Recycling and reduction of waste gases from chemical manufacturing to produce onsite and efficient energy to the site
United Kingdom	**Citi Riverdale CCHP**	Operational	Citigroup	Data centres: Banking	Combined Cooling, Heat and Power (CCHP)	Onsite and efficient combined cooling and power for a data centre
United Kingdom	**Moy Park Lighting**	Operational	Moy Park	Industrial: Food Production	LED lighting	Efficient lighting, resulting in decrease in consumption of energy across the customer's estate
United Kingdom	**GET Solutions**	Operational	Holiday Inn and Crowne Plaza hotels	Travel: Hotels	CHP	Onsite and efficient generation of heat and power
United Kingdom	**St Barts CCHP**	Operational	St Bartholomew's Hospital	Healthcare: Hospital	Combined Cooling, Heat and Power (CCHP)	Onsite and efficient power, heating and cooling for England's oldest hospital
United Kingdom	**Supermarket Solar UK**	Operational, construction and development	Tesco plc	Commercial: Retail	Rooftop solar	Onsite solar projects providing efficient renewable power to the customer's sites
United Kingdom	**EV Network**	Construction	Charge point operators (e.g. BP Chargemaster, ESB Energy)	EV Infrastructure	Electric vehicle charging stations	Rapid and ultra-fast EV charging stations, providing enhanced system efficiency compared to petrol or diesel
United Kingdom	**Kingspan Holywell Solutions**	Operational	Kingspan	Industrial: Manufacturing	Lighting and energy efficiency measures	Energy efficient measures for building materials manufacturing site, resulting in decrease in consumption of energy on the customer site
United Kingdom	**SmartEnergy**	Operational	Various	Industrial: Various	CHP, HVAC, BMS and other EE solutions	Energy efficient measures for small and medium-sized businesses, resulting in a decrease in consumption of energy on customer sites
Singapore	**SEEIPL (includes three projects)**	Operational	Various	Industrial: Various	Chillers and compressors	Energy efficient chillers and compressors, resulting in decrease in consumption of energy on customer sites
Singapore	**Lycra**	Construction	The LYCRA Company	Industrial: Manufacturing	Chillers	Energy efficient chillers, resulting in decrease in consumption of energy on customer sites
Singapore	**SOGA (located in Vietnam)**	Operational	Various	Industrial: Manufacturing	Rooftop solar	Onsite solar projects providing efficient renewable power to the customer sites

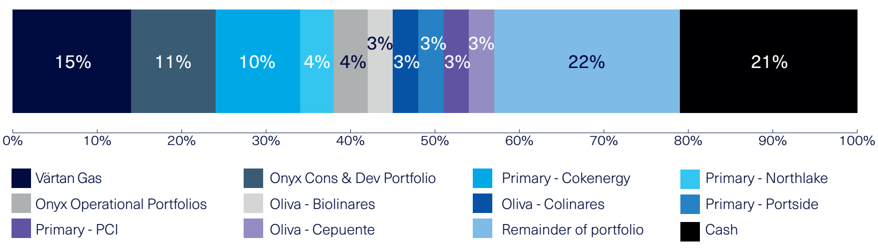
2.5 Investment Portfolio Summary
continued

Portfolio Diversification by Project

Project Exposure As at 31 March 2022

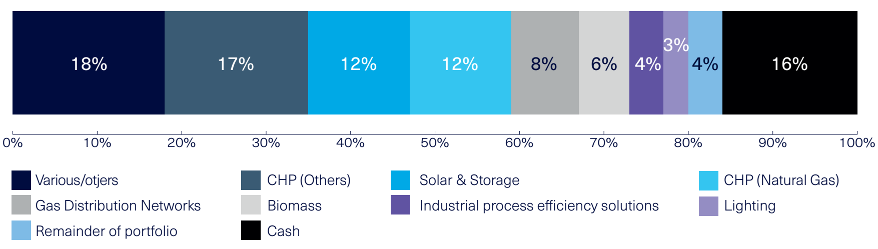


Project Exposure As at 31 March 2021

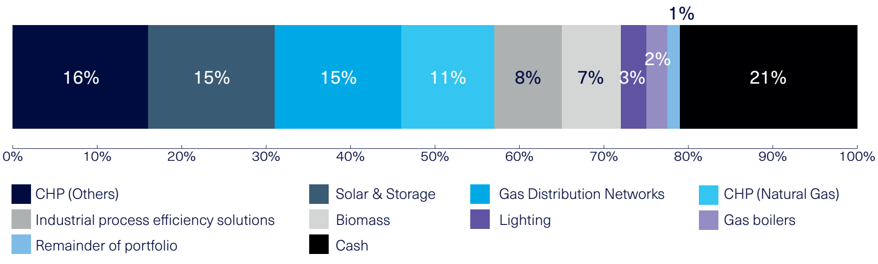


Portfolio Diversification by Technology

Technology Exposure As at 31 March 2022



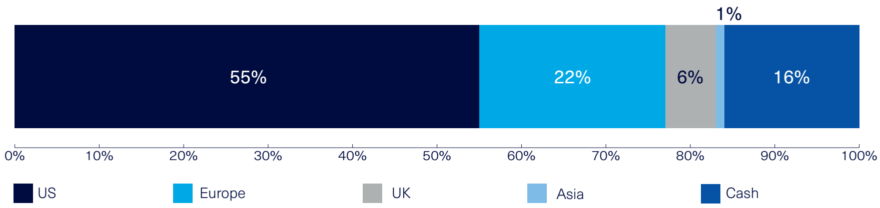
Technology Exposure As at 31 March 2021



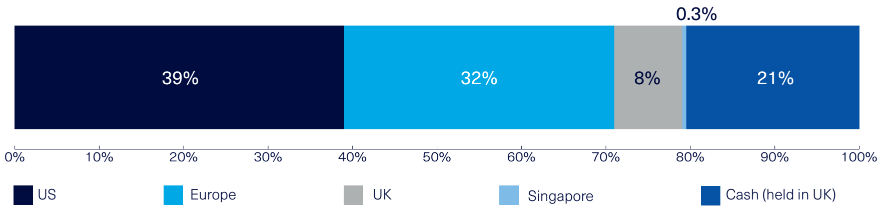
2.5 Investment Portfolio Summary
continued

Portfolio Diversification by Geography

Country Exposure As at 31 March 2022

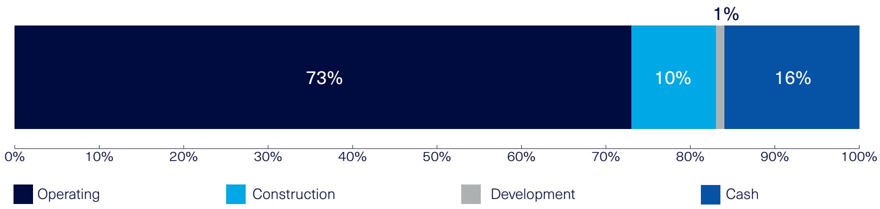


Country Exposure As at 31 March 2021

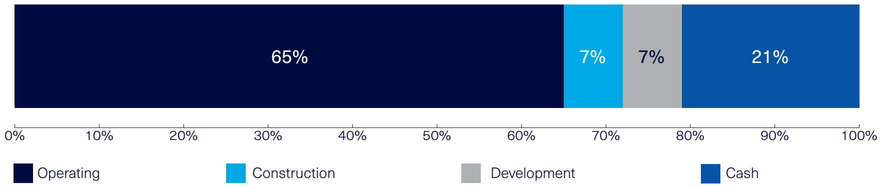


Portfolio Diversification by Investment Stage

Lifecycle Stage As at 31 March 2022



Lifecycle Stage As at 31 March 2021



2.6 Company Key Performance Indicators

The Company sets out below its financial, operational and climate-related key performance indicators (KPIs) that it uses to track the performance of the Company over time against the objectives as described in the Strategic Report. The Board believes that the KPIs detailed below provide shareholders with sufficient information to assess how effectively the Company is meeting its objectives. The Board monitors these KPIs on an ongoing basis.

Financial KPIs

108.4p

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

(31 March 2021: 102.5p)

Definition
NAV divided by number of shares outstanding as at 31 March

Commentary
NAV has increased compared with the prior year due to earnings per share of 10.0 pence exceeding the dividend paid of 5.6 pence – see Section 3.1 Financial Review.

117.5p

Share price (pence)

(31 March 2021: 112.0p)

Definition
Closing share price as at 31 March

Commentary
The share price has generally continued to grow steadily during the year despite market volatility

5.62p

Dividends per share (pence)

(31 March 2021: 5.5p)

Definition
Aggregate dividends declared per share in respect of the financial year

Commentary
The dividend increased year on year due to predictability of cash generation from portfolio plus new investments made previously. The Company met its stated dividend targets for the years ended 31 March 2021 and 31 March 2022.

1.19x

Dividend cash cover (x)

(31 March 2021: 1.17x)

Definition
Operational cash flow divided by dividends paid to shareholders during the year

Commentary
The target was for net operational cash inflow to fully cover dividends paid. The Company met its target for the years ended 31 March 2021 and 31 March 2022.

11.2%

Total Return on NAV basis in the year (%)

(31 March 2021: 8.0%

Definition
NAV growth and dividends paid per share in the year

Commentary
NAV growth in the year (described above) resulted in strong financial performance for the year. In both years the Company exceeded its target of 7-8% p.a. (based on IPO price).

1.00%

Ongoing charges ratio (%)

(31 March 2021: 1.13%)

Definition
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

Commentary
Reduced year on year by benefitting from the growth in NAV and therefore spreading costs across a larger base. See Section 3.1 Financial Review.

Operational KPI

14.8

Weighted average investment life (years)

(31 March 2021: 13.4)

Definition
Weighted average number of years to be remaining in investment contracts

Commentary
Increased due to new investments made during the year

49%

Largest five investments as a % of NAV (%)

(31 March 2021: 44%)

Definition
Total value of five largest investments divided by the sum of all investments held in the portfolio together with any cash, calculated at year end

Commentary
Target is to maintain good portfolio diversification, achieved in both financial years.

2.6 Key Performance Indicators
continued

Climate-Related KPIs

Climate-related reporting

The Company seeks to measure, monitor and report climate-related KPIs that are consistent with all relevant international standards, both statutory and voluntary, for assessing the sustainability of the Company's activities. As well as TCFD, these include the Streamlined Energy and Carbon Reporting ("SECR") and the requirements under SFDR and EU Taxonomy Regulations.

The Company' aim is that its investments should contribute to substantial climate change mitigation and that its performance against the measured KPIs should be used to demonstrate if this aim has been achieved.

1,026,004 tCO2
21,994 tCO2 in the UK

Total Carbon Emissions (Scope 1, 2 and 3)

(31 March 2021: 541,161 tCO2, of which 18,477 tCO2 was in the UK)

Definition
SEEIT follows the Greenhouse Gas Protocol definition of Scopes:

- Scope 1 emissions are direct emissions from owned or controlled sources.
- Scope 2 emissions are indirect emissions from the generation of purchased energy.
- Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Commentary
Increase driven by addition of new investments in the year

745,041 tCO2
6,162 tCO2 in the UK

Total Carbon Emissions (Scope 1 and 2)

(31 March 2021: 368,041 tCO2, of which 2,257 tCO2 was in the UK)

Definition
Total Scope 1 and 2 Carbon Emissions

Commentary
Increase driven by addition of new investments in the year

3,748,007
131,722 in the UK

Energy consumption used to calculate above emissions (MWh)

(31 March 2021: 2,291,542, of which 100,102 was in the UK)

Definition
Underlying global energy use in MWh

Commentary
Increase driven by addition of new investments in the year

817

Carbon Footprint

(31 March 2021: 685)

Definition
Total Scope 1 and 2 Carbon Emissions / Total portfolio value (tCO2e/£M)

Commentary
The increase is mainly due to the addition of RED to the portfolio, which is a large user of natural gas

74%

Exposure to Carbon-Related Assets

(31 March 2021: 83%)

Definition
Percentage of portfolio assets by asset value tied to the energy and utilities sector (excluding renewable)

Commentary
Decrease in exposure to carbon related assets reflects an overall move towards lower-carbon assets over the last year.

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

1. Where possible to capture fundamental data regarding project performance. Examples of this data include energy generated (kWh) and fuel consumed (kWh);
2. Use publicly available emissions factors from government sources specific to the project location;
3. 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
4. Where SEEIT owns less than 100% of a project, the total project savings should be reduced pro-rata with the ownership percentage.

2.7 Stakeholders & 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 decision are a key consideration. During the year under review, the Board believe they 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 2.7 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 within the investment portfolio are considered when making decisions for the Company's benefit, such as promoting positive health and safety cultures and adherence to Covid-19 regulations.
(c) the need to foster the company's business relationships with suppliers, customers and others	The Board'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 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 2.4 ESG Management and Section 3.3 Risk Management.
(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 2.4 ESG Management.
(f) the need to act fairly as between members of the company	The Board's approach is described under "Stakeholders" below. For further information please also see Section 4.3 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 and to best address these at all stages 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 important 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.

2.7 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; and
- Lenders at project level and corporate level

Why they are important	Engagement
Shareholders	
As the Company is an investment trust, 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 600 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 and authorised the Prospectus and Share Issuance Programme published on 2 September 2021. Following extensive engagement with shareholders, the Company completed successful capital raises in September 2021 and March 2022, the result of which significantly 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. Following consultation with shareholders in 2021 via the Investment Manager, the Board recommended minor changes in the investment policy which it believes will assist the Investment Manager in achieving the Company's investment objective. These changes were approved at the 2021 AGM. At every Board meeting, the Directors receive updates on the share trading activity, share price performance and any shareholders' feedback, as well as any mention of the Company or other comments in the press and other publications. 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 Managers' 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 Company conducts both ongoing and an annual review of the Investment Manager's performance and terms of engagement and feedback is provided after such reviews. The most recent annual review took place in March 2022 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 the 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 during the year.

Why they are important	Engagement
Investment business partners	
The Company has various business partners including, crucially the counterparty hosts to whom the Company's investments are providing critical energy services to 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 implemented 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 Company as a long-term business partner, notably in the case of the investment in RED in Rochester which became the single largest investment in the portfolio.
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 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 pursuing a larger credit facility which assisted with the addition of three new lenders into the RCF of 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 ensures via the Investment Manager that appropriate oversight, control and suitable policies are in place to ensure the Company treats its stakeholders 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, the receiving of bribes or breaches in human rights. 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, 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.

The Board and Investment Manager work closely together in developing and monitoring the Company's approach to environmental, social and governance matters. SEEIT fully endorses the United Nations-supported Principles for Responsible Investment and the Investment Manager is a signatory to the UNPRI to ensure that the six principles are embedded in the Company's behaviours and practices and applied to all SEEIT investments.

3. Strategic Report: Portfolio Review

3.1 Financial Review

Financial information

In accordance with IFRS 10 the Company carries its investment in SEEIT Holdco at fair value as it meets the conditions of being an Investment Entity (see Note 2 for details). The fair value of SEEIT Holdco includes the fair value of the underlying investments which is described in further detail in Section 3.2 Valuation of the Portfolio.

In order to provide shareholders with more transparency into the Company's capacity for investment, ability to make distributions, operating costs and gearing levels, results have been reported in the pro forma tables below on a non-statutory "Portfolio Basis" to include the impact if SEEIT Holdco were to be consolidated on a line-by-line basis. The Directors consider the non-statutory Portfolio Basis to be a helpful basis for users of the financial statements to understand the performance and position of the Company. This is because key balances such as cash and debt balances carried in SEEIT Holdco and all expenses incurred in SEEIT Holdco, including debt financing costs, are shown in full rather than being netted off. The "Portfolio Basis" is presented as an alternative performance measure.

The pro forma tables that follow show the Company's result for the year ended 31 March 2022 compared to the pro forma balance sheet at 31 March 2021 and the pro forma Income statement and Cash Flow for the year to 31 March 2022.

The impact of including SEEIT 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 constitute a reallocation between line items rather than affecting NAV and Earnings. In the Cash Flow statement the Holdco column simply represents the net difference between the Portfolio Basis and IFRS for movements that may occur only in SEEIT Holdco or only the Company.

NAV per share and Earnings per share are the same under the Portfolio Basis and the IFRS basis.

Summary Financial Statements

On the Portfolio Basis, Total Income of £92.5 million (2021: £41.1 million) represents the return from the portfolio recognised as income comprising dividends, interest and valuation movements. Further detail on the valuation movements is given in Section 3.2 Valuation of the Portfolio.

On an IFRS basis, Total income of £88.8 million (2021: £37.8 million) comprises income received by the Company and valuation movements in its investment (see Note 5). Both Total Income and Expenses and Finance Costs are lower than on the Portfolio Basis, as costs incurred by the Holdco are included by netting off within Total Income under IFRS, not under Expenses and Finance Costs. The costs incurred by the Holdco not included on an IFRS basis include transaction abort costs, foreign exchange movements related to hedging and financing expenses related to the RCF.

The increase in Total income compared to the prior year is mainly as a result of the increase in the size of the portfolio and thereby generating a higher amount of revenue from interest and dividends, in addition to the movements in fair value as described in Section 3.2 Valuation of the Portfolio. The increase in Expenses and Finance costs is also mainly due to the growth of the size of the portfolio with total fees accruing to the Investment Manager of £7.2 million for the year (2021: £4.0 million).

Neither the Investment Manager nor any of its affiliates receives other fees from the Company's portfolio of investments.

Portfolio Basis Summary Income Statement

	Year to 31 March 2022			Year to 31 March 2021		
£ millions	Portfolio Basis	Holdco reallocation	IFRS (Company)	Portfolio Basis	Holdco reallocation	IFRS (Company)
Total income	92.5	(3.8)	88.8	41.1	(3.3)	37.8
Expenses and Finance Costs	(12.7)	3.8	(9.0)	(8.7)	3.3	(5.4)
Profit before Tax	**79.8**	-	**79.8**	**32.4**	-	**32.4**
Earnings	**79.8**	-	**79.8**	**32.4**	-	**32.4**
Earnings per share (pence)	10.0	-	10.0	7.0	-	7.0

Profit before tax of £79.8 million (2021: £32.4 million) included net foreign exchange losses of £7.3 million (2021: £4.6 million loss) incurred by Holdco comprising a £22.0 million gain on revaluing of non-GBP investments for the year ended 31 March 2022 offset by loss on hedging of £29.3 million. The foreign exchange gains and losses are reflected in the investment value of Holdco.

In the year, the Company and Holdco incurred £0.3 million (2021: £1.1 million) of abort costs on unsuccessful bids and bids that were in progress (mainly legal, technical and tax due diligence) at the end of the financial year.

On both the Portfolio Basis and IFRS basis, Earnings were £79.8 million (2021: £32.4 million) and Earnings per share were 10.0p (2021: 7.0p).

Portfolio Basis Balance Sheet

	As at 31 March 2022			As at 31 March 2021		
£ millions	Portfolio Basis	Holdco reallocation	IFRS (Company)	Portfolio Basis	Holdco reallocation	IFRS (Company)
Investments at fair value	912.7	15.5	928.2	552.7	19.9	572.6
Working capital	(10.6)	9.4	(1.2)	14.9	(15.8)	(0.8)
Debt	-	-	-	-	-	-
Cash	170.9	(24.9)	146.1	126.2	(4.1)	122.1
Net assets attributable to Ordinary Shares	**1,073.1**	**-**	**1,073.1**	**693.8**	**-**	**693.8**
NAV per share	**108.4**	**-**	**108.4**	**102.5**	**-**	**102.5**

On a Portfolio Basis, Investments at fair value are £912.7 million (2021: £552.7 million), representing the Portfolio Valuation. The increase of £360.1 million is predominantly due to new investments during the year (£304.9) although further detail on the movement in Investments at fair value is given in Section 3.2 Valuation of the Portfolio.

On a Portfolio Basis, cash at 31 March 2022 was £170.9 (2021: £126.2 million); mainly reflecting cash from equity capital raised and cash received from investments, net of cash used for investments. The Company is expecting to utilise the cash balance in paying the fourth quarterly interim dividend on 30 June 2022, and approximately £37m million was utilised since the year end to complete further investments (please refer to Section 2.5 Investment Portfolio Summary). On an IFRS basis, cash at 31 March 2022 was £146.1 million (March 2021: £122.1 million) which reconciles to the Portfolio Basis through the cash held by Holdco at this date.

An analysis of net cash movement is shown in the cash flow analysis below.

On an IFRS basis, Investments at fair value were £928.2 million (2021: £572.6 million), reflecting the Portfolio Valuation adjusted for cash, working capital and debt held by Holdco. A reconciliation between the Portfolio Valuation at 31 March 2022 and Investment at fair value shown in the financial statements is given in Note 11 to the financial statements, the principal differences are as per the table below.

	March 2022 £'000	March 2021 £'000
Portfolio Valuation	912.7	552.7
Holdco cash	24.9	4.1
Holdco debt	-	-
Holdco net working capital	(9.4)	15.8
Investment at fair value (see Note 11)	**928.2**	**572.6**

NAV per share at 31 March 2022 was 108.4p (2021: 102.5p). NAV per share has increased by 5.9p since last year, reflecting the earnings in the year of 10.0p, interim dividends paid during the year of 5.6p and accretive share issues in the year of 1.5p.

Analysis of growth in NAV

		NAV per share (pence)
NAV per share at 1 April 2021		102.5
Change in discount rate	3.3	
Change in macroeconomic assumptions	1.3	
Foreign exchange loss	(0.7)	
Portfolio performance	6.1	
Earnings per share to 31 March 2022		10.0
Interim dividends paid[1]		(5.6)
		106.9
NAV accretive share issues[2]		1.5
NAV per share at 31 March 2022		**108.4**

[1] Consisting of a fourth interim dividend of 1.375p per share paid in June 2021 for the year ending 31 March 2021 and three interim dividends of 1.405p per share each paid for the year ended 31 March 2022

[2] Arising from issuing of shares in the Company in September 2021 and March 2022 at a price higher than the prevailing NAV per share.

Portfolio Basis Cash Flow Statement

	For the year ended 31 March 2022			For the year ended 31 March 2021		
£ millions	Portfolio Basis	Holdco	IFRS (Company)	Portfolio Basis	Holdco	IFRS (Company)
Cash from investments	64.7	(11.7)	53.0	42.1	(6.1)	36.0
Operating and finance costs outflow	(11.8)	2.9	(8.9)	(6.4)	1.7	(4.7)
Net cash inflow before capital movements	**52.9**	**(8.8)**	**44.1**	**35.7**	**(4.4)**	**31.3**
Cost of new investments including investment costs	(304.9)	(14.9)	(319.8)	(255.2)	(61.4)	(316.6)
Share capital raised net of costs	343.9	-	343.9	368.0	-	368.0
Movement in borrowings	(1.7)	1.7	-	(64.7)	64.7	-
Movement in capitalised debt costs and FX hedging	(1.3)	1.3	-	2.1	(0.4)	1.6
Dividend paid	(44.2)	-	(44.2)	(30.4)	-	(30.4)
Movement in the year	44.7	(20.7)	24.0	55.4	(1.6)	53.9
Cash at start of the year	126.2	(4.1)	122.1	70.8	(2.4)	68.1
Cash at end of the year	**170.9**	**(24.9)**	**146.1**	**126.2**	**(4.1)**	**122.1**

Cash inflows from the portfolio on a Portfolio Basis were £64.7 million (2021: £42.1 million), in line with expectations. The increase in cash received compared with the previous period reflects the increase in the size of the portfolio.

The cost of new investments by the SEEIT group on a Portfolio Basis of £304.9 million (2021: £255.2 million) includes investment acquisition costs as described in the Valuation Movements below.

On an IFRS basis, costs of new investments of £319.8 million (2021: £316.7 million) reflects funding extended by the Company to Holdco in the year to make portfolio investments and for repayment of the RCF that Holdco utilised to make new investments.

3.1 Financial Review
continued

Net cash flow before capital movements in the year on a Portfolio Basis was £52.8 million (2021: £35.7 million) and covers dividends paid of £44.2 million in the year (2021: £30.4 million) by 1.2 times.

Share capital raised (net of costs) totalled £343.9 million (2021: £368.0 million) reflecting the net proceeds of shares issued during the year through three separate capital raisings under the share issuance programme.

Hedging for the group is undertaken by Holdco and therefore the Company should have no cash flows for this on an IFRS basis. Holdco enters into forward sales to hedge foreign exchange rate exposure in line with the Company's hedging policy set out below (see 'Foreign Exchange Hedging'). On a Portfolio Basis, there was a net cash inflow of £5.4 million on foreign exchange hedging in the year.

Ongoing charges

Ongoing charges, in accordance with AIC guidance, are defined as annualised ongoing charges (i.e. excluding investment costs and other non-recurring items) divided by the average published undiluted NAV in the year. On this basis the Ongoing charges ratio is 1.00% (2021: 1.13%) for the full year. The Ongoing charges percentage has been calculated on the Portfolio Basis to take into consideration the expenses of the Company and Holdco.

As expected, the Ongoing Charges ratio has reduced year on year, benefitting from the growth in the net assets, meaning the known ongoing costs of the Company are spread across a larger base, and benefitting from the reduction in management fees percentage above £750 million.

Group Drawings and Gearing Levels

The Investment Manager periodically considers refinancing options aligned to the pipeline of potential transactions and in the interest of efficient capital management and foreign exchange hedging. This enables the Company to make new investments via SEEIT Holdco. During the year, SEEIT Holdco increased the RCF to £145 million and ING, HSBC and Intesa Sanpaolo joined Investec as lenders. The facility includes an uncommitted accordion of £55 million and has also been extended to June 2024. As at 31 March 2022 the RCF was undrawn.

Foreign Exchange Hedging

The Company applies foreign exchange hedging through currency hedges entered into by Holdco. The objective of the Company's hedging strategy is to protect the NAV from material movements in foreign exchange rates, and to provide stability and predictability of near to medium term Sterling cash flows.

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, this 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 rate exposure.

As part of the Company's hedging strategy the Investment Manager will regularly review non-Sterling exposure in the portfolio and adjust the levels of hedging accordingly and in doing so will also take into account the cost benefit of hedging activity. The hedging strategy also dictates that at times the Company needs to retain additional cash to meet the liquidity requirements imposed by hedging counterparties during periods of volatility affecting the Company adversely.

Net foreign exchange losses in the year ended 31 March 2022 was £7.3 million, representing c. 0.7% of NAV.

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 can be found in Section 4.2 Report of the Directors.

3.2 Valuation of the Portfolio

Introduction

The Investment Manager is responsible for carrying out the fair market valuation of the SEEIT group's portfolio of investments (the "Portfolio Valuation") 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 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 SEEIT Holdco and adjusted for any other assets and liabilities. The valuation methodology applied by SEEIT Holdco to determine the fair value of its investments is described below.

For non-market traded investments (being all the investments in the current portfolio), the valuation is predominantly based on a discounted cash flow 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. 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 cash flow analysis or similar method to determine fair value. For the 31 March 2022 valuation, this is the case for investments in Tallaght Hospital, EV Network and Lycra. For the investment in the development pipeline of Onyx, fair value is derived from assuming a price that can be achieved per MW.

Where an investment is traded in an open market, a market quote would be used although currently this is not applicable to the investment portfolio.

The Investment Manager exercises its judgment in assessing the expected future cash flows from each investment based on the project's expected life and the financial models produced for each project company and adjusts the cash flows where necessary to take into account key external macro-economic assumptions and specific operating assumptions.

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 cash flows and the relevant year-end foreign currency exchange rate to give the present value of those cash flows. Where relevant, project level debt balances are then netted off to arrive at the valuation for each asset. 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.

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 cash flows derived from these contracts. For the March 2022 valuation the assumed future cash flows match the maturity of the underlying contract or regulatory life of the asset except in the case of four of the assets in Primary Energy and the assets in Oliva Spanish Cogeneration where it is assumed that future contract extensions are achieved and hence the expected cash flows are currently projected to extend beyond the maturity date of the existing contract with the counterparty.

For the valuation as at 31 March 2022, 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 1% of the Portfolio Valuation) in order to further benchmark the valuation prepared by the Investment Manager.

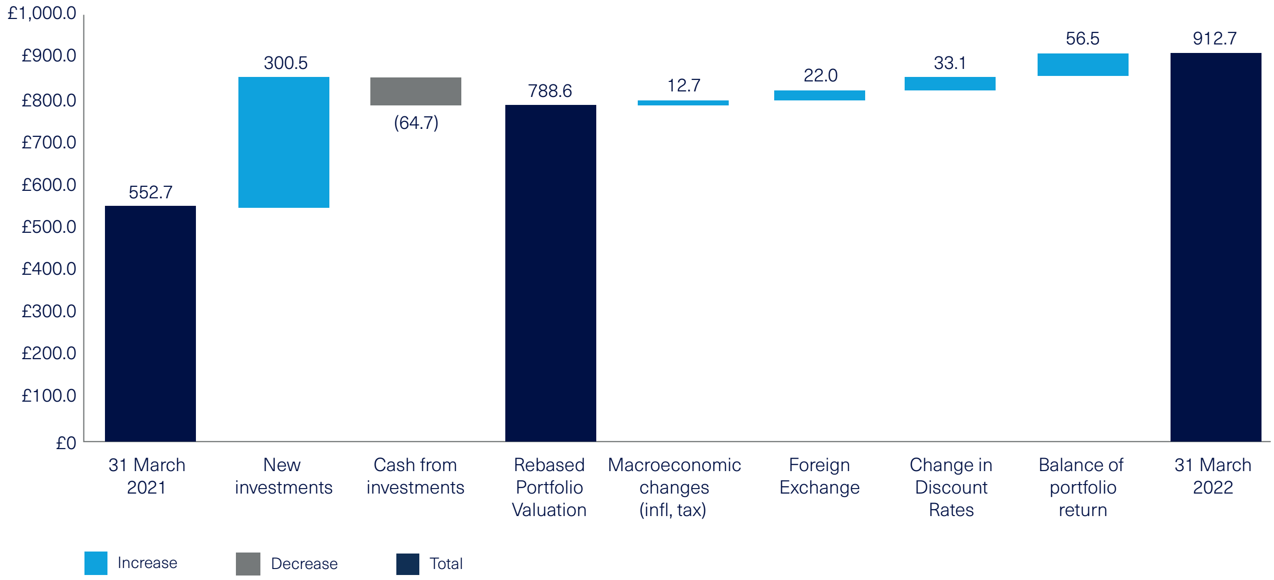
The valuation methodology is materially unchanged from the Company's IPO and has been applied consistently in each subsequent valuation.

Portfolio Valuation

The Portfolio Valuation as at 31 March 2022 was £912.7m, an increase of £360.0 compared to the Portfolio Valuation of £552.7m as at 31 March 2021 and an increase of £127.7m compared to the Portfolio Valuation of £785.0m at 30 September 2021 – the increase is mainly a result of the new investments during the year, with additional movements described below.

Valuation Movements

A breakdown of the movement in the Portfolio Valuation in the period is illustrated in the chart and set out in the table below.



Valuation Movements During the Year To 31 March 2022 (£'000)

Portfolio Valuation – 31 March 2021		552.7	
New Investments	300.5		
Cash from Investments	(64.7)		
		235.9	
Rebased Portfolio Valuation		788.6	**% on Rebased**
Changes in Macroeconomic Assumptions	12.7		1.6%
Changes in Foreign Exchange	22.0		2.8%
Changes in Discount Rates	33.1		4.2%
Balance of Portfolio Return	56.5		7.2%
		124.2	
Portfolio Valuation – 31 March 2022		**912.7**	

The Portfolio Valuation at 31 March 2022 was £912.7 million, an increase of 65% from the Portfolio Valuation £552.7 million at 31 March 2021. Allowing for investments of £300.5 million as outlined in Section 2.5 Investment Portfolio Summary and cash receipts from investments of £64.7 million, the rebased Portfolio Valuation is £788.6 million. An overall increase of £124.2 million was achieved above the rebased valuation – after adjusting for changes in macro-economic assumptions, foreign exchange movements and changes in discount rates, this resulted in a portfolio return in the year of £56.5 million, equating to a 7.2% return in the year.

Return from the Portfolio

Each movement between the rebased valuation of £788.6 million and the 31 March 2022 valuation of £912.7 million is considered in turn below:

(i) Changes in macroeconomic assumptions of £12.7 million:

Inflation assumptions: Previously certain jurisdictions had both near-term and long-term inflation assumptions and the remaining jurisdictions had only long-term assumptions. To achieve consistency and reflect the impact of the current high inflation macro environment more accurately, the approach in all jurisdictions is to apply a 3-year near-term bridge to the relevant long-term inflation assumption. This has resulted in an uplift in the valuation due to high near-term inflation compared to the assumptions applied for the March 2021 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 2022 valuation and comparison to previous periods can be found in Note 4.

(ii) Changes in foreign exchange rates of £22.0 million:

The gain of £22.0 million on the investment portfolio in the year reflects the movements of GBP against US Dollar, Euro and Swedish Krona in the year or since new investments were made. This however only reflects the movement in underlying investment values and is shown before the offsetting effect of foreign exchange hedging that is applied at the level of SEEIT Holdco outside of the Portfolio Valuation which resulted in a loss of £29.3 million. Therefore overall foreign exchange movements did not have a significant impact on NAV in the period with a net loss from foreign exchange hedging and movement in the assets of £7.3 million.

(iii) Changes in valuation discount rates of £33.1 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 there were selected reductions of discount rates that in aggregate resulted in an increase in the valuation of £33.1 million.

The Investment Manager observed downwards pressure on discount rates generally in the market for energy efficiency investments, notably in the second half of the financial year. This has resulted in a reduction applied to discount rates for several investments in the portfolio in several countries and across several technologies, and is the main reason for the reduction of the weighted average discount rate since September 2021. Over the course of the financial year these reductions broadly offset new investments that were acquired at discount rates above the prevailing weighted average.

In addition, investments moving from construction phase to operational phase has contributed marginally to the overall reduction in weighted average discount rate.

The weighted average discount rate for the portfolio as at 31 March 2022 was 7.0% on an unlevered basis (March 2021: 7.0% and September 2021: 7.2%) and c. 8.0% on a levered basis.

The Directors noted that the discount rates used by the Investment Manager were within the ranges advised by the third-party valuation expert.

(iv) Balance of portfolio return of £56.5 million:

This refers to the balance of valuation movements in the year (excluding (i) to (iii) above) and which provided an uplift of £56.5 million. The balance of portfolio return reflects the net present value of the cash flows unwinding over the period at the average prevailing portfolio discount rate and various additional valuation adjustments described below. The portfolio delivered a return of 7.2% in the financial year.

The portfolio valuation, and by implication the return achieved, includes several key estimates and judgements in addition to key changes assumed in the portfolio valuation. These are described below and while some had a positive impact on the portfolio valuation, others may have an adverse impact on the portfolio valuation – overall these estimates and judgements have had a net positive impact on the valuation:

- The adverse impact of the idling of Blast Furnace 4 at Primary Energy which affects the Ironside investment, and lower than expected energy demand at PCI, although partially offset by an uplift in valuation from increased revenues assumed to be derived from recontracting of key contracts in Primary Energy and the use of an interim agreement, resulting in an overall broadly offsetting impact
- The remaining 35% stake in the Primary Energy portfolio of five assets was acquired in September 2021 at a price that was pre-determined in December 2020 when SEEIT increased its stake from 50% to 65%. The carrying value of the existing stake was higher than the consideration paid in September 2021 and therefore the Portfolio Valuation benefited from an uplift of more than £10 million to bring the newly acquired 35% stake in line with the valuation of the 65% stake.
- Uplift in valuation of c. £13 million for Oliva Spanish Cogeneration, mostly from the reversal of previous provisions for EU ETS cost

3.2 Valuation of the Portfolio
continued

assumptions by assuming prudent compensation using proposed legislative changes

- Adverse impact from a delay in the construction portfolio within Onyx and the following development pipeline, although broadly offset in part from an increase in the assumed megawatts to be delivered in the development portfolio
- Uplift in the valuation of c. £10 million due to a net increase in forecast customer load assumptions at Red Rochester resulting in additional revenues from those previously assumed.

Additional information on critical estimates and judgements are in Note 3.

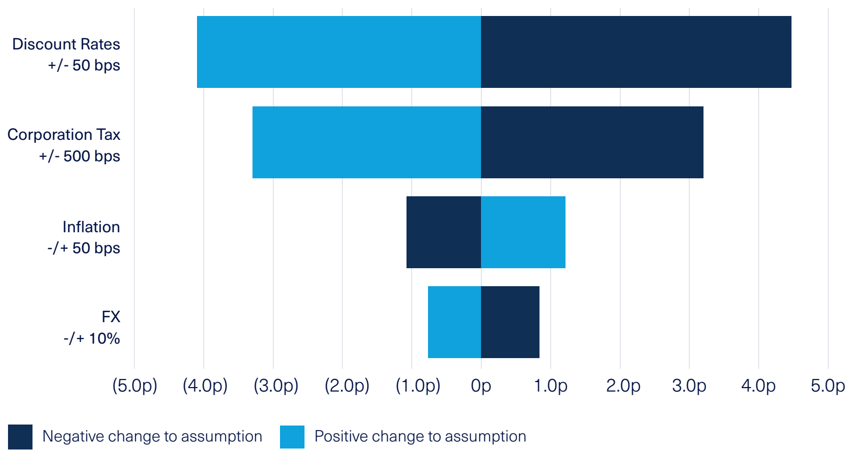
As in the previous year, the Investment Manager has reviewed the impact of the COVID-19 pandemic on the portfolio during the year, and the overall impact on the financial performance and cash flow projections has again not had a material impact on the Portfolio Valuation and NAV.

The pandemic caused some operational and financial disruption to certain assets, of which the two key impacts are listed below:

- It has caused slower than anticipated decision making from potential counterparties in the US, resulting in slower than previously assumed deployment of onsite solar generation projects in the Onyx investment
- Lower than expected revenue from delivering gas to restaurant customers in Stockholm in the Vartan Gas investment, which has also been assumed to continue in the near term and therefore continue to adversely affect near-term cash flows and valuation.

Key sensitivities

The following chart illustrates the sensitivity of SEEIT's NAV per share to changes in key valuation input assumptions (with the labels indicating the impact of the sensitivities on the NAV in pence per share):



For each of the sensitivities, it is assumed that potential changes occur independently of each other with no effect on any other base case assumption, and that the number of investments in the portfolio remains static throughout the modelled life. For the purpose of the sensitivities described below, the potential changes are applied as at 31 March 2022 and remain constant thereafter apart from inflation which is applied with compounding effect.

Please refer to Note 4 in the Notes to the Financial Statements for further detail on the key sensitivities in this section and Note 3 for further detail on critical estimates and judgements and their sensitivities.

Discount Rate Sensitivity

The weighted average discount rate that is applied to each portfolio company's forecast cash flow, is the single most important judgement and variable for the purposes of valuing the portfolio.

A 0.5% increase in the discount rates would result in a NAV per share decrease of 4.1p based on the Portfolio Valuation as at 31 March 2022. A 0.5% decrease in the discount rates would result in a NAV per share increase of 4.5p based on the Portfolio Valuation as at 31 March 2022.

Corporation Tax Rate Sensitivity

This sensitivity considers a 5% p.a. movement in corporation tax rates in each country where an investment is held – for the valuation as at 31 March 2022 this included UK, Spain, Sweden, Singapore and USA. The profits of each portfolio company are subject to corporation tax in the country where the project is located.

A 5% p.a. increase in corporation tax rates would result in a NAV per share reduction of 3.3p based on the Portfolio Valuation as at 31 March 2022. A 5% p.a. decrease in corporation tax rates would result in a NAV per share increase of 3.2p based on the Portfolio Valuation as at 31 March 2022.

The sensitivity is shown on the basis that corporation tax rates remain as the sensitised level for the remainder of any period in which cash flow is assumed for that project and that no mitigations that may be available are applied. Key mitigants available include portfolio structuring changes including gearing, and the option available to the Company to use interest streaming of dividends 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 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, including the impact of the expected future tax rises announced by the UK government, because of UK entities within the group being able to offset aggregate profits and losses.

Inflation rate sensitivity

This sensitivity considers a 0.5% p.a. movement in near-term and long-term inflation in the underlying investment cash flows which is considered a reasonable range on the long-term inflation assumptions as well as the range of assumptions introduced for the initial three years prior to reverting to the long-term assumption.

A 0.5% p.a. increase in inflation rates would result in a NAV per share increase of 1.2p based on the Portfolio Valuation as at 31 March 2022. A 0.5% p.a. decrease in inflation rates would result in a NAV per share reduction of 1.1p based on the Portfolio Valuation as at 31 March 2022.

The Company's exposure to inflation via its investment portfolio is currently largely to the USA and Europe with c.55% and c. 22% of NAV respectively although the level of exposure to inflation in underlying investments in each geography varies. The investment portfolio as at 31 March 2022 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 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. 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 Vartan 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 therefore 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 investments in the UK and the senior debt loan investments in Spark US Energy Efficiency I and II, FES Lighting and Biotown.

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 aim to construct and maintain a portfolio of investments purely with direct inflation-linked returns, however it targets any potential portfolio downside inflation impact to be broadly offset through revenue growth over the medium to long-term.

Foreign Exchange Rate Sensitivity

This sensitivity considers a 10% movement in relevant non-GBP currencies, which in the case of the Portfolio Valuation at 31 March 2022 is US Dollar, Singapore Dollar, Swedish Krona and Euro, from the foreign exchange rates used at 31 March 2022 – the sensitivity is shown below pre and post mitigation from hedging.

This sensitivity is presented after considering the effect of hedging implemented by the Company. Using historical levels of hedging and the Company's hedging strategy as described in Section 3.1 Financial Review as a guide, at an assumed level of 90% hedging, a 10% increase (strengthening of GBP) in foreign exchange rates would result in a NAV per share reduction of 0.8p and 10% decrease (weakening of GBP) in foreign exchange rates would result in a NAV per share increase of 0.8p.

Without any hedging, a 10% increase (strengthening of GBP) in foreign exchange rates would result in a NAV per share reduction of 7.7p based on the Portfolio Valuation as at 31 March 2022. A 10% decrease (weakening of GBP) in foreign exchange rates would result in a NAV per share increase of 8.4p based on the Portfolio Valuation as at 31 March 2022.

3.3 Risk Management

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 a number of key controls within the Company's risk management framework.

The risk management framework and risk appetite is overseen by the Company's Audit and Risk Committee, which meets as a minimum on a quarterly basis. The remit of the Audit and Risk Committee includes a requirement to monitor and keep under review the adequacy and effectiveness of the internal financial controls, internal controls and risk management systems relied on 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 and, where required, additionally with the Company's other advisers.

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 on which the Company places reliance.

The Company monitors a number of key risk indicators and metrics, principally affecting the Company indirectly via its investment portfolio, which are categorised as follows:

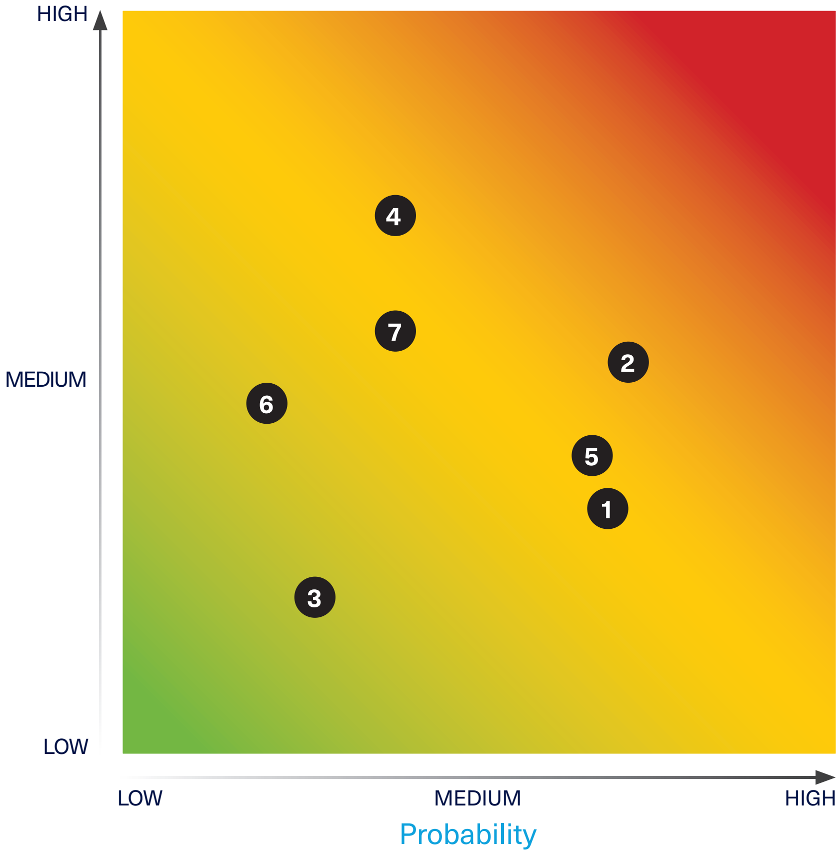
Description	Indicator Examples
Credit	
Incorporates risks arising from credit of counterparties.	• Offtaker credit, subcontractor credit
Market Regulatory	
Incorporates risks arising from new laws and regulations as well as government policy and actions.	• Carbon regulations, regulated revenues
Investment	
Incorporates risks arising from asset performance.	• Operations, construction
Regulatory, Reputational and Compliance	
Incorporates risks arising from fund and asset compliance with relevant standards, policies and best practice.	• Anti-Money Laundering ("AML"), conflicts of interest, Health and Safety • ESG compliance • Climate related risks per TCFD guidelines
Macroeconomic	
Incorporates risks arising in the wider economy.	• Interest rates, inflation, tax, accounting
Financial	
Incorporates risks arising from ongoing investment performance.	• IRR, yield, NAV, leverage • Also includes portfolio diversification and contract length
Operational	
Incorporates risks arising from the management of the portfolio.	• Resourcing, processes, procedure, cyber and physical security

Principal Risks

The table below summarises the key prevailing risks to the Company and its investment portfolio and detail of the mitigation of such risks as applicable. These risks are monitored by the Investment Manager and have been reviewed by the Board. 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 crystalising 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 typically consistent between periods.

A heat map of the risk categories illustrating the residual impact and the likely probability of the risk crystallising.



	Risk Type	Risk Watchlist
1	Macroeconomic	Inflation, Corporation Tax
2	Market Regulory	EU ETS costs
3	Reputational and Compliance	ESG Compliance
4	Credit	Counterparty credit
5	Investment	Construction delays, operational disruption
6	Financial	Renewal of debt facilities
7	Operationa	Cybersecurity

3.3 Risk Management
continued

In addition to the categories listed above, the Company also assesses portfolio wide "event based risks" such as COVID-19 and Climate Change (detailed later in this section).

The risk types are categorised as "High", "Medium" and "Low" based on post-mitigations used by the Investment Manager and the below summarises risks that are considered to have a residual risk rating of High or Medium after mitigation.

Risk Type	Risk Description	Mitigation
Residual Risk: High		
Credit	**Counterparty risks relating to potential default** 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. • On-going counterparty risks are monitored with 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 available. • Otherwise, prospective investment due diligence processes include assessments as to the likely rate of recoverability of project capital, in the event of any counterparty default, for example via the potential for alternative off-taker arrangements or through expected continuing plant operations due to the underlying profitability of such plants as distinct from overall counterparty group profitability. • Key single exposure is to Cleveland Cliffs which currently has a credit rating of sub-investment grade (albeit with an improvement of its credit during the period) and as a result, this credit risk remains high.
Market Regulatory	**Market regulation changes that could result in negative financial impact or volatility of revenues**	• Manager seeks to diversify technologies exposure across the portfolio and will aim to use "best available technology" to minimise this risk.
	* *Specifically, regarding EU ETS, the risk is recognised that the costs of such EU ETS certificates may continue to rise materially, adversely impacting the cashflows of the Oliva Spanish Cogeneration portfolio.*	* • *The Spanish RoRi mechanism is designed to mitigate, over the medium-term to long-term, against fluctuations in commodity prices and is an important part of the revenue stream for the Company's investment in Oliva Spanish Cogeneration. Calculations of payments under the mechanism are re-based every 6 years and reset mid-term with an adjustment for gas prices made every 6 months and remaining costs and revenues adjusted every 3 years.* • *However, due to short and medium-terms price increases, the assets have experienced additional cost. The mechanics of the RoRi should adjust over the long-term for fluctuations of EU ETS costs that are incurred by some of the Oliva Spanish Cogeneration assets.* • *There is a risk that costs of EU ETS certificates may continue to rise materially, adversely impacting the cashflows of the Oliva Spanish Cogeneration portfolio. Exposure to rising EU ETS Certificate pricing during the year was mitigated by advance purchases of such certificates at favourable prices.* • *The Investment Manager has implemented a number of actions to reduce the short- and medium-term impact including advance purchases of such certificates at favourable prices as well as gas and electricity hedging costs to protect operational margins. However, the scope for advance purchasing of such certificates at moderate prices may be diminished, in the period ahead, if the prevailing trend of rising certificate prices continues which would likely impact near term, and potentially medium-term, cash flows.* • *Over the longer term, the Investment Manager is assessing options such as carbon capture and procurement of green gas to address this risk.* • *Despite these risks, SEEIT's portfolio will also benefit from higher carbon pricing across certain projects as Energy Efficiency Projects result in greater avoided costs and reduced greenhouse gas emissions for the end user. In addition, recent regulatory updates from the Spanish government are proposing to update the EU-ETS compensation every six months which, if adopted, should substantially mitigate this risk*

Risk Type	Risk Description	Mitigation
Residual Risk: Medium		
Investment	**Re-contracting**	• The Company has exposure to re-contracting risk. The majority of projects in its portfolio are contracted for the medium to long-term. The key risk is that the value of the Company's investment in the five projects involved in Primary Energy assumes that some re-contracting is achieved. But this risk is mitigated by the fact that Primary Energy has a good track record of re-contracting, given inter alia that it is providing a combination of emissions control and renewable energy, providing essential services to the operations of the project clients and at a competitive price compared to the grid.
	Operations Underperformance across operational assets	• 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 protections will not provide complete protection against underperformance. This is likely to occur where revenues are capacity rather than availability based such as the idling of Ironside at Primary Energy or at the investment in PCI. • Due diligence undertaken on prospective investments seeks to identify risks relating to decommissioning and on-going maintenance. Leading equipment manufacturers are selected, and the Company seeks to only adopt tried-and-tested technology, in mitigation of operational risks. • Range of established technologies across which SEEIT has invested in is broad so systemic issues are limited.
	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 protections 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.
Regulatory, Reputational and Compliance	**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 checklists for all new investments to ensure compliance with ESG 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 is working with direct counterparties to understand and target compliance with best practice where possible.* • *The Investment Manager recognises that compliance throughout the whole supply chain is more difficult to monitor and will endeavour to work with third parties where possible to ensure best practice.*
Operations	**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.	• Cyber security controls are operated by service providers and other contractors in respect of portfolio assets. • Appropriate security access controls are 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 and whilst no red flags were identified, recommendations are being actioned by Asset Management.

3.3 Risk Management
continued

Risk Type	Risk Description	Mitigation
Residual Risk: Medium continued		
Investment	**Risks relating to fluctuations in pricing of feedstock, unhedged energy price exposures or regulated revenues** The Company may face feedstock shortages leading to higher production costs or inability to produce the required amount of energy using desired inputs. 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 provided to any potential exposures relating to future feedstock availability or prices, or any reliance on energy pricing or subsidies. • The Investment Manager reviews market prices, where residual market-related exposures may remain unhedged, with a view to reducing such pricing exposures and uncertainty. • A gas procurement entity was established in Spain during the year which is expected to deliver savings in purchase prices of gas delivered to Spanish cogeneration assets, relative to previous prices obtained via third-party brokers.
Macroeconomic	**Corporation tax** Changes to corporate rules could increase tax payments	• Comprehensive tax and structuring advice is taken prior to making new investments, structuring these appropriately within the overall low risk approach to taxation of the Company. • The Company is able to use intragroup profits and losses efficiently that allows it to negate the rise in UK corporation tax rates completely. • Risk of rising corporation tax rates in the US has been partially reflected in the valuation through applying a higher discount rate than otherwise. • Significant new investment in the US provides opportunity for structuring and consolidations that may reduce 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.
	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. Further mitigation is the recontracting feature within some of the assets which should allow for incorporation of inflationary impact at the time of recontracting.

Emerging Risks

The Company monitors not just existing risks but also emerging risks which may or may not crystalise over the medium-long term.

Risk Type	Risk Description	Mitigation
Operations	**Impact upon assets of technological changes and/or accelerated 'net zero' targets, resulting in loss of value** The Company may plan 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 with respect to the timeframe within which natural gas cogeneration assets 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 towards alternative fuel sources such as biogas and hydrogen.
Various: Regulatory, operations, macroeconomic	**Conflict in Ukraine**	• The impact of the conflict is evolving and whilst we currently don't anticipate direct disruption to the portfolio (primarily gas supply), this situation is being closely monitored. The Company notes the heightened risk to western businesses re: Cybersecurity and have reflected that in the cyber risk status. • The Investment Manager is assessing the impact of sanctions on the portfolio supply chain and stakeholders and will continue to work with the project companies to ensure compliance with all regulations. • The Company will monitor the conflict as an Event Risk within its risk reporting going forward.
Investment	**Increased investor activity could impact ability to acquire projects at desired returns**	• Whilst the sectors that the Investment Manager invests in are relatively niche compared to utility scale renewables, more players are starting to invest in their area, resulting in increased competition and this may result in a downward pressure on returns • Risk can be managed through focusing on own network of developers, partners and offtakers and ensuring a strategic angle to our investment

Specific Event Risks

COVID-19

The impact upon the Company of the COVID-19 pandemic can be divided into two components; the operating issues arising directly from the pandemic (including health and safety related impacts) and the longer-term impacts in relation to portfolio investments arising from negative macroeconomic effects.

Overall, COVID-19 impacted the portfolio to a relatively modest degree during the previous twelve months as it has in the preceding period. With the majority of offtakers operating as essential industries, the operation of portfolio projects has broadly adapted well to accommodate the pandemic environment.

Longer-term however, substantial impacts may emerge in respect of stressed economic conditions and political responses. In particular, the risk of further lockdowns could have an impact on offtaker demand as well as further stressing the supply chain.

Risk Type	Risk Description	Impact and Mitigation Actions
Operations	**Health and Safety**	• COVID-19 site practices continued for employees and contractors and remain under on-going review to reflect local regulations and requirements. Where required and possible, employees continued working from home.
	Cyber	• Key controls operate at local host sites and apply with SDCL (including through service provider Tribeca and internal SDCL anti-fraud controls).
Credit	**Counterparty Default**	• No material non-payment from offtakers as most offtakers were deemed as essential industry during the lockdown and continued to operate. • The Company works with counterparties who have not experienced any credit related issues during the COVID period. Subcontractors could be replaced given the established technologies used if this did occur.
Investment	**Asset Performance**	• Some assets have experienced slower than usual repair and maintenance services due supply chain issues impacting equipment availability. Enhanced planning and preparation has been conducted to minimise this disruption. • Majority of offtakers' operations are predominantly back to normal.
	Construction	• Some assets in development have experienced a slowdown on development time for projects given that the offtakers have primarily been focused on COVID-19 management rather than energy management. It is expected is that this will start to resolve as restrictions are lifted in all jurisdictions.
Regulatory	**Political/Regulatory**	• No immediate regulatory impact on the SEEIT portfolio though future government intervention could have a negative or positive impact on the assets.
Macroeconomic	**Corporation tax**	• Increased risk across the portfolio arising from governments' response to the economic and social consequences of the COVID-19 pandemic, which may result in an increase in corporation tax rates to fund their recovery expenditure – higher corporation tax announced in the UK and proposed in the US and potential to see similar trends across Europe. • See Principal Risks above for mitigants.

Brexit

Whilst the Company has not experienced any material impact from Brexit, the Investment Manager will continue to review 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.

Specific Event Risks continued

Climate-Related Risks

The 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 and project management. The Investment Manager has during the period implemented a specific process for assessing climate-related risks before making investments as part of its due diligence process for each investment opportunity.

This involves a two-stage process carried out to first identify any red flags against a check list of climate-related considerations. In addition, a detailed assessment of a wide range of ESG issues is undertaken as well as any project specific due diligence that is required based on the initial red flag assessment. Detailed due diligence will also give consideration to external climate-related risks such as regulatory and market impacts which are included in scenario and sensitivity analyses conducted for each project and assessed in terms of the impact on project returns over different time periods.

Risk Type	Risk Description	Impact and Mitigation Actions
Market Regulatory	**Policy and Legal changes** Short to medium-term risk to revenues or costs through changes in carbon-related charges, emissions standards or energy prices.	• Generally the Company seeks to mitigate these risks by ensuring any impact is primarily borne by the beneficiary of the asset rather than the Company as owner. • Longer term, the pipeline development strategy is able to take account of policy and regulatory changes as the Company retains flexibility to pursue opportunities in different technologies or regions which are identified as policy priorities.
Operations	**Technology changes** In the medium-term some technologies may face the risk of regulatory intervention due to higher emissions standards being imposed.	• This is mitigated by revenues from the projects being secured through long-term agreements. • Additionally, as the asset owner, the Company may be able to upgrade or switch technologies if this is commercially attractive e.g. at PCI, there is a plan to transition to lower carbon solutions over time. This introduces the risk of substitution to a process such as pulverisation.
Investment	**Feedstock supply** Short-term climate-related market risks to the portfolio relate mainly to unexpected changes in feedstock prices caused by, for example, unusual weather events, which may affect some projects.	• In general, the Company seeks to pass material price risk on to hosts so there is no direct impact on the Company. • Medium-term market risks from climate-related events are similarly limited but such risks may increase over time if the financial impact on a host is not relieved. This is mitigated by focusing on hosts with good credit ratings where the Company provides critical energy services. • Furthermore, any climate-related market risks are likely to be systemic in nature and not exclusive to the Company and therefore alternatives are unlikely to avoid the same risks. • Longer term portfolio risks are limited by the duration of underlying service agreements and likely to manifest in other trends such as technology shift to accommodate market conditions.
	Natural/physical events Could impact infrastructure of the Projects as well as disrupt the supply chain.	• Physical risks to the portfolio from climate change can potentially be significant, although for much of the portfolio longer-term exposure is limited by the fixed life of assets under management. • In line with TCFD requirements the Company will be conducting detailed assessment of physical risks to assets in order to better assess this type of risk.

Impact of Climate-Related Risks

SEEIT aims to hold assets for their useful operating life, which is generally in the range 5 to 15 years but may often be longer or may be extended through refurbishment or replacement in order to maintain on-going operating capability for longer periods. The strategic considerations involved in planning investment in, and management of such assets will take account of longer-term climate-related targets such as net zero by 2040 (or sooner) and may involve planning for technology transition in order to maintain a path towards net zero within or ahead of that timeframe.

The Company believes that the overall impact of the climate-related issues affecting the Company is generally positive for the following reasons:

- The Company's investments are designed to provide solutions to climate-related issues, and this provides a natural hedge against climate-related impacts as these may be expected to increase demand for the kind of solutions the Company provides.
- The Company's supply chains are equally engaged in providing solutions to climate-related problems and this helps ensure both short and medium-term reliability of suppliers which are prioritising such solutions and longer-term innovation as research and development efforts lead to new and more effective solutions which the Company may decide to deploy.
- The complexity and capital requirements of effective longer-term climate-related solutions favours the Company which believes it has the necessary resources to identify investment and development opportunities where it is well placed to add value and in turn access additional capital when required to fund the investment or development of such opportunities.

Notwithstanding these competitive advantages the Company considers how climate-related risks could affect its portfolio and where possible seeks to minimise exposure to such risks through appropriate commercial measures, physical risk management and choices of technology.

In line with evolving TCFD practice the Company will seek to develop further climate-related scenario analysis based on a range of long-term climate outcomes and incorporating more detailed physical risk assessment.

3.4 Viability Statement

Viability Assessment Period

The Directors have assessed the prospects of the Company over a five-year period to 31 March 2027. Consistent with prior years, the Directors have determined that a five-year period 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 investments where the majority have predictable long-term cash flows 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 the 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 for the risks it has identified that the Company may face.

The Investment Manager prepared, and the Directors reviewed five-year cash flow projections as part of business planning, including as part of the approval process of the Company's budget and business plan, and to approve dividends on a quarterly basis after reviewing medium-term cash flow projections. The projections consider cash flows, 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 Directors received updates from the Investment Manager during the year of the actual and likely impact of COVID-19 on the portfolio which included reports on any operational disruption to the underlying investments and the impact on the projected cash flows from the investments as part of the Investment Manager's valuation updates.

The Investment Manager provided analysis on these projections at various points through the year that considers 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 cash flows and the associated effect on ability to pay dividends, to settle ordinary liabilities and on earnings and the NAV.

Scenarios Reviewed and Impact

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

- significant rising of EU-ETS costs in Spain of 50-75% above prevailing costs, lasting over the medium term without enacting mitigating options, resulting in a c. 5% reduction in value of the Portfolio Valuation and therefore NAV of the Company;
- US corporation tax rate rises of 5%, resulting in a c.2.5% reduction in value of the Portfolio Valuation and therefore NAV of the Company;
- counterparty credit deterioration as a result of a particularly challenging macro-economic environment for smaller non-investment grade counterparties, including supply chain issues, rising inflation, rising interest rates and market liquidity, resulting in an assumed permanent loss in revenues from approximately 20% of underlying customers and approximately 15% reduction in value of the Portfolio Valuation and therefore NAV of the Company;
- extreme challenging operational environment resulting in zero demand for energy services at Ironside and PCI, two of the five investments in Primary Energy, with immediate and permanent effect, resulting in a c. 5% reduction in value of the Portfolio Valuation and therefore NAV of the Company.

The Audit and Risk Committee reviewed and challenged the Investment Manager on each of the scenarios presented, including reviewing the likelihood of the risks of the scenarios materialising and the potential mitigants that the Investment Manager may 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 2027.

On behalf of the Board

Tony Roper
Chair

4. Board and Governance

4.1 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.

During the year, following a recruitment process, Sarika Patel was appointed as a Director of the Company on 1 January 2022 and replaced Helen Clarkson as chair of the Audit and Risk Committee. With effect from 1 January 2022, Helen Clarkson was appointed as the chair of the Management Engagement Committee.

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

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 University of Cambridge and is an ACMA.

Helen Clarkson

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. In addition to leading the growing Climate Group team, Helen sits on the board of the We Mean Business Coalition, and the Mission Council for Pukka Herbs.

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 in countries including Democratic Republic of Congo, Sudan, Pakistan and Nigeria.

Helen qualified as a Chartered Accountant with Deloitte and has an undergraduate degree in Philosophy from Cambridge University, and a master's degree from Birkbeck College, University of London.

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, a private investment firm, and on the board of one of its largest individual investments.

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, 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 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 also a member of various advisory committees including that for the Climate Bond Initiative and the 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 Patel joined the Board as an independent non-executive director of the Company and chair of the Audit and Risk Committee on 1 January 2022.

Sarika has over 30 years' experience in a mixture of public and private organisations. She is a non-executive director and chairs the Audit committees at Foresight Forestry Fund plc, Sequoia Economic Infrastructure Income Fund Limited, and abrdn Equity Investment Trust. 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.

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

4.2 Report of the Directors

The Directors are pleased to present the Annual Report for the year ended 31 March 2022. 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 4.3 Corporate Governance Statement and forms part of this report.

Details regarding independent professional advice and insurance are set out in Section 4.3 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 the Strategic Report. 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 is required 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 Investment Manager, that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company) (Tax) Regulations 2011.

Directors

The Directors in office at the date of this report and their biographical details are shown in Section 4.1 Board of Directors.

Details of the Directors' terms of appointment can be found in Section 4.3 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 4.6 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 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 at their website: https://www.sdclgroup.com/

AIFM Requirements

AIFM requirements have continued to apply since 1 January 2021 (Brexit), through existing transposed rules replicating the EU AIFM Directive, 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 the Section 4.5 Audit and Risk Committee's Report.

Financial Risk Management

The principal risks and uncertainties facing the Company are set out in Section 3.3 Risk Management. 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 2022 and at the date of this report was 990,288,000 ordinary shares and the total voting rights of the Company were 990,288,000.

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.

Articles of Association

The Company's 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). A resolution will be proposed at the forthcoming AGM of the Company to amend the Articles of the Company in relation to a proposed change on the cap on Directors' remuneration. Further details on the proposed changes to Director's remuneration can be found in the Directors' Remuneration Report.

Share Repurchases

At the AGM held on 10 August 2021, 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 101,495,361 ordinary shares. No ordinary shares have been bought back under this authority. Renewal for this authority will be sought at the forthcoming AGM.

Significant Voting Rights

As at 31 March 2022, 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
Investec Wealth & Investment Limited	125,001,255	12.62
M&G plc	99,449,992	11.00
BlackRock, Inc.	100,716,725	10.16

The Company has been informed of the following changes to notifiable interests between 31 March 2022 and the date of this report:

	Number of Ordinary shares held	% of voting rights
M&G plc	109,973,279	11.10
Blackrock, Inc.	98,826,933	9.97

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 £44.2 million (2021: £30.4 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 2021	1.375p
First interim dividend	31 March 2022	1.405p
Second interim dividend	31 March 2022	1.405p
Third interim dividend	31 March 2022	1.405p

On 16 June 2022, the Board declared a fourth interim dividend of 1.405p per share with respect to the year ended 31 March 2022, payable on 30 June 2022.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in Section 2.3 Investment Manager's Report.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in Section 3.1 Financial Review. In addition, notes to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has prepared, and the Directors have reviewed a cash flow forecast covering the minimum period of twelve months from the date of approval of this report, taking into consideration potential changes in investment and trading performance and applying a 10% reduction in revenues to test the resilience of cash flows in the near term. The forecast demonstrates an expectation to continue to generate positive cash flows for the foreseeable future that as a minimum will meet liabilities as they fall due.

The Company's portfolio of investments benefit from 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 reviewed a severe downside scenario where the Company would not receive any further income from its investment for the next 12 months from signing of the financial statements and taking into account all committed payments for running the Company, the Company would have sufficient cash reserves to continue as a going concern.

As at 31 March 2022, the Company's net current assets were £144.9 million, including cash balances of £146.1 million. Further amounts of cash are held by the Company's direct and indirect subsidiaries, 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, SEEIT Holdco, has a RCF that has adequate headroom in its covenants that have been tested for historic and forward interest cover and group loan to value limits. As at 31 March 2022, the facility was undrawn. The Company is a guarantor to the RCF (see Note 17) but has no other guarantees or commitments.

Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

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 2.7 Stakeholders & 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 4.1 Board of Directors.

Greenhouse Gas Emissions

Information about the Company's greenhouse gas emissions are set out in Section 2.4 ESG Management.

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 regularly reviewed 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 30 June 2022 and signed on its behalf by:

Tony Roper
Chair

4.3 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 2019 (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. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (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 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 is available on the AIC website (www.theaic.co.uk). It 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.
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.

4.3 Corporate Governance Statement
continued

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, cash flow 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 the Strategic Report in Section 3.3 Risk Management, in Section 4.5 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 3.3 Risk Management for further details. The Directors have assessed the prospects of the Company over a five-year period to 31 March 2027. 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 3.4 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 and how it seeks to gain an understanding of their interests and how the Board engages with them. See Section 2.7 Stakeholders & Section 172 for further details.
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 4.3 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 third-party Board evaluation that took place during the latter part of the financial year.
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 and during the year added a fifth Director.

AIC Code	Principle	Compliance Statement
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 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 and are continued 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. The appointment of a new Director during the year followed 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 in the Nomination Committee Report.
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.

4.3 Corporate Governance Statement
continued

AIC Code	Principle	Compliance Statement
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. 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 external evaluation of the performance of the Board, its Committees and individual Directors took place during the year, by an external performance evaluator, Fletcher Jones. 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 the 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 external Auditor, audit quality, as well as 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 the Audit and Risk Committee's 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 Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects. Please refer to the Audit and Risk Committee Report for further information.
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 in the Report of the 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, 4 of the 5 Directors do hold shares in the Company and the details of their shareholdings are set out in the Directors' Remuneration Report.

AIC Code	Principle	Compliance Statement
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. 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 the Directors' Remuneration Report. The terms and conditions of the Directors' appointments are set out in 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 the 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.

UK Corporate Governance Code Principle E 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 on pages 62 to 63.

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, continues 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; identifying and nominating appointments to the Board for their approval and are 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 set out 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 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.

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 Association provide that each of the Directors shall retire at each AGM. All Directors, including Sarika Patel who was appointed during the year, intend to retire at the forthcoming AGM and offer themselves for re-election. In the case of Sarika Patel, she will be offering herself for 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 election of Sarika Patel and 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 Sanne Group Secretaries (UK) Limited in its capacity as Company Secretary and Sanne Group Fiduciary Services (UK) Limited as Administrator (the 'Company Secretary' and/or '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 and Chair 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 9 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 2.7 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 2022.

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 references for the Board and relevant Committees; and

4.3 Corporate Governance Statement
continued

- monitoring 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 Management Engagement Committee, the Remuneration Committee and the Nomination Committee. Each Committee's delegated responsibilities 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 committee's as at 31 March 2022 are as follows:

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

*appointment to the committee with effect from 1 January 2022
**resignation as chair of the Audit and Risk Committee and appointment as the chair of the Management Engagement Committee with effect from 1 January 2022

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 a year.

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

Nomination Committee

The Nomination Committee meets at least once a 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 the Nomination Committee Report.

Remuneration Committee

The Remuneration Committee meets at least once a 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 the Directors' Remuneration 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.

Helen Clarkson was appointed as the chair of the Management Engagement Committee on 1 January 2022. As at 31 March 2022, the Management Engagement Committee was comprised of all Directors on the Board of the Company. The Committee meets at least once a 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 a year and between these formal meetings there is regular contact with the Investment Manager, the Administrator and the Company's 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, general administration and compliance, peer group information and industry issues.

The number of scheduled 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
No. of meetings held	**5**	**5**	**1**	**2**	**1**
Tony Roper	5	5	1	2	1
Helen Clarkson	5	5	1	2	1
Chris Knowles	5	5	1	2	1
Emma Griffin	5	5	1	2	1
Sarika Patel[1]	1	1	1	–	1

[1]appointment as a Director with effect from 1 January 2022 and attended all scheduled and ad hoc Board and Committee meetings post appointment.

During the year ended 31 March 2022, there were 24 additional ad hoc Board meetings held in order to deal with administrative matters and 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 2.2 Investment Policy and Approach. 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 principal 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 offers 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 agency, as well as receiving relevant updates from the Investment Manager and the Company's Corporate Broker.

The Company reports formally to shareholders twice a year.

The results of the AGM are announced by the Company promptly after the relevant meeting and 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.

2021 AGM

The 2021 AGM of the Company was held on 10 August 2021. Resolutions 1 to 11 related to ordinary business and resolutions 12 to 14 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.

2022 AGM

The next AGM of the Company is currently scheduled to be held on 12 September 2022.

A separate notice convening the AGM will be sent to shareholders and published on the Company's website in July 2022 and will include an explanation of the items of business to be considered at the meeting.

4.4 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;
- be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise; and
- ensure plans are in place for orderly succession to the Board and oversee the development of a diverse pipeline for succession.

Matters Reviewed in the Year

Appointment of a Fifth Director

The Company has a formal, rigorous and transparent process for the appointment of directors. Specialist recruitment consultants assist the committee with this process. The committee's recommendations for appointments are put to the Board for approval.

There was one Board appointment during the year. Sarika Patel was appointed to the Board as a non-executive Director with effect from 1 January 2022. As part of the recruitment process, a job description was prepared, which considered the existing balance of skills and experience of the Board and gaps identified. A suitable recruitment agency, which did not have any connection with the Company, was engaged to assist in identifying potential candidates and was given a role profile outlining the skills, attributes and experience that the Board was looking for in a successful candidate.

A range of candidates were considered, and a short list was compiled. Those on the shortlist were then formally interviewed by the Nomination Committee. Following this process, the Committee concluded that Sarika Patel was the best candidate for the role based on her level of relevant experience and background. On the recommendation of the Nomination Committee, the Board agreed the appointment.

Performance Evaluation

In accordance with the AIC Code, the Directors undertake an annual evaluation of the Board, its Committees, the Chair and the Directors. In addition, an external evaluation is undertaken every three years.

An external evaluation process was carried out for the year ended 31 March 2022 which was externally facilitated by Fletcher Jones. The evaluation process involved an analysis of the Chair's performance, Board performance and that of its committees and individual Directors.

The results of the evaluation process were reported to and discussed by both the Nomination Committee and the Board.

The results of the evaluation and recommendations received indicates that all the current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company and sufficient time to discharge their responsibilities.

Terms of Reference

The Committee reviewed its terms of reference in March 2022 to ensure that it is still operating effectively and in line with its delegated duties and responsibilities.

Tony Roper

Chair of the Nomination Committee

4.5 Audit and Risk Committee Report

The Audit and Risk Committee is chaired by Sarika Patel, who was appointed as the chair of the Committee on 1 January 2022, the date she was appointed to the Board of the Company as a Director. Helen Clarkson was the chair of the Committee during the year for the period from 1 April 2021 to 1 January 2022 and has ensured that an orderly transition to Sarika has taken place.

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 on appointment as Company Chair and that he has continued to meet this condition throughout his term of service, in addition to his extensive relevant experience in dealing with matters such as valuation and risk management.

The Audit and Risk Committee operates within clearly defined terms of reference and comprises all of the Directors. It is also the formal forum through which the independent auditor reports to the Board of Directors and met seven times during the year.

The Audit and Risk Committee has adopted formal Terms of Reference which are available on the Company's website.

The Terms of Reference are reviewed annually. The Committee last reviewed its terms of reference in March 2022 to ensure that it is still operating effectively, and minor amendments to its terms of reference were recommended to the Board.

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 thereon, 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;
- Monitor 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 Administrator being present. The Audit and Risk 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 2021 and the statutory audit of the Annual Report for the year ended 31 March 2022, 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;
- Reviewing and challenging information received from the Investment Manager recommending the rationale for preparing the financial statements on a going concern basis and 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 Company's 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; and
- Reviewing the Company's annual and half-yearly financial statements and recommending these to the Board for approval.
- Conducting a review of the risk management systems of the Company and its third-party service providers, and introduced further enhancement to the system;
- 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;
- Considering and recommending changes in the Company's Risk Management policy and Treasury policy;
- 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 Audit and Risk Committee has had regular contact and meetings with the Investment Manager, the Administrator and the 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 2022 was £912,714k (31 March 2021: £552,672k). Market quotations are not available for these financial assets, and therefore their valuation is undertaken using predominantly a discounted cash flow 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 2022 prior to the year-end valuation process, and again post year end in May and June 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, focussing 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 2022. 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 2022.

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 of investments – valuation discount rates

The discount rates adopted to determine the valuation are selected and recommended by the Investment Manager. The discount rate is applied to the expected future cash flows for each investment's financial forecasts derived under the assumptions explained above, amongst others, to arrive at a valuation (discounted cash flow valuation). The resulting valuation is sensitive to the discount rate selected. The Investment Manager is experienced and active in the valuation of these investments and adopts discount rates reflecting its extensive experience of the current market. It is noted however that the judgement required is subjective and that there is a range of discount rates which 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 3.2 Valuation of the Portfolio. The vast majority of the underlying investments are valued using a discounted cash flow valuation with a small selection of investments being valued using other forms of fair value calculations such as earnings multiples.

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 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 cash flow projections, the economic assumptions and discount rates.

Macroeconomic assumptions

Macroeconomic assumptions include inflation and tax rate assumptions. The Investment Manager's assumptions in this area are set out and explained in Section 3.2 Valuation of the Portfolio.

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 cash flow assumptions for investments in Primary Energy, Onyx, Oliva Spanish Cogeneration and Vartan 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 3.3 Risk Management.

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.

During the financial year there was a particular focus on several key risks which included a focus on the ongoing impact of the COVID-19 pandemic and mitigants available to the Company.

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 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 and Brexit and the resulting impact on supply chain.
- 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 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; and
- Reviewing the impact of global rises in corporation taxes, including the sensitivity of the valuations of 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.

Internal Controls and Risk Management

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

During the year, the Audit and Risk Committee concluded a review of the risk management systems of the Company and its third-party service providers that commenced in the prior year and introduced further enhancement to the systems and reporting where appropriate.

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 has performed reviews of the internal financial control systems and risk management systems during the year. The Audit and Risk Committee is satisfied with the internal financial control systems of the Company.

Appointment of the Independent Auditor

PricewaterhouseCoopers LLP ("PwC") was appointed to be 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 and audit related services amounted to £501k for the year ended 31 March 2022 of which £381k related to the Company and £120k related to audit of its direct subsidiary, SEEIT Holdco, some of the SEEIT group's intermediate and project subsidiaries and other audit-related services. Non-audit fees amounted to £45k for the year ended 31 March 2022 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 2022.

As this is the fourth audit conducted by PwC and the third 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 Corporate Governance 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

4.6 Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31 March 2022.

The Remuneration Report is made up of two sections; the Annual Report on Remuneration and the Directors' Remuneration Policy report.

The membership of the Remuneration Committee comprises all Directors of the Company, all of whom are independent and non-executive.

The Remuneration Committee's main functions include:

(i) agreeing the policy for the remuneration of the Directors and reviewing and proposing changes to the Company's Remuneration policy;

(ii) reviewing and considering ad hoc fees to the Directors in relation to duties undertaken over and above routine business; and

(iii) appointing independent professional external remuneration consultants, as may be required from time to time.

The Remuneration Committee met once 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 2022 to ensure that it is still operating effectively, and minor amendments to its terms of reference were recommended to the Board and duly approved.

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 the prior year 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. This is described further below under Directors' remuneration.

The Law 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 92 to 98.

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 2023

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 the prior year 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 £47,000 (2022: £45,000);
- the annual fee paid to the Chair be increased to £67,000 (2022: £65,000);
- the annual supplement paid to the Chair of the Audit and Risk Committee remains at £5,000 (2022: £5,000);
- the annual supplement for the roles of Senior Independent Director and Chair of the Remuneration Committee to remain at £2,000 (2022: £2,000);
- the recommendation of additional fees, up to a limit of £10,000 per director, to be paid for specific corporate work that may be undertaken during the year ended 31 March 2023; and
- the cap on the aggregate annual Directors base remuneration limit be increased from £300,000 to £400,000.

In the year ended 31 March 2022, an additional fee of £5,000 was paid to each of the Directors on the Board at the time in respect of work undertaken in relation to the publishing of a new prospectus, implementation of a placing programme and a capital raising in September 2021. An additional fee of £2,500 was earned by each of the Directors in respect of work undertaken in relation to a capital raising in March 2022.

4.6 Directors' Remuneration Report
continued

Directors' Remuneration for the Year Ended 31 March 2022 (Audited)

The table below sets out the Directors' remuneration for the year ended 31 March 2022:

		Total Directors' Fees for the year ended 31 March 2022 Total £'000	Total Directors' Fees for the year ended 31 March 2021 Total £'000
Tony Roper	Chair	72.5	50.0
Helen Clarkson[1]	Management Engagement Committee chair	57.5	40.0
Chris Knowles	Senior Independent Director	54.5	40.0
Emma Griffin	Remuneration Committee chair	54.5	18.0
Sarika Patel[2]	Audit and Risk Committee chair	15.0	–
Total		**254.0**	**148.0**

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

[2] Appointed to the Board and its Committees with effect from 1 January 2022

The Directors Remuneration for the year ended 31 March 2022, detailed in the table above, is inclusive of the increases in the directors' fees, approved by the shareholders at the AGM held on 10 August 2021 and the additional fees paid for specific corporate work (September 2021: £5,000 per director and March 2022: £2,500 per director). An explanation of the additional fees paid for the specific corporate work are set out in this Remuneration report.

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 attending general meetings, Board or Committee meetings and legal fees. In the year, such expenses were de minimis.

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 Directors' remuneration plus an additional fee for acting in the role as either Chair of the Company, Senior Independent Director or as a chair of a 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 2020	Financial year to 31 March 2021	Financial year to 31 March 2022
Tony Roper	Chair	12 October 2018	–	11.1%	30.0%
Helen Clarkson*	Management Engagement Committee Chair	12 October 2018	–	14.2%	25.0%
Chris Knowles	Senior Independent Director	12 October 2018	–	14.2%	17.5%
Emma Griffin	Remuneration Committee Chair	21 October 2020	–	–	17.5%
Sarika Patel	Audit and Risk Committee Chair	1 January 2022	–	–	–

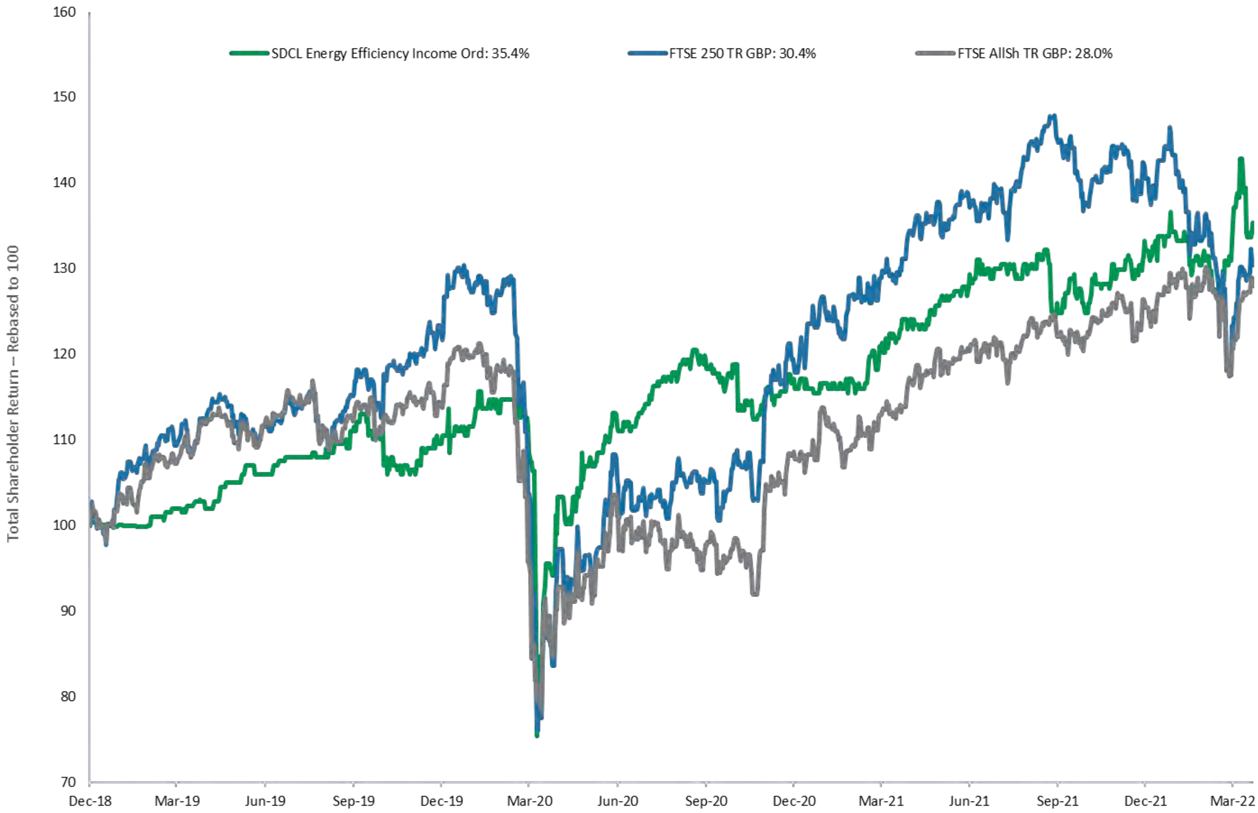
* Previously the Audit and Risk Committee chair from incorporation until 1 January 2022 and appointed as the chair of the Management Engagement Committee, with effect from 1 January 2022.

Relative Importance of Spend on Pay

The table below sets out the remuneration paid to the Directors in comparison to dividends paid to shareholders for the year ended 31 March 2022:

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000	% change
Directors' remuneration	254	148	71.6
Dividends paid to shareholders	44,207	30,413	45.3

Company Performance



The graph above highlights the comparative total shareholder return ("TSR") for an investment in the Company from inception to 31 March 2022 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 the above 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 3.1 Financial Review.

4.6 Directors' Remuneration Report
continued

Directors Interests in the Company (audited)

As at 29 June 2022, the interests of the Directors and any connected persons in the ordinary shares of the Company are set out in the table below:

	Ordinary shares of £1 each held at 31 March 2022	Ordinary shares of £1 each held at 31 March 2021
Tony Roper	128,500	95,000
Helen Clarkson	8,326	5,000
Christopher Knowles[1]	37,000	10,000
Emma Griffin	20,509	15,000
Total	**194,335**	**125,000**

[1] Christopher Knowles' immediate family members hold an additional 55,000 ordinary shares in the Company. These immediate family members holding ordinary shares in the Company do not meet the definition of Persons Closely Associated (PCAs) as defined in Article 3(1)(26) of the Market Abuse Regulation (MAR).

There have been no changes to any of the above holdings between 31 March 2022 and the date of this report.

None of the Directors or any persons connected with them 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 175,000 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 R.

Statement of voting at AGM on the Annual Report

A binding Ordinary Resolution approving the Remuneration Policy was approved by shareholders at the AGM held on 11 September 2019 and an advisory vote adopting the Directors' Remuneration Report for the year ended 31 March 2021 was approved by shareholders at the AGM held on 10 August 2021.

The votes cast by proxy were as follows:

	Directors' remuneration report (AGM 2021)	Remuneration policy (AGM 2019)
Votes for	499,644,892	121,799,095
%	99.62	100
Votes against	1,762,839	–
%	0.35	–
Total votes cast	501,407,731	121,799,095
Votes withheld	1,347	–

Resolutions to approve the Directors' Remuneration Report in respect of the year ended 31 March 2023 and the Directors' Remuneration Policy will be proposed at the forthcoming AGM.

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 10 September 2019 and is also available on request at the Company's registered office. The Remuneration Policy will be put to the shareholders for approval, at the Company's 2022 AGM scheduled to be held in September 2022.

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 £300,000, as set out in the Company's Articles of Association. Proposed changes to this limit are detailed in this Report and will be subject to shareholder approval at the forthcoming AGM.

There are no performance conditions attaching 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, Chair of the Audit and Risk Committee and Chair of the Remuneration Committee 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 March 2022 to consider the current levels of annual base Directors' remuneration and the proposed level base Directors' remuneration for the year ended 31 March 2023.

The Remuneration Committee also 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. The 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.

The Committee concluded that the proposed changes to the Director's annual remuneration and the increase of the aggregate annual Directors' remuneration limit for year ending 31 March 2023, be recommended and were put to the Board.

4.6 Directors' Remuneration Report
continued

Proposed Base Directors' Fees to be Paid for the Year Ending 31 March 2023:

		Proposed Base Fees to be paid for the year ending 31 March 2023 Total £'000	Base Fees paid for the year ended 31 March 2022 Total £'000
Tony Roper	Chair	67.0	65.0
Helen Clarkson	Management Engagement Committee chair	47.0	50.0
Chris Knowles	Senior Independent Director	49.0	47.0
Emma Griffin	Remuneration Committee chair	49.0	47.0
Sarika Patel[1]	Audit and Risk Committee chair	52.0	12.5
Total		**264.0**	**221.5**

[1] Appointed to the Board and its Committees with effect from 1 January 2022.

The proposed remuneration recommendations for the year ended 31 March 2023 would result in an increase in the aggregate Directors' annual base remuneration to £264,000 in the coming year, reflecting not only the proposed increases but also the full year effect of the appointment of Sarika Patel from 1 January 2022. The proposed increases to fees would remain below the Company's current approved annual aggregate Directors' remuneration limit of £300,000.

As a result of having increased the number of Directors to five recently, and to ensure there is sufficient headroom should the Board look to recruit an additional Director in the future, the Board is recommending an increase of the aggregate annual Directors' remuneration limit to £400,000 to be put forward to shareholders for approval at the AGM scheduled to be held on 12 September 2022.

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 2022 AGM in relation to the proposed remuneration payable to the Directors for the year ending 31 March 2023 with a view to implementing the proposed increases backdated to the start of the Company's current fiscal year, the changes to the aggregate annual Directors' remuneration limit and the Company's Remuneration Policy.

The Directors' Remuneration Report was approved by the Board on 30 June 2022 and signed on its behalf by:

Emma Griffin

Chair of the Remuneration Committee

4.7 Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and 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;
- 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 Company Information 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 profit 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 Board on 30 June 2022 and the above responsibility statement was signed on its behalf by:

Tony Roper
Chair

5. Financial Statements

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 2022 and of its profit 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 2022; 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

Materiality

- Overall materiality: £10,746,000 (2021: £6,950,000) based on 1% of total assets.
- Performance materiality: £8,059,500 (2021: £5,200,000).

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.

Impact of Covid-19, which was a key audit matter last year, is no longer included because of limited continued impact of the pandemic on the operations and cashflows of the company. 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 £928.2 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.	We planned our audit to critically assess management's assumptions and the investment valuation model in which they are applied;
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.	We have evaluated the design and implementation of relevant controls over the preparation of the portfolio valuation;
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.	We assessed the reasonableness of the assumptions made by management in the applicable valuation models; We tested the mathematical accuracy of the valuation models;
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 performed detailed testing over a sample of models and significant inputs for the selected sample of investments. This testing entailed challenging key inputs in the 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 Covid-19 and 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 and Spain to provide audit support in reviewing and concluding on the fair valuation of the underlying investment portfolio. They (a) reviewed the appropriateness of the valuation methodology and approach and (b) reviewed and commented on the computation of 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; and
	We have concluded that the overall valuation of the portfolio as a whole is reasonable.

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.

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	£10,746,000 (2021: £6,950,000).
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% (2021: 75%) of overall materiality, amounting to £8,059,500 (2021: £5,200,000) 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 £537,300 (2021: £347,000) 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:

- Testing the mathematical integrity of the cash flow forecasts and the models and reconciled these to Board approved budgets;
- We challenged management on the appropriateness of key assumptions and considered their reasonableness in the context of other supporting evidence gained from our audit work;
- Reviewing the debt agreements 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 2022 to third-party evidence and considered the available financing. This supported the directors' conclusion that sufficient liquidity headroom remained throughout the assessment period;
- Testing the mathematical accuracy of the covenant calculations. We concluded that covenant compliance remained throughout the assessment period; and
- We also reviewed the 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 Code of Corporate Governance (the '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 the 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 the Report of the Directors for the year ended 31 March 2022 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 the 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 Code of Corporate Governance 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 group 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 Code of Corporate Governance; 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 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 four years, covering the years ended 31 March 2019 to 31 March 2022.

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
30 June 2022

5.2 Financial Statements

Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Investment income	5	88,763	37,834
Total operating income		88,763	37,834
Fund expenses	6	(9,005)	(5,429)
Profit for the year before tax		79,758	32,405
Tax on profit on ordinary activities	7	–	–
Profit for the year		79,758	32,405
Total comprehensive income for the year		79,758	32,405
Attributable to:			
Equity holders of the Company		79,758	32,405
Earnings Per Ordinary Share (pence)	8	10.0	7.0

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 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
Non-current assets			
Investment at fair value through profit or loss	11	928,229	572,574
		928,229	**572,574**
Current assets			
Trade and other receivables		363	401
Cash and cash equivalents		146,064	122,059
		146,427	**122,460**
Current liabilities			
Trade and other payables		(1,538)	(1,229)
Net current assets		**144,889**	**121,231**
Net assets		**1,073,118**	**693,805**
Capital and reserves			
Share capital	12	9,903	6,771
Share premium	12	925,067	584,437
Other distributable reserves	12	39,342	58,165
Retained earnings		98,806	44,432
Total equity		**1,073,118**	**693,805**
Net assets per share (pence)	10	**108.4**	**102.5**

The accompanying Notes are an integral part of these financial statements.

The financial statements for the year ended 31 March 2022 of SDCL Energy Efficiency Income Trust plc, were approved and authorised for issue by the Board of Directors on 30 June 2022.

Signed on behalf of the Board of Directors:

Sarika Patel
Director

Tony Roper
Director

Company number: 11620959

5.2 Financial Statements
continued

Statement of Changes in Shareholders' Equity

For the year ended 31 March 2022

	Note	Share Capital £'000	Share Premium £'000	Other distributable reserves £'000	Retained earnings £'000	**Total Equity £'000**
Balance at 1 April 2021		6,771	584,437	58,165	44,432	693,805
Shares issued	12	3,132	346,868	–	–	350,000
Share issue costs	12	–	(6,238)	–	–	(6,238)
Dividends paid	9	–	–	(18,823)	(25,384)	(44,207)
Profit and total comprehensive income for the year		–	–	–	79,758	79,758
Balance at 31 March 2022		**9,903**	**925,067**	**39,342**	**98,806**	**1,073,118**

	Note	Share Capital £'000	Share Premium £'000	Other distributable reserves £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 April 2020		3,204	219,721	88,578	12,027	323,530
Shares issued		3,567	371,433	–	–	375,000
Share issue costs		–	(6,717)	–	–	(6,717)
Dividends paid	9	–	–	(30,413)	–	(30,413)
Profit and total comprehensive income for the year		–	–	–	32,405	32,405
Balance at 31 March 2021		**6,771**	**584,437**	**58,165**	**44,432**	**693,805**

The accompanying Notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Cash flows from operating activities			
Operating profit for the year		79,758	32,405
Adjustments for:			
Gain on investment at fair value through profit or loss		(47,792)	(15,021)
Loan interest income	5	(7,299)	(2,684)
Operating cash flows before movements in working capital		24,667	14,700
Changes in working capital			
Decrease in trade and other receivables		37	1,440
Increase in trade and other payables		309	645
Net cash generated from operating activities		25,013	16,785
Cash flows from investing activities			
Additional investment in Holdco	11	(319,863)	(316,479)
Loan principal repayment received		12,000	13,021
Loan interest income received		7,300	2,684
Net cash used in investing activities		(300,563)	(300,774)
Cash flows from financing activities			
Proceeds from the issue of shares		350,000	375,000
Payment of share issue costs		(6,238)	(6,718)
Dividends paid	12	(44,207)	(30,413)
Net cash generated from financing activities		299,555	337,869
Net movement in cash and cash equivalents during the year		24,005	53,880
Cash and cash equivalents at the beginning of the year	2	122,059	68,179
Cash and cash equivalents at the end of the year	2	**146,064**	**122,059**

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 2022

1. General Information

The Company is incorporated in the United Kingdom under number 11620959 pursuant to the Companies Act 2006 and is domiciled in the England, United Kingdom. The Company's registered office and principal place of business is 6th Floor, 125 London Wall, London, EC2Y 5AS. The Company was incorporated on 12 October 2018 and is a Public Company limited by shares and the ultimate controlling party of the group.

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 Limited ("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.

2. Significant Accounting Policies

a) Basis of Accounting

On 31 December 2020, IFRS as adopted by the European Union at that date brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its Company financial statements on 1 April 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the year reported as a result of the change in framework.

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 Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirement") adopted during the current year

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2021 that have a material effect on the financial statements of the Company nor the value of investments. This includes the following standards which the Company adopted during the year:

- Amendments to IFRS 16 Leases: Covid-19 – Related rent concessions beyond 30 June 2021
- Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – phase 2

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 Limited (the "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 2022, the Company, via Holdco, made significant new investments, notably in the USA, and as a result the size of the Company significantly 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. At this point it could be possible for the Company to remain invested subject to contractual negotiations, economic viability and investment policy of the Company at the time. 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 (further information on exit strategy for new investments can be found in Investment Manager's Report in Section 2.4)
- Each new investment is measured at fair value.

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.

The Directors are of the opinion that the Company meets all the typical characteristics of an investment entity and therefore meets the definition set out in IFRS 10. The Directors believe the treatment outlined above provides the most relevant information to investors.

b) Going concern

COVID-19

During the year to 31 March 2022 and up to the date of this report, the outbreak of the COVID-19 pandemic has slowed down somewhat compared to a year ago. However, the pandemic still has a negative impact on the global economy and therefore the uncertainties and additional risks for the Company raised in prior periods remain under review. The Directors of the Company and the Investment Manager continue to follow government guidelines in relation to the COVID-19 pandemic in all the jurisdictions where its investments operate to ensure best practices are followed. There has not been a material impact to the Company, to its investment in Holdco and to its indirect subsidiaries to carry out its operations and receive the expected return from its investments, therefore the Directors are confident that there should not be a material financial impact on the performance of the Company in the future if subsequent lockdowns or similar restrictions are introduced. The Directors do not believe there is a significant risk to the Company from COVID-19 pandemic but, along with the Investment Manager, continue to monitor the portfolio for material impact from the COVID-19 pandemic

5.3 Notes to the Financial Statements
continued

Investment diversification and cash

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 Company has prepared, and the Directors have reviewed a cash flow forecast covering the minimum period of twelve months from the date of approval of this report, taking into consideration potential changes in investment and trading performance and applying a 10% reduction in revenues to test the resilience of cash flows in the near term. The forecast demonstrates an expectation to continue to generate positive cash flows for the foreseeable future that as a minimum will meet liabilities as they fall due. The Directors reviewed a severe downside scenario where the Company would not receive any further income from its investment for the next 12 months from signing of the financial statements and taking into account all committed payments for running the Company, the Company would have sufficient cash reserves to continue as a going concern. As at 31 March 2022, the Company's net current assets were £144.9m, including cash balances of £146.1 million. Further amounts of cash are held by the Company's direct and indirect subsidiaries, 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 acquisition of new assets, both of which are discretionary.

Credit Facility

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 group loan to value limits. As at 31 March 2022, the facility was undrawn and £145m is available to meet future working capital and pipeline requirements. The Company is a guarantor to the RCF (see Note 17) but has no other guarantees or commitments.

Ukraine conflict

In light of the events in Ukraine in the first quarter of 2022, 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. The effects on the global economy are still emerging and the full impact on the portfolio remains uncertain at this point and continues to be closely monitored by the Board and Investment Manager. The Board and Investment Manager continues to actively monitor the Partnership's investment and operating activities.

Inflation

The global impact of the Russian invasion of Ukraine on the oil and gas prices is a significant contributor to rises globally in at present. The Company has carried out 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 cash flow forecasts, including the potential impact from COVID-19 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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.

h) Acquisition Costs

Acquisition costs are expensed to the Income Statement as they are incurred.

i) 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.

j) 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. The majority of cash is held 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.

k) 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 cash flows 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.

l) 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 any impact on these financial statements.

m) 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.

n) 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 of investments that are held at fair value (the "Portfolio Valuation").

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 at 31 March 2022, which includes estimates of future cash flows 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 2022 valuation was 7.0% (2021: 7.0%). 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 cash flow assumptions

For the investments in Primary Energy, estimates have been made to determine the demand for generation by the offtakers and the cash flows that can be generated through renewal of contract terms with the counterparty after the expiry of the existing contract terms. The most material estimate is in relation to Cokenergy. If the actual increase in contractual terms assumed for the Cokenergy investment is 50% less than estimated, the Portfolio Valuation at 31 March 2022 could be reduced by approx. £14 million, assuming no other mitigants are available.

Although the investment in Onyx has been adversely affected by delays in the development and construction of new assets, an increased estimate has been made for the amount of Megawatts that can be deployed from the development pipeline which are valued on an EV multiple per MW. If only 50% of the increased estimate is achieved, the Portfolio Valuation at 31 March 2022 would be reduced by approx. £8 million.

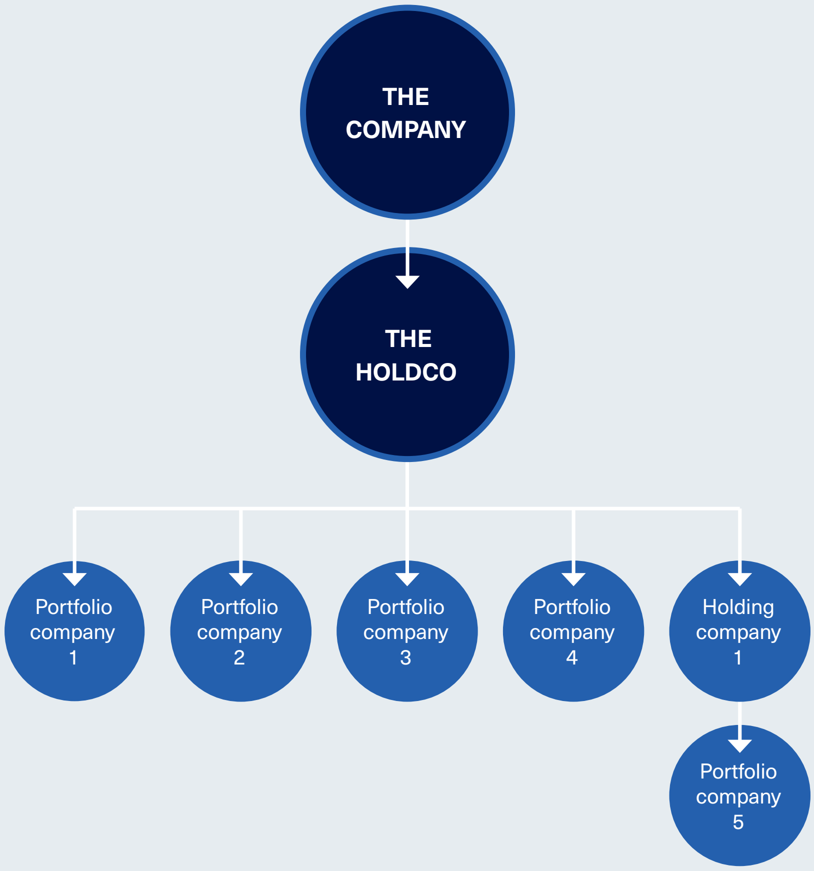
At the start of 2021 the Investment Manager worked with the management team of Oliva Spanish Cogeneration to establish an inhouse gas procurement company to target savings against the spot price for procuring natural gas for the five investments in Oliva Spanish Cogeneration that use natural gas as a fuel supply. Key estimates are made in the future cash flows of the savings that can be achieved, however, if the margin of estimated savings is 5% less, then the Portfolio Valuation at 31 March 2022 would be reduced by approx. £13.8 million.

In the investment in Vartan 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. If the rate from the last 12 months is assumed for the following two years, the adverse impact on the Portfolio Valuation at 31 March 2022 would be £1.7 million.

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 cash flow 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.

The Investment Manager exercises its judgement in assessing the expected future cash flows from each investment based on the project's expected life and the financial models produced for each project company and adjusts the cash flows where necessary to take into account key external macroeconomic assumptions and specific operating assumptions.

The fair value for each investment is then derived from the application of an appropriate market discount rate for that investment to reflect the perceived risk to the investment's future cash flows and the relevant period end foreign currency exchange rate to give the present value of those cash flows. 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 climate change and to the COVID-19 pandemic are assessed and where required, adjustments are made to expected future cash flows or reflected in the asset specific discount rate that is applied.

5.3 Notes to the Financial Statements
continued

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 £'000	Level 2 £'000	Level 3 £'000
31 March 2022	**–**	**–**	**928,229**
31 March 2021	–	–	572,574

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 2022	30 September 2021	31 March 2021
Inflation rates	UK (RPI)	7.9% declining to 3.5% by 2024, 2.75% p.a. long-term	2.75% p.a.	2.75% p.a.
	UK (CPI)	6.0% declining to 2.3% by 2024, 2.00% p.a. long-term	2.00% p.a.	2.00% p.a.
	Spain (CPI)	5.8% declining to 1.7% by 2024, 2.00% p.a. long-term	1.3% to 1.4% until 2023, 2.00% p.a. long-term	1.0% to 1.4% until 2023, 2.0% long-term
	Sweden (CPI)	3.4% declining to 2.0% by 2024, 2.00% p.a. long-term	1.7% to 1.8% until 2023, 2.00% p.a. long-term	1.4% to 1.7% until 2023, 2.0% long-term
	Singapore (CPI)	3.2% declining to 2.0% by 2024, 2.00% p.a. long-term	2.00% p.a.	2.00% p.a.
	Ireland (CPI)	4.8% declining to 2.0% by 2024, 2.00% p.a. long-term	n/a	n/a
	USA (CPI)	6.3% declining to 2.0% by 2024, 2.00% p.a. long-term	2.00% p.a.	2.00% p.a.

		31 March 2022	30 September 2021	31 March 2021
Tax rates	UK	19% to 2023, 25% thereafter	19% to 2023, 25% thereafter	19% to 2023, 25% thereafter
	Spain	25%	25%	25%
	Sweden	21.4%	20.6%	21.4%
	Singapore	17%	17%	17%
	Ireland	17%	17%	n/a
	USA	21% Federal & 3-9% State rates	21% Federal & 3-9% State rates	21% Federal & 3-9% State rates
Foreign exchange rates	EUR/GBP	0.84	0.86	0.85
	SEK/GBP	0.08	0.08	0.08
	SGD/GBP	0.56	0.55	0.54
	USD/GBP	0.76	0.74	0.73

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 2022	31 March 2021
Weighted Average discount rate (on unlevered basis)	7.0%	7.0%
Discount rates	4.0% to 10.0%	4.5% to 10.0%

Sensitivities

The sensitivities below show the effect on Net asset value 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

A change to the weighted average discount rate by plus or minus 0.5% has the following effect on the NAV.

Discount rate	NAV/share impact	-0.5% change	Net asset value	+0.5% change	NAV/share impact
31 March 2022	**4.5p**	**£44,079k**	**£1,073,118k**	**(£40,648k)**	**(4.1p)**
31 March 2021	4.4p	£29,854k	£693,805k	(£27,553k)	(4.1p)

Inflation rates

The Portfolio Valuation assumes long-term inflation as indicated above in the UK, USA and Spain. A change in the inflation rate by plus or minus 0.5% has the following effect on the NAV, with all other variables held constant.

Inflation rate	**NAV/share impact**	**-0.5% change**	**Net asset value**	**+0.5% change**	**NAV/share impact**
31 March 2022	**(1.1p)**	**(£10,540k)**	**£1,073,118k**	**£11,936k**	**1.2p**
31 March 2021	(0.7p)	(£5,069k)	£693,805k	£5,560k	0.8p

Corporation tax rates

The Portfolio Valuation assumes tax rates based on the relevant jurisdiction. A change in the corporation tax rate by plus or minus 5% has the following effect on the NAV, with all other variables held constant.

Corporation tax rate	**NAV/share impact**	**-5% change**	**Net asset value**	**+5% change**	**NAV/share impact**
31 March 2022	**3.2p**	**£31,706k**	**£1,073,118k**	**(£33,005k)**	**(3.3p)**
31 March 2021	3.0p	£20,025k	£693,805k	(£20,003k)	(3.0p)

Foreign exchange rates

The Portfolio Valuation 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 2022	**0.8p**	**£8,329k**	**£1,073,118k**	**(£7,649k)**	**(0.8p)**
31 March 2021	0.8p	£5,342k	£693,805k	(£4,621k)	(0.7p)

5. Investment Income

	Year ended 31 March 2022 £'000	**Year ended 31 March 2021 £'000**
Dividend income	33,656	20,100
Gain on investment at fair value through profit or loss (Note 11)	47,792	15,021
Interest income	7,315	2,713
Investment income	**88,763**	**37,834**

Interest income is mainly in respect of coupon bearing loan notes issued to the Company by Holdco (Note 15) but includes bank interest of £16k for the year ended 31 March 2022 (2021: £29k). 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 gain on investment is unrealised.

6. Fund Expenses

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Investment management fees (Note 15)	7,211	4,042
Non-executive directors' fees (Note 16)	275	156
Other expenses	1,076	913
Fees to the Company's independent auditors:		
– for the audit of the statutory financial statements	398	263
– for audit-related assurance services	45	55
Fund Expenses	**9,005**	**5,429**

As at 31 March 2022, the Company had no employees (31 March 2021: 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 4.6 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 2022 £'000	Year ended 31 March 2021 £'000
Profit for the year before taxation	79,758	32,405
Profit for the year multiplied by the standard rate of corporation tax of 19% (2021: 19%)	15,154	6,157
Fair value movements (not subject to taxation)	(9,080)	(2,854)
Dividends received (not subject to taxation)	(6,395)	(3,819)
Surrendering of tax losses to unconsolidated subsidiaries	321	516
Total tax charge	**–**	**–**

The corporation tax rate will increase from 19% to 25% with effect from 1 April 2023. No deferred tax were recognised in the periods.

8. Earnings Per Ordinary Share

	Year ended 31 March 2022	Year ended 31 March 2021
Profit and comprehensive income for the year (£'000)	79,758	32,405
Weighted average number of ordinary shares ('000)	795,954	463,389
Earnings per ordinary share (pence)	**10.0**	**7.0**

There is no dilutive element during the financial year and subsequent to the financial year.

9. Dividends

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Amounts recognised as distributions to equity holders during the year:		
Second Interim dividend for the year ended 31 March 2020 of 2.5p per share	–	8,010
First quarterly interim dividend for the year ended 31 March 2021 of 1.375p per share	–	5,859
Second quarterly interim dividend for the year ended 31 March 2021 of 1.375p per share	–	7,234
Third quarterly interim dividend for the year ended 31 March 2021 of 1.375p per share	–	9,310
Fourth quarterly interim dividend for the year ended 31 March 2021 of 1.375p per share	9,310	–
First quarterly interim dividend for the year ended 31 March 2022 of 1.405p per share	9,513	–
Second quarterly interim dividend for the year ended 31 March 2022 of 1.405p per share	12,692	–
Third quarterly interim dividend for the year ended 31 March 2022 of 1.405p per share	12,692	–

All dividends have been paid out of distributable reserves. Further information on distributable reserves can be found in Note 12.

On 16 June 2022, the Company declared a fourth interim dividend for the year ended 31 March 2022 of 1.405p per share which is expected to result in a cash payment of approximately £13.9 million on 30 June 2022.

10. Net Assets Per Share

	31 March 2022	31 March 2021
Shareholders' equity (£'000)	1,073,118	693,805
Number of ordinary shares ('000)	990,288	677,087
Net assets per ordinary share (pence)	**108.4**	**102.5**

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 2022 £'000	Year ended 31 March 2021 £'000
Brought forward investment at fair value through profit or loss	572,574	254,095
Loan investments in year	96,801	42,000
Equity investments in year	223,062	274,479
Loan Principal repaid in year	(12,000)	(13,021)
Movement in fair value	47,792	15,021
Closing investment at fair value through profit or loss	**928,229**	**572,574**

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, £149,980k (March 2021: £65,179k) relates to loan investment (also see Note 5) and £778,249k (March 2021: £507,395k) relates to equity investment.

A reconciliation between the Portfolio Valuation (as described in Section 3.2), 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 2022 £'000	31 March 2021 £'000
Portfolio Valuation (see Section 3.1 for details)	912,714	552,672
Holdco cash	24,880	4,141
Holdco debt	–	–
Holdco net working capital	(9,365)	15,761
Investment at fair value per Statement of Financial Position	**928,229**	**572,574**

Investments by the Company

During the year ended 31 March 2022, the Company invested £319.9 million into Holdco for new portfolio investments and repayment of debt. Holdco used £67.8 million of this funding to repay its Revolving Credit Facility ("RCF") in September 2021 and £30.6 million in March 2022.

Portfolio Investments, via Holdco

During the year ended 31 March 2022, Holdco invested c. £300.2 million in new portfolio investments.

The Company announced the following investment activity in the year:

- In April 2021, the Company acquired a 100% equity interest in a commercial district energy system, RED-Rochester, LLC for a cash consideration of c. £139 million.
- In April 2021, the Company invested in a 4.5MWp portfolio of operational commercial and industrial rooftop solar systems and a 20 MWp pipeline of late development stage and ready to build assets at multiple sites in Vietnam (via a Singapore developer) for a cash consideration of c. £2.4 million.
- Following on from the initial investment in Onyx in the year ended 31 March 2021, the Company invested additional amounts of c. £6 million in April 2021, c. £2 million in September 2021, c. £13 million in November 2021 and c. £2 million in March 2022 to fund further construction.
- Following on from the initial investment in Spark US Energy Efficiency II in the year ended 31 March 2021, the Company invested via Holdco an additional c. £4.5 million July 2021, c. £6 million in November 2021 and c. £2 million in March 2022.
- Following on from the initial investment in Oliva in the year ended 31 March 2021, the Company invested additional amounts of c. £10 million in December 2021 and c. £3 million in March 2022 to fund further construction.
- In July 2021, the Company announced it had agreed to invest approximately c. £22 million in a large-scale green gas-to-grid project in Indiana, US. The initial investment was c. £11 million with incremental amounts expected to be deployed over time to fund expansion activity. The Company invested a further c. £2 million in November 2021 and c. £0.3 million in March 2022.
- In August 2021, the Company invested c. £1 million into Holdco to facilitate the retrofit project of energy efficient measures in Tallaght Hospital, one of Ireland's largest hospitals.
- In September 2021, the Company invested £34 million to acquire the remaining 35% equity interest in Primary Energy.
- In September 2021, the Company announced it had agreed to invest c. £3 million to develop, implement, finance and own the replacement of a chiller system at Lycra Singapore's facility.
- In September 2021, the Company invested £8 million to facilitate the drawdown of capital to EV Network for the purchase of the first tranche of rapid and ultra-fast EV charging stations.
- In October 2021, the Company invested c. £4 million to provide funding for the new-build, highly energy efficient multi-family residential buildings designed and constructed by Sustainable Living Innovations ("SLI") in the United States.
- In November 2021, the Company invested c. £16 million in Future Energy Solutions Holdings LLP, a portfolio of 1,800+ LED lighting projects across 1,700+ sites and 1,000+ counterparties in the USA.
- In March 2022, the Company invested c. £31 million to acquire an 80% interest in Sociedade de Iniciativa e Aproveitamentos Florestais - Energia, S.A. ("SIAF"), a high-efficiency and operational biomass plant. The Company funded the intermediatory company on 31 March 2022 with the deal completing in April 2022.

The Company made further portfolio investments after 31 March 2022, of c. £43 million – see Note 18 for details:

12. Share Capital and Share Premium

Ordinary Shares of £0.01	Year ended 31 March 2022 '000	Year ended 31 March 2021 '000
Authorised and issued at the beginning of the year	677,087	320,374
Shares Issued – during the year	313,201	356,713
Authorised and issued at the end of year	**990,288**	**677,087**

	Share capital £'000	Share Premium £'000
Total as at 1 April 2021	6,771	584,436
Issue of Ordinary shares	3,132	346,868
Costs of issue of Ordinary shares	–	(6,238)
Total as at 31 March 2022	**9,903**	**925,067**

In September 2021, the Company issued 226,244,343 new ordinary shares at a price of 110.5p per share raising gross proceeds of £250m.

In March 2022, the Company issued 86,956,522 new ordinary shares at a price of 115p per share raising gross proceeds of £100m.

The Company currently has one class of ordinary share in issue. All the holders of the £0.01 ordinary shares, which total 990,288k (2021: 677,087k) and are fully paid (2021: 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.

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 cash flows 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 cash flows 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 cash flow 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 cash flows 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 cash flow will be subject to variation depending on changes to base interest rates. The portfolio's cash flows are continually monitored and re-forecasted to analyse the cash flow 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.

The Investment Manager has carried out an assessment on the accounting implications of the IBOR reform directly affecting the Company. There is no direct impact from the reform as the Company and its UK subsidiaries do not have exposure to LIBOR. There is currently no exposure at project level in all locations other than the US where analysis is ongoing. However the reform is not expected to have a material impact on these projects or SEEIT as a whole.

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 cash flows 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 2022, there were no receivables considered impaired. 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 recognized 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 cash flows. 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.

5.3 Notes to the Financial Statements
continued

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 cash flows and by matching the maturity profiles of assets and liabilities.

The Company also ensures that Holdco has sufficient banking facilities by continuously monitoring forecast and actual cash flows 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 cash flows and may differ from the actual cash flows 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 2022	**Up to 3 months £'000**	**Between 3 and 12 months £'000**	**Between 1 and 5 years £'000**	**Total £'000**
Assets				
Cash and cash equivalents	146,064	–	–	146,064
Trade and other receivables	–	–	–	–
Liabilities				
Trade and other payables	(1,538)	–	–	(1,538)
Total	**144,526**	**–**	**–**	**144,526**

As at 31 March 2021	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 5 years £'000	Total £'000
Assets				
Cash and cash equivalents	122,059	–	–	122,059
Trade and other receivables	1	–	–	1
Liabilities				
Trade and other payables	(1,229)	–	–	(1,229)
Total	**120,831**	**–**	**–**	**120,831**

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) and indirect subsidiaries and related undertakings of the Company. 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 2022
SEEIT Holdco Limited	United Kingdom	100%
EECo Kingscourt Limited	United Kingdom	100%
SEEIT Europe Limited	United Kingdom	100%
EECo Data Centres No. 1 Limited	United Kingdom	100%
SEEIT US Limited	United Kingdom	100%
EECo Biomass No 1 Limited	United Kingdom	60%
EECo Evergreen Limited	United Kingdom	100%
EECo Wilton No. 1 Limited	United Kingdom	100%
SmartEnergy Finance Two Limited	United Kingdom	49%
Combined Heat and Power Investments Limited	United Kingdom	100%
Energy Efficient Global UK Project Limited	United Kingdom	100%
EECo Smithfield Limited	United Kingdom	100%
SDCL Solar Edge Limited	United Kingdom	100%
SEEIT UK 1 Limited	United Kingdom	100%
SEEIT Asia Limited	United Kingdom	100%
SEEIT Europe 2 Limited	United Kingdom	100%
SEEIT US Two Limited	United Kingdom	100%
Zood Infrastructure Limited	United Kingdom	100%
Walworth Invest S.L.	Spain	100%
EE CO Ireland Hospitals TUH Ltd	Ireland	100%
SDCL TG Cogen LLC	USA	71%
SEEIT BTB LLC	USA	100%
SEEIT Net Zero LLC	USA	100%
SEEIT PE 1 LLC	USA	100%
SEEIT PE 2 LLC	USA	100%
PERC Midco LLC	USA	100%
SEEIT Capital LLC	USA	100%
SEEIT Capital II LLC	USA	100%
SEEIT Hemisphere Holdco, LLC	USA	100%
SEEIT Red Holdco, LLC	USA	100%
SEEIT US Lighting Holdings LLC	USA	100%
FE Energy Efficiency INV PTE. Limited	Singapore	100%
SEEIPL 1 PTE. Limited	Singapore	100%
SEEIPL 3 PTE. Limited	Singapore	100%
SEEIPL 4 PTE. Limited	Singapore	100%
Shire Oak Green Asia Portfolio 2 Pte	Singapore	100%
SEEIT EUROPE 2 SWEDEN HOLDING AB	Sweden	100%

All subsidiaries 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.

SDCL TG Cogen LLC, SEEIT Capital LLC, SEEIT Capital II LLC, PERC Midco LLC, SEEIT Hemisphere I LLC, SEEIT Red Holdco LLC, SEEIT US Lighting Holdings LLC, SEEIT BTB LLC and SEEIT Net Zero LLC 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.

Walworth Invest S.L. is registered in Spain and its principal place of business and registered office is Calle Príncipe de Vergara 112, Planta Cuarta, 28002 Madrid, Spain.

EE CO Ireland Hospitals TUH Ltd is registered in Ireland and its principal place of business and registered office is 55 Merrion Square South, Dublin, DO2 YD65.

FE Energy Efficiency PTE. Limited, SEEIPL 1 PTE. Limited, SEEIPL 3 PTE. Limited, SEEIPL 4 PTE. Limited and Shire Oak Green Asia Portfolio 2 PTE Ltd is registered in Singapore and their principal place of business and registered office is 6 Eu Tong Sen Street #11-09, The Central, Singapore 059817.

SEEIT EUROPE 2 SWEDEN HOLDING AB is registered in Sweden and its principal place of business and registered office is RÅSUNDAVÄGEN 12, 16967 Solna, Stockholm County, Sweden.

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 of up to, and including, £750 million; and
- 0.8%, per annum of the adjusted NAV in respect of the Net Asset Value 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 2022, management fees of £7,211k (2021: £4,042k) were incurred of which £708k (2021: £919k) was payable at the year-end.

During the year ended 31 March 2022, £319.9m (2021: £316.5m) 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 2022, coupon bearing loan notes of £96.8 million (2021: £42.0 million) were issued which accrue interest at 6%. During the year ended 31 March 2022, Holdco had repaid coupon bearing loan notes of £12.0 million (2021: £13.0 million). In the year to 31 March 2022, £7,299k interest had accrued on the loan notes (2021: £2,684k) of which nothing is outstanding at the year-end (2021: £1,300k).

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 £275k (disclosed as Non-executive directors' fees in Note 6) in the year (2021: £156k) which included £254k for Director salaries (2021: £148k), £18k for national insurance contributions (2021: £8k) and £3k for the reimbursement of expenses (2021: £nil).

17. Guarantees and Other Commitments

The Company is the guarantor of the RCF between Holdco and Investec Bank plc.

Across two phases in June 2021 and August 2021, the Company renewed and increased the RCF that it holds through its wholly owned subsidiary, SEEIT Holdco, from £40 million to £145 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 £55 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 2022, the Company made the following investments, via SEEIT Holdco:

- A further c. £3 million in Spark US Energy Efficiency II.
- A further c. £1 million in Biotown.
- A further c. £18 million in Onyx.
- A further c. £2 million in Tallaght Hospital.
- A financing round of c. £8 million in Turntide Technologies, Inc. a provider of smart motor systems across several jurisdictions, headquartered in the US with operations in Canada, Europe and India.
- A c.£21 million debt investment commitment to Baseload Capital, a portfolio of small scale geothermal projects which utilise existing heat sources which has not yet been drawn.
- A further c. £6 million in EV Network.
- A further c. £2 million in FES Lighting.
- A c. £3 million in Iceotope, a company that provides energy efficient cooling systems for data centres.

Company Information

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Tony Roper (Chair)
Christopher Knowles
Helen Clarkson
Emma Griffin
Sarika Patel

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Sanne Group Fiduciary Services (UK) Limited (Administrator)
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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	31st March
Dividend payments	Quarterly
Investment Manager	Sustainable Development Capital LLP
Company Secretary & Administrator	Sanne Group Secretaries (UK) Limited and Sanne Group Fiduciary Services (UK) Limited
Shareholders' funds	£1.1 billion as at 31 March 2022 (31 March 2021: £0.7 billion)
Market capitalisation	£1.2 billion as at 31 March 2022 (31 March 2021: £0.8 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

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

BMS building management systems

CCHP combined cooling/heating and power

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 s 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 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, CCHP plant schemes, 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

ESA an energy saving agreement governing the terms on which energy savings are apportioned between the counterparty and the relevant Project

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 kilowatts 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 megawatts 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 Project s

PEP personal equity plan

Portfolio Valuation the Investment Manager is responsible for carrying out the fair market valuation of the SEEIT group’s portfolio of investments

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

September 2021 Prospectus is the prospectus issued by the Company on 2 September 2021

SIPP self-invested personal pension

SDCL Group the Investment Manager and the SDCL Affiliates

SEEIT the Company

SEEIT Holdco see Holdco

SPV’s special purpose vehicles

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
Net Asset Value (“NAV”)	Net assets attributable to Ordinary Shares by deducting gross liabilities from gross assets.	It provides a metric that allows for useful comparison to similar companies and that allows for useful year on year comparisons of the Company. See Section 3.1 Financial Review.
NAV per share	NAV divided by total number of shares in issue at the balance sheet date	This provides shareholders with a metric that allows for tracking the Company’s performance year on year. See Section 3.1 Financial Review.
Total NAV Return on per share basis	Interim dividends paid in pence per share and movement in NAV per share over the course of the relevant period (e.g. in financial year or since IPO). Dividends are not assumed to be re-invested.	This provides shareholders with a metric that allows for tracking the Company’s performance year on year
Total Return on share price basis	Interim dividends paid and share price uplift per share over the course of the relevant period	This provides shareholders with a metric that allows for tracking the Company’s performance year on year
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 2.2 Investment Policy and Approach for detailed description and reconciliation
Ongoing Charges Ratio	In accordance with AIC guidance, defined as annualised ongoing charges (i.e. excluding investment costs and other non-recurring items) divided by the average published undiluted NAV in the year	Used as a metric in the investment company industry to compare cost-effectiveness. See Section 3.1 Financial Review.
Portfolio Valuation	The fair value of all investments in aggregate that are held directly or indirectly by Holdco	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. See Section 3.2 Valuation of the Portfolio.
Cash on Portfolio Basis	Cash at bank of the Company and Holdco	To provide relevant information to shareholders of the Company’s ability for new investments, working capital and payment of dividends. See Section 3.1 Financial Review.

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