

Sustainability Report 2025

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The Company's Sustainability Policy and other publications are available here: www.seqi.fund/sustainability/publications/. These documents offer further detail on the Company's sustainability principles, screening and scoring, integration into the investment process, regulatory reporting and the various engagement strategies we deploy

Δ KPMG has issued independent limited assurance over the selected data indicated, which has been extracted from the Company's 2024/25 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: www.seqi.fund/sustainability/publications/. See page 4 for more information

Key highlights from the year

- ▶ First time reporting emissions metrics covering the whole portfolio and climate scenario analysis
- ▶ Increase in the portfolio's weighted average ESG score from 59.61 in 2020 to 64.70^Δ in 2025
- ▶ Fifth year of independent limited assurance, which now covers SEQI's three sustainability goals
- ▶ Joint-record 93% responses from portfolio companies to our annual borrower sustainability questionnaire
- ▶ Eight projects in the portfolio now have sustainability-related covenants in the loan documents
- ▶ SEQI hosted an inaugural ESG Investor Breakfast Event for investors to engage and learn from each other about key ESG areas
- ▶ Published a comprehensive, standalone Governance Policy covering the Company and our assessment of good governance at borrowers
- ▶ The Company and its Investment Adviser offset their operational greenhouse gas ("GHG") emissions
- ▶ The Investment Adviser's Sustainability Manager won the 2024 award for ESG Rising Star by IJ Global and was "Highly Commended" in the Sustainable & ESG Investment Woman of the Year, small and medium firms category by Investment Week
- ▶ The Investment Adviser became a member of the UK Sustainable Investment and Finance Association ("UKSIF") and joined the PRI's Initiative Climat International ("iCI")

Introduction from the Chair of the ESG and Stakeholder Engagement Committee



Selina Sagayam

ESG and Stakeholder Engagement Committee Chair

In a year of macro and geopolitical changes altering the global backdrop, major regulatory developments and uncertainties, and some backlash against the ESG agenda, it is important for SEI to restate its position on ESG considerations.

SEI is a company that considers sustainability factors and integrates these considerations into its investment process because this analysis is a key part of fully and properly assessing risk and long-term credit performance. Climate risk, resource efficiency, labour practices, governance and other sustainability issues directly impact an asset's performance. Our approach is pragmatic and grounded in principles of being responsible investors and stewards of assets. While not an impact fund, we recognise that infrastructure can be a critical enabler in the global transition to a more sustainable future. SEI seeks to deliver its investment mandate in a way which is consistent with the goal of building future-proofed economies. Many of the projects we finance – whether in renewable energy, transport, digital infrastructure or essential services – feature on the roadmap to achieving net zero and broader sustainability goals. Under our investment mandate, although our assets are generally held for less than five years, we do take a longer-term view on the role each infrastructure asset plays in this changing world, and we consider the contribution we can make through engagement with borrowers.

We are pleased to share updates from the year in this report. We have benefited from the advice of SIMCo, the Company's Investment Adviser ("IA"), and our Independent Consultant, Andrea Finegan, with oversight by the Board's ESG and Stakeholder Engagement Committee.

The Company considers the sustainability of its own operations and at investment level. This year, in response to market feedback and in pursuit of continued improvement and enhanced reporting, the Company developed a standalone Governance Policy providing a detailed and transparent account of our governance structures, policies and practices. This policy also describes how we assess good governance at the Company's borrowers. Rigorous assessment of sustainability factors at portfolio companies represents the most meaningful way that the Company can apply its sustainability principles. Central to this process is the IA's proprietary ESG scoring methodology, which undergoes continual review. During the period, the definitions of the sub-sectors were refined to ensure precision and clarity in their application. This year marks the fifth consecutive year that the ESG scores for the portfolio have been externally verified through independent assurance, underscoring the Company's commitment to credibility and reliable reporting. And, this year for the second time, the assurance was extended to all three KPIs that relate to each of the Company's sustainability goals, meaning negative screening and thematic investing were covered again.

We now have eight projects in the portfolio that have sustainability-related covenants in their loan terms, marking another year-on-year increase. The new addition this year was Project Crystal, a medical diagnostics business based in Germany, with the borrower having committed to completing the IA's annual sustainability questionnaire. This year a joint-record 93% of portfolio companies responded to the questionnaire on an almost entirely voluntary basis. The responses help us to better monitor, assess and progress our engagement with our borrowers. This market-leading response rate is a testament to the strong relationship our IA has built up with the management teams at the companies we help finance.

On a related note, we are incredibly proud of our Investment Adviser's dedicated Sustainability Manager, Leah Dean, who this year won the award for ESG Rising Star by [IJGlobal](#). She was also recognised with the Highly Commended accolade in the Sustainable & ESG Investment Woman of the Year category for small and medium firms by [Investment Week](#). Notably, Leah has had a real impact through innovative engagement strategies and outreach work with our portfolio companies. This contributed significantly to the increase in the average ESG score for the portfolio this year.

In September, investors and other stakeholders in the Company gathered for an inaugural ESG Breakfast roundtable. Steve Cook, Partner and Head of Portfolio Management at SIMCo, provided an overview of the history and direction of SEI's approach to integrating sustainability within the investment process, and led a discussion of ESG trade-offs as well as views on an exclusions-based approach and the nuances around certain sectors. Leah Dean then led an insightful conversation on responding to the fast-moving regulatory and reporting landscape. Andrea Finegan posed questions on the future direction of ESG and the group spoke about staying ahead of some of the key emerging themes that are growing in momentum. The then Chair of the ESG and Stakeholder Engagement Committee was also in attendance engaging with and hearing the views and feedback of many of our sustainability-minded investors and other professionals in the space.

Introduction from the Chair of the ESG and Stakeholder Engagement Committee continued

SEI reports as an Article 8 fund under SFDR. We have also built on last year's reporting of quantitative sustainability metrics from our borrower engagement activities and partial coverage of emissions data. This year is the first time SEI is able to report on its Company emissions as well as emissions metrics covering the whole portfolio under TCFD. We have also made the significant progress required to enable us to analyse the physical and transition risks and opportunities presented to the portfolio under different climate scenarios. This is a real milestone for the Company and represents years of work in the making. We look forward to leveraging this capability to further enhance our borrower engagement and exploring how it could add value to our robust due diligence practices.

During the forthcoming year, we will continue to closely follow the implementation of the ISSB Standards, for which our progress in emissions data and scenario analysis serves as helpful preparation as more jurisdictions formally adopt and implement the standards. Similarly, we will continue monitoring the FCA's Sustainable Disclosure Regime ("SDR") as consultations continue regarding its application to overseas funds like SEI.

And lastly, cognisant of investor sentiment and industry attention increasingly turning focus to nature and biodiversity, we are keen to explore how SEI can best start to assess and report how it and its investments impact and depend on natural assets and a biodiverse environment.

With this year marking 10 years since our IPO, it is clear that sustainability has played a notable part of SEI's journey, which I am sure will continue to be the case, and likely even more so, into the next 10 years and beyond.

Selina Sagayam

Chair of the ESG and Stakeholder Engagement Committee



Our Sustainability Goals

Progress report

The Company has three sustainability goals:

1. comply with negative screening criteria;
2. progress thematic investing (positive screening); and
3. over time, increase portfolio weighted average ESG score.

1. Comply with negative screening criteria



The negative screening criteria exclude the following sub-sectors or asset types:

- › upstream infrastructure related to the exploration and production of oil and gas, such as oil rigs and platforms, fracking facilities and facilities involved in tar sands;
- › thermal coal mining and directly related infrastructure, for example a dedicated thermal coal transportation asset like a railroad or wagons;
- › power generation from coal and any asset using thermal coal, but not coking coal; and
- › permanent military infrastructure for active operational forces or for military production.

During the year, 100%^A of projects were compliant with the Company's negative screening criteria.

KPMG have issued an independent limited assurance report over this metric.

During the year, the Company did not finance any "transition projects" that, whilst initially may not meet the negative screening criteria, have a plan in place to move to a more sustainable and compliant business model. There are also no projects of this nature currently held in the portfolio.

In addition to these negative screens, the Company's investment criteria restrict investment to certain types of infrastructure. This means many harmful or controversial asset types are already excluded de facto as they are not forms of infrastructure and therefore were also not invested in during the year, for example: alcohol production; tobacco production; gambling operations; pornography production and adult entertainment activities; and controversial and conventional weapons manufacturing.

As at 31 March 2025, the three KPIs relating to the Company's sustainability goals have been independently assured by KPMG. This confirmation is contained in the Company's 2024/25 Annual Report. These data points, indicated with a ^(A), have been extracted from the Annual Report. The reporting criteria and KPMG's limited assurance opinion are available in the Sustainability Publications section of our website: www.seqi.fund/sustainability/publications/. The Investment Adviser's full approach to negative screening, thematic investing and their proprietary scoring methodology is also published online in detail there ("ESG Framework: Evidence and Procedures").

2. Progress thematic investing (positive screening)



The Company has identified three investment themes that it believes play an important role for the environment and society:

- › renewable energy, such as solar, wind and geothermal generation, and directly related businesses including companies that supply renewable energy;
- › enabling the transition to a lower-carbon world, such as grid stabilisation, electric vehicles, traffic congestion reduction and the substitution of coal by gas; and
- › infrastructure with social benefits, which provides for basic human needs (such as clean water and food security) or brings a positive change by addressing social challenges and inequalities (such as healthcare, education and affordable housing) or advancing society as a whole (such as progressing telecommunications).

Positive screening is employed to view these types of assets more favourably in the investment process and, where possible, increase the Company's exposure to these themes, subject to existing concentration limits.

As at 31 March 2025, thematic investing covers 71%^A of the Company's investment portfolio.

KPMG have issued an independent limited assurance report over this metric.

Our Sustainability Goals continued

Progress report continued

2. Progress thematic investing (positive screening) continued

Below is the breakdown across each theme as well as some current investment examples:

Renewable energy

10%

- › US residential roof solar panel businesses
- › Spanish solar PV power portfolios
- › Power generation from methane captured from existing UK landfill sites with a growing solar business

Infrastructure with social benefits

31%

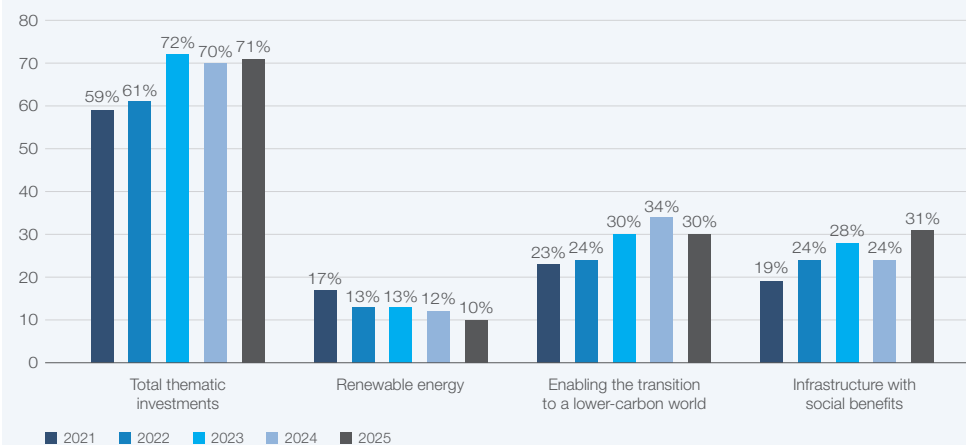
- › Specialist UK healthcare provider
- › Emergency medical vehicles and healthcare transportation in Spain
- › Provider of diagnostic imaging and radiotherapy services in Germany
- › Student housing in jurisdictions across the Netherlands
- › Essential and emergency water handling solutions
- › Telecom towers and broadband services connecting up residents and businesses from rural areas

Enabling the transition to a lower-carbon world

30%

- › Supply of biomass fuel from waste wood and by-products
- › US flexible generation peaker plants and baseload gas plants that enable grids to transition to renewables
- › Utility and energy efficiency solution providers, such as sub-metering in Germany and building upgrades in the Netherlands
- › Long-term power contracts in France to enable nuclear capacity
- › Grid enhancement assets that reduce waste energy
- › Specialist shipping of floating liquid natural gas
- › Efficient transportation projects in road and rail that reduce congestion

Thematic investments (% of SEQI's investment portfolio)



This year, the Company invested in four different infrastructure projects that have social benefits, which constituted 66% of capital deployed during the year. Also during the year, new loans were made to four companies that enable the transition to a lower-carbon world, which made up 19% of the capital deployed to new acquisitions.

Our Sustainability Goals continued

Progress report continued

3. Over time, increase portfolio weighted average ESG score

Each investment in the portfolio is assessed and assigned an ESG score, which is largely determined by the environmental impacts associated with the sub-sector in which the asset sits. The score can then be positively or negatively modified based on the project's current environmental, social and governance performance, taking into consideration the direction of travel where relevant. The ESG score ranges from 0 to 100 where, say, a renewable energy project with best-in-class social and governance practices would receive a score of 100, and a power plant that burns thermal coal with insufficient social or governance policies would receive a score of 0 (although it should be noted that a coal-fired power plant would be excluded under the Company's negative screening criteria).

The ESG score integrates a single methodology which is applied across all sectors and sub-sectors, project stages (notably with no differentiation between construction and operational projects) and investment stages. This is to allow for comparison between assets of the portfolio over different time periods. This approach however does mean that certain relevant factors will not be reflected in the scoring results, such as the variation in materiality and applicability of modifiers across different sectors or material differences in environmental impact and trajectory that a project may have when it is being constructed compared to a full operational project.

It is also therefore important to recognise that while the high-level goal is and has been to increase the average portfolio ESG score, this will necessarily be balanced against the Company's investment mandate to ensure sufficient diversification across a range of sectors and sub-sectors as well as project and investment stage. Diversification is key to the Company's strategy in achieving surplus returns for its investors, which remains a priority objective for the Company.

This ESG analysis and scoring is completed prior to bringing any new investment to the Investment Committee, where the score is then considered independently of the project's credit rating. After a loan has been made, there is regular subsequent monitoring of aspects of ESG performance and formal reviews of the score. Engagement with the borrower takes place on an ongoing basis, for instance through the completion of the annual borrower sustainability questionnaire.

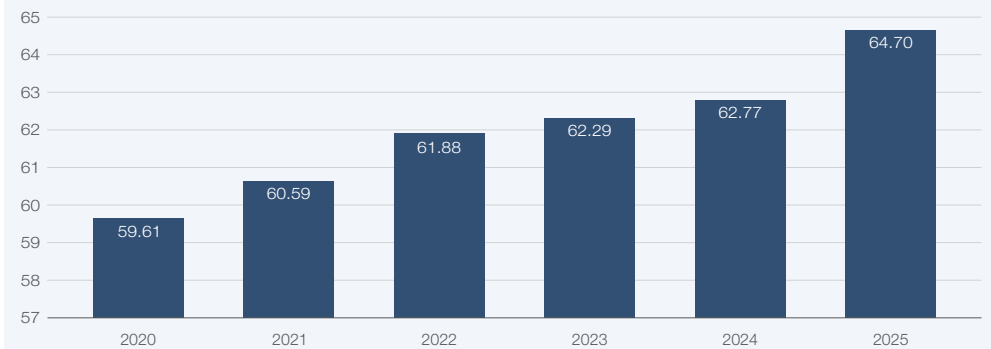
The framework is kept under continual review. Given that the methodology does not serve as an exhaustive list for every possible sub-sector within infrastructure, this year new sub-sectors were added as the Company looked at opportunities and extended loans to new areas that it had not considered previously.

This year the existing sub-sector definitions were also more clearly delineated, with a view to ensuring high levels of consistency and standardisation across credit analysts and functions across all of the different teams that are involved in working on the fund. It should be noted that as part of this exercise, the reclassification of the sub-sector of one project had a consequential impact on its ESG score.

The portfolio's weighted average ESG score increased for the fifth consecutive year to 64.70^Δ as at 31 March 2025.

KPMG have issued an independent limited assurance report over this metric.

Portfolio ESG score



Note, as part of a review of the methodology in FY 2023/24, the sub-sector score for nuclear increased and the modifier for water and waste management plans was split out into two. To ensure complete comparability, the overall portfolio ESG score for 2025 would have been 64.35 if reversing out these methodological changes.

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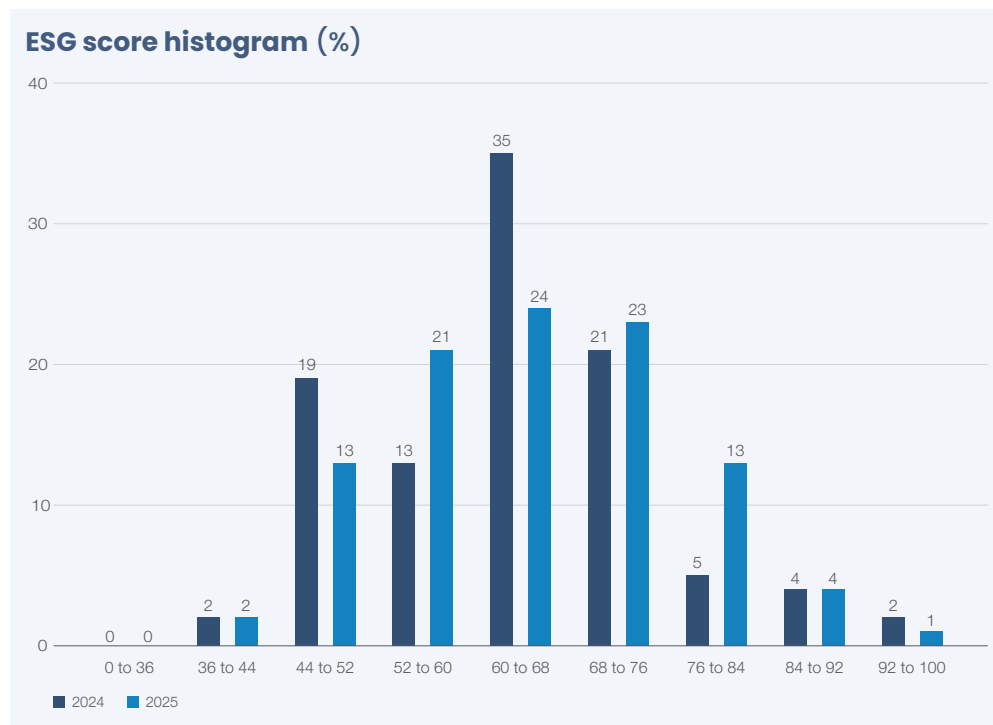


Our Sustainability Goals continued

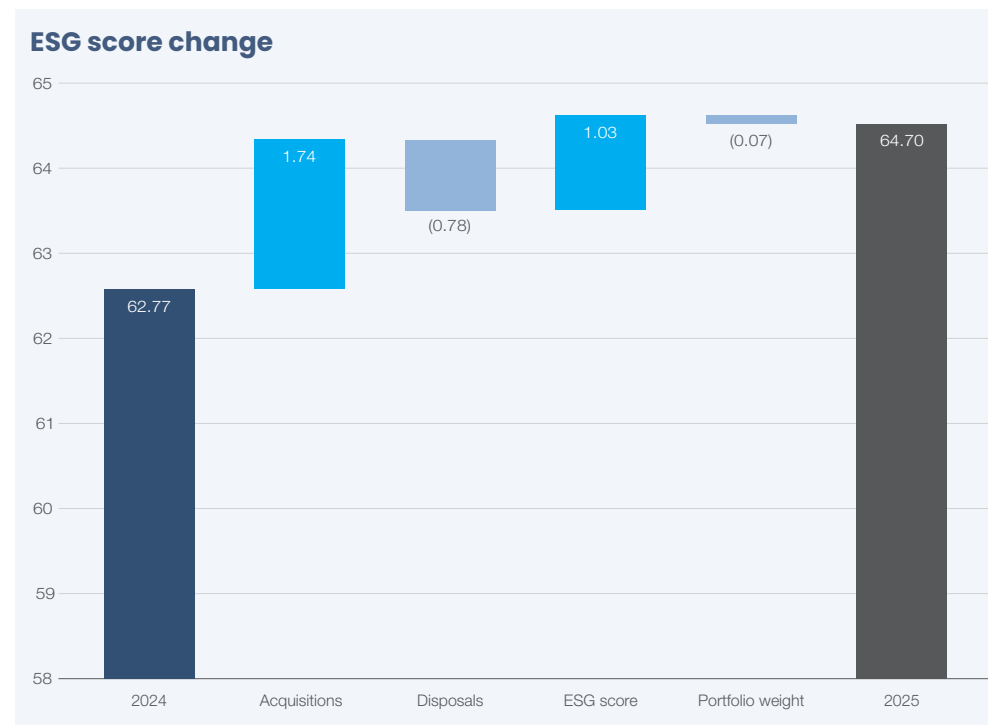
Progress report continued

3. Over time, increase portfolio weighted average ESG score continued

The chart below represents a comparison of the portfolio's ESG profile between 31 March 2024 and 31 March 2025:



The different factors driving the change in the weighted average score from 62.77 the previous year to this year's score of 64.70^a are summarised in the waterfall chart below:



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Our Sustainability Goals continued

Progress report continued

3. Over time, increase portfolio weighted average ESG score continued

Acquisitions: The effect of new investments

During the year, the Company acquired over £300 million worth of new investments in a number of different projects. The weighted average ESG score of these new acquisitions was 69.90, signalling positive progress in this respect and meaning it was the biggest contributor to the increase in the average ESG score over the period. During the year, SEQI increased its investment in the healthcare sector, with new loans being extended, for example, to Project Crystal, a diagnostic imaging and radiotherapy services provider in Germany, and Project Hero, fleets of emergency medical vehicles and healthcare transportation in Spain. While these do not have significantly harmful environmental impacts, they are expected to generate meaningful societal benefits. SEQI also refinanced loans to two of its high-ESG-scoring borrowers with strong environmental credentials: Project Octopus, a leading UK multi-utility services company, and Brightline, a sustainable high-speed passenger train in the US that is expanding its rail route.

Disposals: The effect of removing the maturing and sold positions from the portfolio

Since March 2024, assets totalling £210 million were repaid or were removed from the portfolio. These had a weighted average ESG score of 66.91. Most disposals had an ESG score that sat at around the portfolio average, so their overall contribution did not have a noticeable effect on the portfolio average. A more significant example in the disposals bucket was the successful repayment of an energy efficiency asset involved in energy recycling for clean power generation, which has an ESG score of 73.125. Further, the successful repayment of the aforementioned higher-scoring assets, Project Octopus and Brightline (which we then went on to refinance), skewed the effect of disposals. Therefore, overall, repayments or exits from this year had a negative effect of 0.78 on the weighted portfolio average ESG score.

ESG score: The effect of changes in ESG score

Changes in the ESG scores of borrowers contributed 1.03 points to the average score for the year. There were four borrowers that saw downward revisions to their ESG score during the period, for instance from changes in their board membership such that the majority was no longer independent. However, the net positive effect of ESG score changes came from improvements in borrower behaviour and the provision of additional evidence that allowed the application of credit through the modifiers, which ties into our ongoing engagement work with borrowers. Increases to the ESG score were realised across 14 borrowers. One example was a US data centre that this year hired their first dedicated VP of ESG. This bolstered our engagement efforts with the company and led to them conducting their first materiality assessment, which our Investment Adviser helped contribute to. The borrower also published their inaugural sustainability report, which laid out their comprehensive sustainability strategy and covered initiatives that align to certain UN SDGs, such as the action they are taking to combat climate change.

The enhanced reporting along with the data centre's superior power usage effectiveness ("PUE") and water usage effectiveness ("WUE") garnered them credit for the environmental modifier "Better contribution to climate change relative to peers" under the IA scoring methodology.

Portfolio weight: The effect of changes in the weights of the loans on the portfolio

There was a resultant 0.07 negative impact that came from the increased weighting of low-ESG-scoring loans and reduced weight of high-ESG-scoring loans. These decisions are not made solely by reference to specific ESG factors but are assessed in the context of our ongoing overall portfolio management which balances many factors, such as geographic exposure, sectoral diversification and liquidity requirements. Further, fluctuations in portfolio weights come from repayment schedules and timing, which cannot always be controlled and is an inherent part of the business.

Climate Mission

SEQL's key focus area is the environment and climate. SEQL invests in infrastructure, where environmental factors and impacts are particularly significant for these types of assets. Infrastructure will also play a critical role in the world reaching net-zero carbon emissions by 2050. Whilst SEQL cannot commit to a net-zero portfolio by a specified date due to the unavailability of viable transition pathways for many of the sectors and sub-sectors in which we invest, we publicly support the climate goals of the Paris Agreement to limit the global average temperature increases to well below 2°C and to pursue efforts to limit the temperature increase to 1.5°C. These principles are a part of the Company's philosophy and view of how a sustainable world should look in the future. We aspire to invest where possible in assets that are conducive to and aligned with the world's transition to net zero by 2050. We also engage with regulators and policy makers wherever we believe we can accelerate or improve action to combat climate change. Similarly, we speak out publicly and work with like-minded investors and thought leaders in order to drive change and encourage knowledge sharing. Some of this work is covered in the 'Global Initiatives' section of this report, and the 'Regulatory Reporting' section speaks to our advocacy for transparent sustainability reporting.

We have made a concerted effort to progress our reporting over the last few years and this year is a milestone for us. Having made significant strides in our borrower engagement and having now onboarded the Altitude platform by AXA Climate to help reduce data challenges and gaps, we are very pleased to be able to, for the first time, report emissions metrics and climate scenario analysis that cover the whole portfolio. The details, including the explanations of the apparent year-on-year increase, can be found below and in the Company's separate TCFD Report.

Carbon emissions

The Company has again made progress in the measurement of its greenhouse gas emissions. This year, the Company's estimated emissions from operations as well as its total portfolio emissions have been disclosed, with additional accompanying carbon metrics for the portfolio.

Company operational emissions

Company emissions	tCO ₂ e (FY 2023/24)	tCO ₂ e (FY 2024/25)
Scope 1	nil	nil
Scope 2	nil	nil
Scope 3 (operational)	44	44

Due to the nature of the Company's business, it produces no Scope 1 or 2 emissions. The Company's operational Scope 3 emissions have been estimated in consultation with a specialist adviser and are conservative, i.e. likely overestimates, by design. We have several initiatives in place aimed to reduce the Company's operational carbon emissions in the first instance, for example:

► **supplier engagement:** the Board has taken steps to assess the Company's carbon footprint by engaging with each of its key suppliers on their sustainability activities, with a focus on the policies in place and actions being taken by each to reduce their greenhouse gas emissions. Several suppliers have taken steps towards mitigating their own emissions through a combination of sustainability initiatives, and, in doing so, reducing the environmental impact of their service delivery to the Company. Many of the Company's suppliers already have their own emissions reduction and offsetting programmes in place;

► **business travel:** the Company and Investment Adviser hold meetings virtually where possible to reduce the need for national and international business travel. For instance, SEQL's portfolio review days and many of the Board Committee meetings are held online;

► **employee travel:** while there are no direct employees of the Company, the Investment Adviser offers a hybrid working environment for its employees as it believes in the benefits this can bring to wellbeing plus the reduced emissions associated with employee travel. When staff do commute into the office, the Investment Adviser encourages healthier and lower-carbon options such as their bike-to-work scheme; and

► **investment adviser:** the IA also aims to reduce its carbon emissions from operations where possible. This is achieved through energy efficiency, reduced international travel and green procurement. Where emissions cannot be avoided, such as travel for due diligence trips, IT and office space, these are offset. The IA participates in an offsetting scheme planting giant sequoia trees in the UK.

The Company's estimated operational emissions have been offset by the Company through the purchase of carbon offsets. The Board recognises carbon offsetting as the last resort to reducing and avoiding emissions. To this end, since 2022, the Board has invested in long-term carbon offsets via UK peatland restoration through a development project verified under the Peatland Code. Damaged peatlands are estimated to emit around 4% of the UK's total annual greenhouse gas emissions. Each Director and consultant of the Board has committed 1% of their annual fees for their roles to fund this programme, and key suppliers had previously been invited to contribute towards the scheme as part of their environmental initiatives.



Climate Mission continued

Carbon emissions continued

Portfolio emissions

Portfolio emissions	FY 2023/24		FY 2024/25				
	Total absolute tCO ₂ e	Reported coverage	Total absolute tCO ₂ e (reported)	Reported coverage	Total absolute tCO ₂ e (estimated)	Estimated data	Total absolute tCO ₂ e (estimated & reported)
Scope 1	5,930,417	66%	7,441,400	67%	858,141	33%	8,299,541
Scope 2	364,102	58%	309,177	61%	52,316	39%	361,493
Scope 3	437,562	39%	727,409	43%	2,349,946	57%	3,077,355
SEQI FY 2024/25					Financed emissions (tCO ₂ e)	Carbon to investment (tCO ₂ e/£m)	Weighted Average Carbon Intensity ("WACI") (tCO ₂ e/£m revenue)
Total					1,377,745	882	2,505 (94% coverage)

The total absolute emissions data covers the latest calendar year to the fullest extent possible (i.e. FY 2024/25 reports emissions produced by portfolio companies from 1 January to 31 December 2024). The reported emissions figures have been collated from the data provided directly by the portfolio companies, without independent verification; though a few borrowers do get their emissions figures externally verified. The reported coverage indicates the percentage of the portfolio that has provided emissions information and is measured by NAV as at 31 March 2025.

Due to the varying nature of SEQI's investments, it was not appropriate and could have been misleading to extrapolate the emissions numbers to the rest of the portfolio. Instead, for FY 2024/25, SEQI has been able to calculate an estimate for each asset for which it lacked data to come to a complete figure for the whole of the portfolio. To assist with this, the Company has onboarded Altitude by AXA Climate, an innovative software to support climate risk management backed by expertise across various sectors, including finance, agriculture and industry.

The tool follows the guidance from the GHG Protocol and generates estimates based on environmentally extended input-output ("EEIO") models, the EXIOBASE datasets and benchmarking. More explanation of the methodology used for GHG emissions calculations is provided in the appendix to the Company's TCFD Report.

The seeming steep increase in absolute emissions produced by portfolio companies is largely attributable to new reporting by an aircraft asset. While the Company has long had exposure to this high-emitting, hard-to-abate sector for means of diversification, the new disclosure has led to what appears to be a significant jump up in emissions, particularly Scope 1. As the Company is now able to estimate the remainder of the portfolio, rather than omit these assets from the calculations, this quirk in reporting should peter out going forward. However, it should also be noted that there is meaningful portfolio churn each year, so the annual absolute emissions produced by borrowing entities in the portfolio as at year end can still vary meaningfully year on year.

The Company also takes initiatives to try to reduce its funded portfolio emissions where possible:

- **negative screening:** this process ensures that the Fund does not have exposure to sectors with the highest levels of transition risk and that may cause significant harm to the environment and/or society, including certain high-emitting sectors. Since 2020/21 when this was implemented, the Company has achieved 100%^Δ compliance with its negative screening criteria, which has been assured by KPMG for FY 2024/25. As part of good governance, the negative screening criteria are reviewed at least annually;
- **thematic investing:** all else being equal, the Company looks favourably on opportunities that fit within its sustainability themes, two of which relate to the Company's climate mission: "Renewable energy" and "Enabling the transition to a lower-carbon world";
- **ESG scoring:** the scoring methodology is most heavily weighted towards environmental factors, such as the asset's emissions and impact on the climate

The Company aims to invest in higher-scoring opportunities and dispose of lower-scoring opportunities, with the goal to improve the average ESG score of the loan book over time where possible. We have followed this strategy effectively and as a result, the average weighted ESG score for the Fund's portfolio measured at 31 March each year has consistently increased; and

- **engagement:** the Investment Adviser takes a proactive approach to managing the loan book and engages with borrowers in relation to sustainability topics in a number of important ways, including through embedding climate-related covenants into loans, regular monitoring of and engagement on key sustainability issues such as emissions and impact on the climate, and requesting completion of an annual borrower sustainability questionnaire. By way of example, this year 86% of the portfolio (by NAV as at 31 March 2025) disclosed whether they are working towards the Paris goals; of these, 39% reported having carbon emission reduction initiatives in place that align with the Paris Agreement.

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Climate Mission continued

Climate scenario analysis

Given the nature of our business, the climate impacts on the Company's operations are limited, with the main risks presented to companies that the fund lends to. If certain climate risks materialise, it could impact borrower revenues, OpEx and CapEx requirements, and thus their ability to repay lenders. Under certain scenarios and if this were to be the case at many of our investments, then the fund's performance and ability to generate income and deliver return to our investors may be affected.

SEQI is using Altitude by AXA Climate to help conduct analysis of the physical risks and transition risks and opportunities to the portfolio under different climate scenarios and looking at different time horizons. The results of this analysis are contained within the Company's TCFD Report, which is annexed to the Annual Report 2024/25 and published separately on our website: www.seqi.fund/sustainability/publications/.

It identified physical risks, such as flooding, extreme heat, water stress and storms, and transition risks, such as increased cost of raw materials, regulation on energy efficiency and certification and increased pricing of GHG emissions, which may be present to the fund's portfolio companies, with potential opportunities from the expansion of low-emissions goods and services, a shift in customer preferences and use of lower-emissions sources of energy.

Physical risks

The physical risks to the portfolio have been assessed for two future time periods (2030 and 2040) and under three different IPCC emissions warming scenarios:



SSP1-2.6 – Optimistic Scenario – the optimistic scenario of global temperature warming stabilising to 1.8°C above pre-industrial levels by 2100









SSP2-4.5 – Middle of the Road Scenario – the realistic scenario of temperature rising 2.7°C by 2100



SSP5-8.5 – High-Reference Scenario – the pessimistic scenario of temperature rising 4.4°C by 2100

The IA then overlaid its own analysis to refine some of the automated outputs using their detailed understanding of relevant assets and nature of their respective businesses. For example, the "Medium" risk of landslide flagged for one of our rail assets was reclassified to "Low" risk because the project actually leases out its rolling stock and the current contract is to a rail system that operates underground with mitigating measures such as protective tunnel linings, retaining structures and drainage systems that reduce vulnerability to surface hazards like landslides. Note, these expert-driven refinements had no effect on the overall resultant portfolio-level risk classifications.

	2030			2050		
	SSP1-2.6 	SSP2-4.5 	SSP5-8.5 	SSP1-2.6 	SSP2-4.5 	SSP5-8.5 
Chronic risks						
Changing air temperature	●	●	●	●	●	●
Changing wind patterns	●	●	●	●	●	●
Changing precipitation patterns	●	●	●	●	●	●
Water stress	●	●	●	●	●	●
Sea level rise	●	●	●	●	●	●
Soil erosion	●	●	●	●	●	●
Acute risks						
Extreme heat	●	●	●	●	●	●
Extreme cold	●	●	●	●	●	●
Wildfire	●	●	●	●	●	●
Tropical cyclone	●	●	●	●	●	●
Storm	●	●	●	●	●	●
Drought	●	●	●	●	●	●
Extreme precipitation	●	●	●	●	●	●
Flood	●	●	●	●	●	●
Landslide	●	●	●	●	●	●
Earthquake	●	●	●	●	●	●
Subsidence	●	●	●	●	●	●

Risks heatmap

● Low

● Medium

● High

Climate Mission continued

Climate scenario analysis continued

Transition risks and opportunities

Potentially material transition risks and opportunities for each portfolio company have been modelled at 2020, 2030 and 2040 under three different forward-looking climate scenarios:

- **Net Zero 2050** – Orderly Scenario of global warming being limited to 1.5°C by 2100 through stringent policies and innovation and reaching net zero by 2050;
- **Delayed Transition** – Disorderly Scenario assuming annual emissions do not decrease until 2030 and strong policies are needed to limit global warming to below 2°C by 2100; and
- **Nationally Determined Contributions** – Business-As-Usual Scenario based on the current pledged policies.

Transition risks:

	2030			2040		
	Net Zero 2050	Delayed Transition	NDC	Net Zero 2050	Delayed Transition	NDC
Policy & legal						
Increased pricing of GHG emissions	●	●	●	●	●	●
Mandates on and regulation of existing products and services	●	●	●	●	●	●
Regulation on energy efficiency & certification	●	●	●	●	●	●
Exposure to litigation	●	●	●	●	●	●
Emerging regulation on reporting requirements	●	●	●	●	●	●
Technology						
Cost to transition to lower-emission alternatives	●	●	●	●	●	●
Increased cost of raw materials	●	●	●	●	●	●
Increased energy/electricity prices	●	●	●	●	●	●
Market						
Shift in customer preferences	●	●	●	●	●	●
Reputation						
Increased stakeholder concerns	●	●	●	●	●	●

Risks heatmap

● Low ● Medium ● High

Transition opportunities:

	2030			2040		
	Net Zero 2050	Delayed Transition	NDC	Net Zero 2050	Delayed Transition	NDC
Policy & legal						
Favourable regulatory frameworks and public incentives	●	●	●	●	●	●
Technology						
Promote more efficient buildings and operations	●	●	●	●	●	●
Use of more efficient modes of transport	●	●	●	●	●	●
Use of more efficient production and distribution process	●	●	●	●	●	●
Use of lower-emission sources of energy	●	●	●	●	●	●
Use of recycling	●	●	●	●	●	●
Resource substitution or diversification	●	●	●	●	●	●
Market						
Access to new markets	●	●	●	●	●	●
Increased reliability of supply chain	●	●	●	●	●	●
Expansion of low-emission goods and services	●	●	●	●	●	●
Shift in customer preferences	●	●	●	●	●	●
Reputation						
Increased stakeholder concerns	●	●	●	●	●	●

Opportunity score

● Low ● Medium ● High

Climate Mission continued

Climate scenario analysis continued

This scenario analysis should be seen as a starting point, with the aim to build on this going forward to address flaws and account for more specific details of the portfolio companies' underlying assets, activities and nuances in nature. This will require more time and resources and comes with its limitations. Further, our position as lender should be taken into account alongside the analysis, which comes with some natural financial protections against certain risks materialising at its investments. Additionally, the average life of our loans currently stands at 3.4 years, so the applicability of the results to future time horizons is limited.

Going forward, the Company plan to explore how to extract further value from this tool to enhance risk management through due diligence screenings. This should enable the Company to gain a deeper understanding of an asset's exposure to physical and transition risks as well as its carbon emissions profile before an investment decision is made. The IA will also engage and work with borrowers to discuss their results, with a view to share insights where borrowers may not have had the resources to conduct this kind of analysis themselves. This could also prompt action to be taken to address some of the risks identified, which in turn may lower our risk exposure as lenders to these entities.



Integration into the Investment Process

The Investment Adviser has a comprehensive and systematic approach to sustainability integration into the investment process:

1. Origination

Positive and negative screening

Projects that do not comply with the negative screening criteria are turned down. Whereas opportunities that fit within one of the Company's three sustainability themes are viewed more favourably.

2. Initial screening

DD questionnaire

A concise due diligence document is sent to potential borrowers at the early stages of the credit process to affirm that the opportunity is compliant with the Company's negative screening criteria. This also includes additional enquires about revenue streams from other potentially controversial areas.

3. Detailed credit analysis

Sustainability questionnaire

Sustainability information is requested before investment to inform our detailed analysis of the project's ESG profile for comprehensive presentation to the Investment Committee.

4. Investment approval process

Sustainability-related covenants

Where relevant, we look to include meaningful sustainability-related covenants into loan agreements. This practice, however, can be constrained by the specific nature and structure of the deal; for instance, it can prove more challenging to insert bespoke sustainability provisions into a highly syndicated deal in which we have a minority position as opposed to say a small private bilateral agreement. Nonetheless, sustainability covenants can be an effective tool to drive change and prompt action at portfolio companies, particularly when these are linked to financial terms.

There are borrowers in our portfolio whose interest rate can fluctuate depending on their performance along certain sustainability metrics. An example of this is Project Octopus, a leading engineering services provider to UK energy and telecom infrastructure, which can receive a discount for outperforming peers in sustainability performance as assessed by a third-party agency.

5. Acquisition and monitoring

Ongoing engagement with borrowers

The Investment Adviser sends a sustainability questionnaire to all borrowers every year and maintains ongoing dialogue with the portfolio companies' management teams. Action plans are devised for every asset in the portfolio, identifying areas of improvement in borrowers' sustainability credentials and/or the additional evidence that would be required to be able to fully assess certain indicators within the ESG scoring framework. These lists of actionable areas formed the basis of the ongoing engagement with the borrowers over the course of the year, with the aim of making improvements, collecting more evidence of initiatives that are said to be in place or mitigating risks.

6. Repay and redeploy

ESG scoring

All assets are scored under the Investment Adviser's proprietary ESG scoring methodology to quantitatively reflect the credit's sustainability profile. This score is considered when discussing portfolio re-allocation and disposals.

Engagement with borrowers

Sustainability-related covenants

SEQI now has eight projects in the portfolio that have sustainability-related covenants in their loan terms, marking another year-on-year increase. The new addition this year was Project Crystal, a medical diagnostics business based in Germany. The borrower has also committed to completing the IA's annual sustainability questionnaire. In collaboration with other lenders on the deal pre-signing, there was an agreement to adopt our IA's questionnaire as the standard sustainability DDQ that would be completed by the borrower and distributed to all lenders. This speaks to the comprehensive and considered nature of the questionnaire that our Investment Adviser has designed and continues to enhance.

The number of projects in the portfolio with sustainability-related covenants included within their loan agreements has been increasing over the years, and to the extent possible this is a trend we seek to continue to target going forward.

Year (as at FY ending 31 Mar):	2020	2021	2022	2023	2024	2025
Number of projects with sustainability-related covenants in loan agreement:	2	3	3	6	7	8

Annual borrower sustainability questionnaire

The Investment Adviser distributes a comprehensive sustainability questionnaire to all borrowers annually to facilitate for an assessment of their sustainability progress and to measure quantitative metrics. The borrowers' responses to the sustainability questionnaire better enable us to assess each asset according to our ESG scoring methodology. The framework requires a high bar of evidence before adjustments can be made to the ESG score in either direction. Details of how points are awarded or deducted are provided in the reporting criteria at www.seqi.fund/sustainability/publications/. This year a handful of targeted, carefully designed questions were added (such as the impact of the EU's Carbon Border Adjustment Mechanism "CBAM") to ensure the questionnaire remains relevant but also as streamlined as possible to appropriately balance the reporting burden on borrowers. In these charts we highlight a few of the sustainability KPIs we use to monitor the portfolio's performance:

Integration into the Investment Process continued

Sample metrics from the borrower questionnaire



1. Coverage = the percentage of the portfolio that has provided information on the relevant metric and is measured by NAV as at year end

2. Results = out of the companies for which we have information, the percentage that has the relevant metric in place (e.g. a Whistleblowing Policy). Again, this is measured by NAV as at year end

For example, we have information on 99% of the SEQI portfolio on whether the companies do or do not produce sustainability reporting. Out of these companies, 67% do currently produce sustainability reports

This data was collected and reported by the IA, SIMCO

This year, we maintained a 93% response rate, indicative of the strong relationship the Investment Adviser has built up with our borrowers, especially given the form is completed on an almost entirely voluntary basis. The sustainability questionnaire was created during the year ended 31 March 2020 and, in the years that followed, the team began retrospectively gathering responses from the companies in the portfolio. Then the hiring of the IA's dedicated Sustainability Manager in 2023 had a transformational effect on our sustainability engagement, response rate and thus the sustainability-related data and information we had on our borrowers. The responses vary in completeness due to the inapplicability of some questions to certain sectors and the unavailability of select datapoints, such as SFDR PAI metrics, for some smaller companies. We continue to work in partnership with our borrowers to expand the comprehensiveness of responses. Further, the questionnaire is not distributed to certain non-performing loans due to their distressed nature, which was relevant for two borrowers this year.

Year (as at FY ending 31 Mar):	2021	2022	2023	2024	2025
Borrower response rate to sustainability questionnaire:	51%	43%	92%	93%	93%

Direct engagement with management

We initiate and maintain a dialogue with the management teams of our portfolio companies to discuss relevant sustainability issues and areas featured in the portfolio companies' action plans. These activities are led by the Investment Adviser's award-winning Sustainability Manager, Leah Dean. An example of a direct engagement from over the course of this year was the US data centre discussed earlier in the breakdown of the increase in the portfolio's average ESG score. A further example is the case of a European port-infrastructure company that enables the transportation of essential goods around the world. As well as completing the IA's sustainability questionnaire, the borrower shared with us a third-party ESG due diligence report, which provided thorough insight into the quality, health and safety, and environmental practices at the company. The borrower also allowed us access to numerous examples of waste management plans they have in place for their projects, terminals and company-level procedures. The business produces best-in-class reporting in their extensive annual sustainability reports, including disclosing Scope 1, 2 and 3 emissions, with peers publishing little to no public sustainability information. The freight-forwarding company have successfully been implementing initiatives that have helped to reduce their emissions and make their operations more sustainable. For instance, this year they switched to using renewable energy and alternative fuels, which was a great contributor to the progress made towards their commitment to a 40% reduction in carbon emissions by 2030, which they are on track to achieve. We continue to monitor the organisation's work towards their various sustainability targets and appreciate their receptivity and co-operation with our direct engagement efforts.

Case Study

Energy Security and Resilience

SEQI's goals and activities relate to the following SDGs:



As global energy systems undergo rapid transformation, the importance of energy security has also started to come into increasing focus. Recent geopolitical disruptions and volatile energy markets have underscored the social benefits and necessity for secure, stable access to power.

As well as being a matter of economic and industrial continuity, uninterrupted access to electricity is foundational to wellbeing, opportunity and resilience for essential services, societies and countries as a whole.

SEQI has long recognised that the transition to a lower-carbon future is essential but that so too is a reliable energy supply. Many renewable sources, by nature, are intermittent. Solar and wind generation depend on favourable weather conditions and time of day, which creates a need for dispatchable generation and infrastructure that can provide backup, stability and grid-balancing services. Energy security assets – such as **nuclear, gas-fired power plants**, floating **liquefied natural gas** facilities and **grid-enhancing infrastructure** such as interconnectors – play a vital role in meeting demand when renewables are unable to do so, ensuring that the electricity stays running at homes, hospitals and businesses around the world. This year's case study focuses on SEQI's diverse mix of energy security investments from the current portfolio, but also with examples from over the last 10 years as the Company celebrates a decade of financing critical energy infrastructure that supports both environmental goals and societal resilience.

17 projects

in the portfolio support energy security

>12,500MW

total capacity of power that can be generated by portfolio assets

10%

of new capital deployed this year went into power generation

Nuclear power can play a crucial role in supporting energy security, offering a stable, dispatchable source of electricity that operates independently of weather conditions. As a low-carbon technology, nuclear generation contributes significantly to climate goals while providing reliable baseload power to the grid. Its ability to run continuously for long periods makes it an ideal complement to intermittent renewables, helping to stabilise supply and reduce reliance on fossil fuels. A liquid position SEQI took last year was in connection to **Westinghouse Electric Company**, a leading service provider to the nuclear energy sector and supplier of safe, innovative nuclear technology.

Similarly, at this time the EU officially acknowledged the crucial role that gas will play in the energy transition – a stance long-held by SEQI; we also believe that financing select **natural gas-fired power plants** can have meaningful societal benefits in the energy security that these assets can provide.

A different, long-term investment we have made in the nuclear space that still resides in the portfolio is **Exeltium**, where our funding of a power purchase agreement in the French energy market facilitates the ramp-up of nuclear power generating capacity in the region. SEQI recognises the value of nuclear in a resilient and balanced energy mix, particularly as energy systems transition towards net zero.

Accordingly, as part of a review of the ESG scoring methodology during the prior year, the E score for the nuclear sub-sector was upgraded, following the EU reclassification of certain nuclear activities as environmentally sustainable under the EU Taxonomy.

These plants provide reliable baseload and peaking capacity at a time when legacy coal and nuclear facilities are being phased out. For example, SEQI provided a EUR45 million HoldCo loan to **Project Camden**, a portfolio of **Combined Cycle Gas Turbine ("CCGT")** plants in the Netherlands, which successfully repaid a couple of years ago.

Case Study continued

Energy Security and Resilience continued

These assets were among the most efficient in Northwestern Europe, and not only did they deliver high-capacity utilisation, but they also provided vital balancing and ancillary services to the grid. Another example is **Project Mesquite** in the US, where SEQI committed USD40 million as part of a USD120 million senior secured term loan and USD40 million revolving credit facility to finance two CCGT plants in Texas with a combined capacity of 849MW. This stands as an example of SEQI's role in supporting system reliability in markets with no capacity mechanism, as the funding supported the recapitalisation of Project Mesquite, ensuring its continued role in delivering dispatchable generation capacity to the ERCOT market. Texas continues to experience rising power demand, driven by industrial growth, population expansion and the electrification of oilfields. Project Mesquite plays a critical role in balancing the ERCOT grid, supplying on-demand, flexible generation capacity in a market that lacks a capacity mechanism and increasingly relies on intermittent renewables. The plants' strategic locations in ERCOT's north and south zones allow them to benefit from price volatility and ancillary service revenues.

Another type of gas-fired power SEQI backs is **peaker plants**, which provide fast-ramping power during times of peak demand or system stress. These assets, while used less frequently, are indispensable to maintaining grid stability and preventing outages, especially as renewable penetration increases. A successful historic loan by the Fund was USD40 million to **Generation Bridge** in the US, a diversified portfolio of gas-fired plants in New York and New England, combining efficient baseload units and responsive peakers to meet critical regional demand.

Project Mesquite benefits from long operational histories, robust asset management and prudent financial structuring. The plants have a strong power price hedging programme, mitigating merchant exposure while capturing upside from peak demand periods. The financing structure includes senior secured debt with strong lender protections, such as a maintenance reserve and a conservative debt repayment profile, aligning with SEQI's strategy of investing in essential infrastructure assets with attractive risk-adjusted returns. Aligned with SEQI's sustainability theme of, "Enabling the transition to a lower-carbon world", Mesquite's CCGTs offer a cleaner, more efficient alternative to traditional fossil fuel plants, reducing emissions while maintaining grid stability. The plants operate with heat rates well below the Texas peaker median, ensuring lower fuel consumption per unit of power generated. Additionally, both facilities maintain major environmental permits with no compliance breaches, reinforcing their role in supporting a resilient and sustainable energy transition.

This portfolio of peaker plants demonstrates SEQI's ongoing commitment to funding flexible infrastructure solutions that respond swiftly to fluctuations in supply and demand to ensure access to power for the downstream consumers persists even through surges or times of particular strain on the grid.

Complementing these terrestrial assets, SEQI has also invested in **floating liquefied natural gas ("FLNG")** infrastructure. Taking an example from the current portfolio, SEQI structured and originated a USD250 million HoldCo loan to support a borrower that specialises in FLNG solutions, focusing on the upstream segment, which involves the liquefaction, transportation and regasification of LNG. The company generates a stable revenue stream through long-term FLNG tolling contracts, ensuring a predictable cash flow and resilience to market fluctuations. The loan facility is secured against the shares of the borrower's two FLNG vessels, reflecting a strong collateral package aligned with the borrower's core assets. The HoldCo loan featured a seven-year term with cash interest payments, and its margin is dynamically linked to the company's leverage ratio. Notably, the loan includes no scheduled amortisation until the penultimate year, enhancing financial flexibility for the borrower.

Additionally, a 40% cash sweep mechanism applies if net leverage exceeds 5x starting from the third anniversary, incentivising deleveraging and financial discipline. FLNG technology offers significant advantages over traditional onshore LNG facilities, including reduced costs, faster deployment timelines, environmental benefits and enhanced mobility. The borrower's FLNG vessels, capable of operating for 20–30 years, can be redeployed to different gas fields, optimising asset utilisation and long-term investment returns. Given the borrower's long-term offtake agreements, revenue stability is reinforced, making this an attractive infrastructure-backed investment with robust downside protection. This transaction underscores SEQI's commitment to financing innovative energy transition infrastructure with resilient revenue profiles and strong asset backing, while the vessels' flexibility enhances global energy supply resilience.

Further strengthening energy networks, SEQI is actively exploring opportunities in financing **interconnectors and grid-enhancing infrastructure**. These systems are increasingly vital as power flows across borders and regions with varying supply and demand dynamics. Interconnectors alleviate congestion, balance intermittent generation and improve overall system efficiency, helping to stabilise electricity markets and accelerate the clean energy transition. SEQI believes that strengthening grid resilience is essential to supporting the energy resilience as well as the net-zero transition.

As power systems evolve, driven by rising demand, greater renewable penetration and the retirement of traditional baseload, there is growing need for infrastructure that can address geographic mismatches between supply and demand. These kinds of assets enhance system flexibility, enable real-time balancing and reduce grid stress. Backing such projects contributes to a more stable, efficient electricity system, creating long-term value for investors while supporting the transition to a lower-carbon economy.

These various types of energy resiliency assets backed by SEQI underpin a just energy transition by ensuring equitable, consistent access to power. SEQI finances assets that keep power flowing – whether through nuclear-enabling activities; clean, flexible gas; LNG solutions; or grid-stabilising interconnectors – reinforcing our commitment to sustainable infrastructure that delivers long-term value to people and planet alike.

Global Initiatives and Regulatory Reporting

Global Initiatives

UN Sustainable Development Goals (“SDGs”)

The Company invests in a diversified mix of infrastructure sub-sectors with a robust sustainability framework and processes in place, which means the Company’s investing activities and operations align to many of the UN SDGs.



Ensure access to affordable, reliable, sustainable and modern energy for all

Ensuring universal access to affordable, reliable and modern energy services

The Company invests in energy projects that bolster grid stability and energy security, which indirectly allow for more renewables to be integrated into grids. An example of this is the efficient natural gas-fired peaker plants in the US that SEQL has in the portfolio; this investment is discussed in this year’s case study on energy resilience. Such assets will be crucial backup to inconsistent renewable sources in ensuring that power remains available during extreme weather events, which are becoming more frequent due to climate change. The Company also supports transmission and distribution infrastructure that enables consistent energy delivery and helps expand electricity supply to underserved areas. Plus, by financing stable and efficient energy sources, volatility in electricity pricing should be tapered, which helps to keep energy costs predictable and affordable for consumers and businesses. SEQL’s financing of these kind of projects should contribute to growing the proportion of population that have access to electricity, as well as more specifically the proportion of the population primarily reliant on clean fuels and technology, which are the two indicators used to assess the target under SDG 7.1.

Increasing the share of renewable energy in the global energy mix

10% of the portfolio is in the renewable energy positive investing theme

One of the Company’s positive investing themes is “renewable energy”. This means it views deals that fall into this category more favourably with a view to increase its investment into this sector where possible. SEQL has funded many projects that contribute to increasing the proportion of renewable energy in the global energy consumption mix over the years. Current examples in the portfolio include two portfolios of solar PV farms in Spain and two companies that provide residential solar installations across the US.

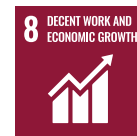
Increasing improvement in energy efficiency

SEQL supports projects that enhance the efficiency of energy generation and transmission. This may include upgrades to power plants, improving efficiency and reducing emission; energy storage projects, reducing wasted electricity from intermittent renewables; and grid investments, which optimise power distribution, reduce losses and improve integration of renewable energy.

This year, SEQL invested in Techem, a leading provider of energy efficiency solutions for residential and commercial buildings, with operations across Europe and beyond.

The Company has identified four SDGs that are particularly relevant and can be most clearly tracked, aligned with and reported on (with supporting data below provided by NAV as at 31 March 2025).

Techem’s services include smart metering, energy billing and heating and water consumption monitoring, which enable building owners and tenants to better understand and manage their energy usage. By promoting behavioural change, efficiency upgrades and tracking data, Techem contributes to improving building energy efficiency and reducing energy consumption and emissions in the built environment. By backing technologies and services that enable more sustainable energy use at scale, SEQL’s investment supports Target 7.3 of SDG #7, which calls for a doubling in the global rate of improvement in energy efficiency.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Sustaining economic growth and achieving higher levels of economic productivity

The Company’s strategy is to invest in economic infrastructure, which is essential for economic growth, capital formation and final consumption stages of GDP. By investing in diversified infrastructure and essential services, the Company facilitates economic activity, enhances productivity and supports local employment.

Achieving full and productive employment and decent work for all

Approximately 45,394 total employees at the companies the Company lends to

Extrapolating the 39,592 employees at the 87% of the portfolio for which we have data

19% of the portfolio creates jobs in socially deprived areas

Many of the Company’s investments contribute to direct and indirect job creation, both during construction and throughout the operational lifespan of these assets. Some of these projects hire employees from socially deprived areas so offer decent work, stimulating growth in less prosperous areas that need it the most.

Protecting labour rights and promote safe and secure working environments for all workers

The Company partners with Acuity to conduct strict due diligence on the nature of work to ensure it is legal and fair through checks against modern slavery, child labour and human rights violations for instance. Moreover, we also support decent work by reviewing company health and safety policies and tracking statistics, as well as promoting the payment of living wage or the adoption of similar policies that ensure staff are paid well for their work beyond minimum requirements.

Global Initiatives and Regulatory Reporting continued

Global Initiatives continued

UN Sustainable Development Goals (“SDGs”) continued



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Increasing access of small-scale industrial and other enterprises to affordable credit

The whole purpose of the Company is to provide regular, sustained, long-term loans to economic infrastructure industries. SEQI provides capital to a diversified portfolio of small and mid-sized private companies globally. This directly contributes to the UN's ambition of increasing access to loans and credit for small-scale industrial and other enterprises, including those that otherwise may have been unable to obtain funding from traditional banking lenders.

Developing quality, reliable, sustainable and resilient infrastructure

SEQI invests exclusively in income-generating economic infrastructure. This kind of infrastructure promotes economic activity, such as transport, transportation equipment, utilities, power, renewable energy, accommodation and telecommunications infrastructure. Through these investments, SEQI's financing activity support economic development and human wellbeing. Some of our investments are in core infrastructure segments, such as roads and freight, both of which are indicators measured under SDG target 9.1.

Increasing access to information and communications technology and universal and affordable access to the internet

25% of the portfolio is in digitalisation

The Company's investments in digitalisation assets, such as in broadband and fibre-to-the-home, help expand and modernise critical telecom infrastructure, increasing societies' access to information and communications. A recent example is SEQI's loan to Dobson Fiber, a US-based broadband provider focused on bringing high-speed internet to rural and under-connected communities across Oklahoma, Texas and Arkansas. By financing companies like Dobson Fiber, SEQI contributes growing reliable internet connectivity which can help in bridging the digital divide, enabling broader access to education, employment and essential services.



Make cities and human settlements inclusive, safe, resilient and sustainable

Ensuring access for all to adequate, safe and affordable housing and basic services

21% of the portfolio engages in effective consultation with local populations and have sent evidence of this in line with our scoring methodology

The Company invests in infrastructure that connects communities in a sustainable way. For instance, SEQI lends to social infrastructure projects as well as residential infrastructure. Since 2017, SEQI has been involved in the financing of the development of a new community of homes in Tracy Hills, which we have refinanced over the years and this year we added to the loan facility for this project. Our loan agreement with the borrower has always included sustainability-related covenants that require them to do all that they can to have the real estate developer implement environmental initiatives in the development of the homes. Some of these requests include the installation of solar panels and low-E windows, use of low-VOC paint, and sourcing EnergyStar® rated appliances.

Providing access to safe, affordable, accessible and sustainable transport systems for all

21% of the portfolio is in transportation (vehicles and systems)

SEQI supports the expansion of access to safe, affordable, accessible and sustainable transport systems for all through our investments in public transport. This year we provided new funding for the expanded construction and continued operation of Brightline, an express passenger rail system connecting major population centres using the most fuel-efficient biodiesel locomotives available as classified by the Environmental Protection Agency. We also continue to fund rolling stock that is leased for metro systems in Madrid, which enable lower-carbon journeys by reducing the need for private car use and the congestion that comes with that. The metro system has various schemes in place that provide subsidised access for disadvantaged or deprived social groups to ensure affordable access to their train services.

Global Initiatives and Regulatory Reporting continued

Global Initiatives continued

UN Principles for Responsible Investment ("PRI")

The Investment Adviser has been a signatory to the UN PRI since May 2019. The six principles are therefore incorporated into the Company's investment processes and decision making. The IA re-reported during the last financial year and their public Transparency and Assessment Reports are available on the UN PRI website: <https://ctp.unpri.org/dataportalv2/transparency>. The IA is due to report again soon during the 2025 calendar year.

This year, the Investment Adviser joined the PRI-supported Initiative Climat International ("iCI"). This working group aims to drive private market action on climate change, with a collective commitment to understand and reduce carbon emissions of private markets-backed companies and secure sustainable investment performance. Private markets are an integral cog in the global economic engine, facilitating sustained growth across industries and market sectors. Acknowledging that climate change will affect the global economy, which presents both risks and opportunities for investments, the Group seeks to contribute to the objectives of the Paris Agreement and engage with portfolio companies to seek to reduce greenhouse gas emissions. This entails work to encourage the global private markets industry do its part by leveraging tried-and-tested methodologies to analyse and mitigate carbon emissions and exposure to climate-related financial risks in their portfolios.

By being a part of this global and collaborative initiative, the IA gains a better understanding of approaches for assessing and mitigating exposure to climate change risk and seizing climate change-related opportunities. It is able to learn from and leverage practitioner experience and best practices in forums supported by experts, training materials and guidance.

Since March 2024, the Investment Adviser has been a signatory of the PRI's Statement on ESG in Credit Risk and Ratings: www.unpri.org/credit-risk-and-ratings/statement-on-esg-in-credit-risk-and-ratings-available-in-different-languages/77.article. The IA and SEQI believe that certain ESG factors may be financially material to a borrower's creditworthiness and as such support the systematic inclusion of such factors into credit assessments – some examples may include stranded assets linked to climate change, disrupted labour relations or non-transparent accounting practices leading to unexpected losses, expenditure, inefficiencies, litigation, regulatory breaches and/or reputational damage. This PRI Statement promotes the transparent integration of material ESG factors into credit ratings. As a primary user of credit ratings, we publicly share in this position.

UN Global Compact

The Company's business and investment activities are operated in accordance with the 10 principles of the UN Global Compact. Of the borrowers that reported this information, none had any violations of the UN Global Compact Principles or of the OECD Guidelines for Multinational Enterprises.

UK Sustainable Investment and Finance Association ("UKSIF")

This year, the IA became a member of UKSIF, further reinforcing its commitment to responsible investment. UKSIF is a leading membership network that champions responsible finance in the UK, advocating for policies and practices that drive sustainable outcomes. SEQI and its Investment Adviser align with UKSIF's principles, recognising that environmental and social sustainability play a crucial role in long-term financial resilience and risk management. Membership provides access to cutting-edge sustainability insights, industry best practices and collaboration opportunities, enabling the IA to continuously enhance its integration and stay ahead of emerging sustainability trends and regulatory developments.

Further, Leah Dean, the IA's Sustainability Manager, was appointed to the UKSIF's Membership Committee, allowing the IA to play a more active role in shaping the direction of sustainable finance in the UK. The Membership Committee is responsible for ensuring UKSIF remains an inclusive, impactful and forward-thinking network, supporting members in embedding best-in-class practices. Leah's appointment reflects the IA's dedication to thought leadership in sustainable investment and provides a valuable opportunity to contribute to industry-wide discussions on integrating sustainability into infrastructure finance. Through this role, the IA gains deeper insights into evolving regulatory landscapes and investor priorities, further strengthening its ability to align SEQI's investment approach with sustainable, long-term value creation.

Global Initiatives and Regulatory Reporting continued

Regulatory Reporting & Review

Sustainable Finance Disclosure Regulation (“SFDR”)

The Company reports under SFDR and is an Article 8 fund that seeks to promote sustainability characteristics, with a focus on environmental factors, whilst not having sustainable investment as its objective. More information can be found in our periodic disclosure, which is annexed to the 2024/25 Annual Report, as is the Company’s Principal Adverse Impact Statement. The Company’s SFDR disclosures are also made available on the website: www.seqi.fund/sustainability/publications/.

Task Force on Climate-related Financial Disclosures (“TCFD”)

The Company advocates for high-quality climate disclosure to facilitate Shareholders in making long-term investment decisions. The Company’s TCFD Report for the year is published on our website: www.seqi.fund/sustainability/publications/.

Task Force on Nature-related Disclosures (“TNFD”)

As members of the TNFD Forum, the IA continues to participate in webinars and consultations and provided feedback to help shape aspects of the TNFD guidance and stay informed on the latest developments with this framework and nature-based standards more generally. There are currently no confirmed plans to report against TNFD yet, but this remains under monitoring and review, and the Board receive updates every quarter on TNFD-related developments.

At present, we generally consider nature-based issues on a case-by-case basis. Biodiversity assessments frequently come up in our due diligence of assets, especially those in construction phase. Moreover, before we make a loan and every year thereafter, we send all of our borrowers our sustainability questionnaire, which includes questions on the company’s biodiversity impacts/initiatives. Of the companies that responded to our 2025 questionnaire, 100% have complied with all industry regulations and guidelines for biodiversity.

Where relevant, nature can feature as part of the engagement action plan the IA devises and delivers on – for example, impacts on nature and biodiversity is an item we continue to monitor and engage with management on at a portfolio company operating and expanding a trainline as well as a power plant that operates in close proximity to the Hudson River. Taking another interesting example of some work being done by a portfolio company on biodiversity is Project Nimble, a data centre in the Netherlands. Pre-construction, various ecology inspections, footprints and landscape assessments were carried out. All sites managed by the borrower, including the facility SEI finances, are then committed to achieving a net biodiversity gain. This means a robust biodiversity management plan was put in place for the asset covering all types of flora and fauna and the habitats that support them. The plan ensures the biodiversity value of the site is retained or enhanced during the operation of the data centre.

Whilst we have not yet been able to conduct an aggregated, systematic analysis of the portfolio’s impacts and dependencies on nature and biodiversity due to lack of internal and external resources and capabilities to accurately assess this, we are currently taking steps to explore ways in which SEI might start to build up its insight and analysis of these factors at asset and portfolio level. For instance, Altitude’s tool may allow us to start to assess the nature-related risks presented to assets in terms of their proximity to areas of interest for biodiversity or threatened species, their impact biodiversity or dependency on ecosystems.

Sustainable Disclosure Requirements (“SDR”)

Being a Guernsey-domiciled company, the Fund is not currently subject to UK sustainable investment labelling and disclosure requirements. For more information, retail clients can see ESG 4 and ESG 5 at www.handbook.fca.org.uk/handbook/ESG.

Nonetheless, we continue to carefully examine the requirements of SDR and are consulting with advisers to consider the feasibility and timescale of complying should the fund come within scope of the regime or have the opportunity to opt in.