TCFD report

Our progress against the TCFD recommendations

In line with the current UK Listing Rules requirements, our TCFD-aligned disclosures take into account the implementation recommendations in the 2017 TCFD Annex and the 2021 TCFD Annex. Having made significant strides in our borrower engagement and now onboarded Altitude by AXA Climate to help to address data challenges and gaps, we are very pleased to be able to this year report total absolute emissions for the Company and full portfolio, along with the following greenhouse gas ("GHG") metrics for the portfolio: financed emissions, carbon to investment and weighted average carbon intensity. The Company has been able to conduct and report here for the first time climate scenario analysis of physical and transition risks for the portfolio in line with TCFD recommendations.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

TCFD recommended disclosures

A. The Board's oversight of climate-related risks and opportunities.

The whole Board is responsible for setting the strategy for the Company, including in relation to climate-related risks and opportunities. The Board meets at least quarterly, during which they, together with their Independent Consultants and the IA, review the sustainability risks and opportunities facing the portfolio, including in relation to climate change. As part of this review, the IA prepares a sustainability report each quarter for the Board. The Company has a number of Committees, which are tasked with focusing on various elements of climate-related risks and opportunities. Below are highlighted some of the focus areas of the Committees, but they work in tandem with cross-functional co-ordination and alignment to ensure a unified strategy:

- the ESG and Stakeholder Engagement Committee reviews, approves and monitors performance against the Company's Sustainability Policy. In furtherance of the Company's sustainability aspirations and the increased attention from stakeholders on these matters, the Board formed this dedicated committee with delegated responsibility for addressing key sustainability-related matters. The Board recognises the value and importance to all stakeholders of organisations implementing effective environmental, social and governance policies;
- the Management Engagement Committee is responsible for monitoring, and where practicable, encouraging the Company's key service providers in their efforts to minimise their avoidable GHG emissions and offset unavoidable emissions, thereby helping to minimise the Company's Scope 3 emissions;
- the Audit Committee assists with oversight of climate-related regulatory disclosures including Sustainable Finance Disclosures Regulation ("SFDR"), TCFD and the Sustainable Disclosure Requirements ("SDR") Anti-Greenwashing Rule. The Company's SFDR disclosures are also made available on the website: **www.seqi.fund/sustainability/publications/**; and
- the Risk Committee oversees and advises the Board on its risk strategy and exposure including sustainability risks.

The Company's Board members have a wealth of experience and expertise related to the oversight of climate issues as well as other sustainability areas more broadly. For instance, Selina Sagayam, the incoming Chair of the ESG and Stakeholder Engagement Committee, brings deep corporate finance (public company transactional and corporate governance legal experience) and sustainability expertise from international law firm Gibson, Dunn & Crutcher where she led the firm's global ESG practice and advised asset owners, managers and investors on a range of ESG and sustainability issues. Selina also chaired Gibson Dunn's UK Diversity & Inclusion Committee and sat on its Global Diversity Committee. She is a trustee and Vice Chair of the charity Refuge (and previously chaired its People, Nomination and Remuneration Committee), is a member of the AIC's ESG forum and is a non-executive director and the inaugural ESG Committee Chair of The Renewables Infrastructure Group, a FTSE 250-listed alternatives investment fund.

Margaret Stephens has been a Director and Chair of the Audit Committee of VH Global Sustainable Energy Opportunities Fund Plc ("GSEO"), which is classified as an SFDR Article 9 fund, since IPO in 2021. GSEO's sustainable energy infrastructure investments aim to support and accelerate the energy transition towards a net zero carbon world. The investment process uses the UN Sustainable Development Goals ("SDGs") as the framework to achieve these objectives and it seeks to be leader in adopting sustainability reporting standards and requirements.

James Stewart, Chair of the Board, served as Chief Executive of Infrastructure UK; in 2010 he was responsible for developing the first UK National Infrastructure Plan, which had a strong sustainability focus. Since then, his global role at KPMG allowed him to promote sustainability principles in infrastructure around the world. More recently, James chaired the project team responsible for developing the UNECE's PPP Evaluation Methodology for the SDGs.

Fiona Le Poidevin, a member of the Board and of the ESG and Stakeholder Engagement Committee until her retirement on 31 March 2025, was involved in promoting ESG and sustainable investment for over a decade. In 2018, she led the launch of The International Stock Exchange's first green finance market segment for companies, bonds and funds creating a positive environmental impact.

Paul Le Page was the Audit and Risk Committee Chair for Bluefield Solar Investment Fund Limited ("BSIF"), one of the first LSE-listed investment companies to achieve Guernsey Green Fund status and has been externally validated as an Article 8 fund under SFDR. He has recently retired from BSIF and is currently the Interim Chair for NextEnergy Solar Fund Limited ("NESF"). NESF is classified as an Article 9 fund under SFDR and is advised by the award-winning ESG team at NextEnergy Capital.

Andrea Finegan is an Independent Consultant to the Board and the ESG and Stakeholder Engagement Committee. She is a Non-Executive Director and Chair of the Pantheon Infrastructure PLC's Sustainability Committee. Andrea has experience in and expertise on climate change, in particular in the renewables sector. She is currently the independent chair of the Schroders Greencoat Valuation Committee, having previously served as COO of Greencoat. Prior to this, Andrea was responsible for similar management functions at Climate Change Capital.

TCFD report

Governance continued

TCFD recommended disclosures continued

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Sustainability, including climate-related risks and opportunities, is embedded in the IA's approach to infrastructure debt.

Climate risks are considered at each stage of the investment process, including the initial screening of opportunities (where positive and negative screening are applied, as outlined in the Sustainability Policy) and by the IA's Investment Committee. Risk assessment takes the form of both quantitative analysis (such as calculation of an ESG risk score) and qualitative assessments (such as of the quality and experience of the management of investee companies).

After an investment has been made, the IA continues to monitor it for changes to its climate-related risk profile. Primarily this is undertaken through regular discussion with, and information gathering from, the borrowers that the Fund has lent to. This is further enhanced in some cases by bespoke climate-related covenants and undertakings included within loan agreements.

The IA also considers climate-related risks not only in relation to individual investments but also aggregated at the portfolio level where possible and relevant. Specifically, the IA endeavours to identify and assess correlations of climate-related risks: for example, geographical concentrations in areas that may be prone to coastal flooding.

Key developments

- This year the Company developed and published a stand-alone Governance Policy, providing a detailed and transparent account of its governance structures, policies and practices. This policy also describes how the Company assesses good governance of the Company's borrowers
- For the fifth year, the Company engaged KPMG to provide independent limited assurance under ISAE (UK) 3000 on the ESG scores for the portfolio. We understand that we were the first FTSE 250 investment fund to undertake such a process in relation to sustainability matters
- For the second period running, for 2024/25 financial year, the scope of KPMG's assurance was extended to cover the Company's negative screening and thematic investing (positive screening) activities[Δ]
- The ESG and Stakeholder Engagement Committee, established in March 2022, met three times over the 2024/25 financial year. The topics that were addressed by the Committee this year included the sustainability regulatory landscape developments, approach to climate scenarios, Shareholder engagement plans and a review and update of the Company's existing sustainability processes and policies. The Board received external training on the regulatory ESG landscape and emerging sustainability trends
- The IA joined the PRI-supported Initiative Climat International ("iCI"), a global community of investors driving 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. SIMCo also became a member of UK Sustainable Investment and Finance Association ("UKSIF"), a leading network championing responsible finance in the UK, advocating for policies and practices that drive sustainable outcomes. Membership provides access to current sustainable finance insights, industry best practices and collaboration opportunities, supporting our IA in ongoing efforts to enhance its sustainability integration and stay ahead of emerging sustainability trends and regulatory developments. This is bolstered by the IA's Sustainability Manager having been elected to serve on UKSIF's Membership Committee
- The IA's Sustainability Manager is involved with assessing and managing climate-related risks and opportunities at portfolio companies, for instance through devising and then delivering on bespoke action plans for assets and engaging with the borrowers' management teams on these key risk or opportunity areas. This year, she was recognised with two industry awards: ESG Rising Star by IJGlobal and the Highly Commended accolade in the Sustainable & ESG Investment Woman of the Year category for small and medium firms by Investment Week

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

TCFD recommended disclosures

A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Based on the scenario analysis detailed below, the Altitude platform has identified the highest physical risks to the portfolio to be water stress, extreme heat, storm, flood and landslide over the three different time horizons.

The analysis also identified increased cost of raw materials, regulation on energy efficiency and certification and increased pricing of GHG emissions as the biggest transition risks posed to the portfolio over all timespans. The top three transition opportunities identified for the portfolio comes in the form of expansion of low-emissions goods and services, shift in customer preferences and use of lower-emissions sources of energy.

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: **www.seqi.fund/sustainability/publications/**

TCFD report

Strategy continued

TCFD recommended disclosures continued

B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

There are two potential impacts of climate-related risk on the Fund. Firstly, some sectors within the infrastructure market may become uninvestable in the future, for example assets in the hydrocarbon value chain such as coal-fired power stations or upstream oil and gas assets. This is especially likely to be the case in low temperature increase scenarios, where the economy has transitioned rapidly to a low-carbon state. Currently, under its Sustainability Policy, the Fund is avoiding those sectors where there is a near-term or medium-term high-level risk of them becoming uninvestable. Therefore, this potential impact of more sectors becoming unviable for the Fund can be considered long term. Should it happen, the Fund's portfolio might over time become further and prematurely less diversified; however, in the opinion of the IA, this risk is more than outweighed by the new and developing investment opportunities described above.

Secondly, the credit quality of some of the borrowers that the Fund lends to might deteriorate. For example, extreme weather events might materially increase the cost of insuring some assets, or they may not be insurable without investing in asset hardening. This risk is mitigated in a number of ways:

- each of the borrowers has equity capital at risk ahead of the loan. This acts as a "shock absorber" in that the equity capital would need to be lost before the Fund as lender can lose money;
- the Fund's loans are typically short dated. The majority are due to be repaid within five years, that is, before many of the most serious climate risks are likely to manifest; and
- the IA undertakes thorough due diligence on each borrower that the Fund lends to, and assessing their exposure to climate risk is part of the diligence process. In other words, the Fund is taking steps with the aim to avoid making a loan to a business that has poor resilience to climate change risk.

The investment portfolio is highly diversified in terms of the location of its borrowers and the sectors and sub-sectors they operate in. This will reduce the effect of many risks, such as technological disruption or unexpected adverse domestic regulation or legislation.

The impact of the climate-related opportunities identified is that the Fund is expected to be able to deploy capital on attractive terms to a wider range of sectors and sub-sectors than it does currently, such as towards battery storage, carbon capture, grid enhancement and energy efficiency projects. This will increase the diversification of the portfolio and help it to deliver an attractive risk-adjusted return to Shareholders. Conversely, avoiding sectors where there is an unduly high level of climate-related risk, or even limiting the Fund's exposure to sectors where there is some climate-related risk, will decrease the portfolio's diversification. The Investment Adviser's view is that, between these two factors, there will be a net benefit for the Fund's strategy. This is because the Fund is already avoiding the most at-risk sectors and is at the early stages of identifying the full range of opportunities that are likely to arise. The Fund takes the view that avoiding borrowers with a high degree of climate-related risk is simply prudent lending, which it would seek to do regardless of implementation of its Sustainability Policy.

One of the purposes of the Fund's ESG scoring methodology is to help track resilience to climate change. A goal for the Fund, taking account of the spread of its investments, is to improve the portfolio's weighted average ESG score over time, and improving the portfolio's resilience to climate change risks will contribute to this goal.

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Given the nature of our business, with no direct employees or physical assets, the climate impacts on the Company's operations are limited, with the key indirect 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 including the Fund. If such material climate risks were to play out across numerous companies in the portfolio, then the Fund's performance and ability to generate income and deliver return to our investors may be adversely affected under certain scenarios.

SEQI is using the Altitude platform by AXA Climate to support its analysis of the physical and transition risks and opportunities of its portfolio under different forward-looking climate scenarios, with the aim to monitor and improve its understanding of the climate resilience of its portfolio. Explanation of the methodology used for climate scenario analysis is provided in the Appendix. Our relative credit position as lenders should also be taken into account when considering the analysis, as this often comes with barriers of protection against the financial effects of certain risks manifesting. Further, the average life of our loans is around 3.4 years, which means the portfolio will have experienced significant churn prior to the 2030, 2040 and 2050 time horizons considered for this analysis. The IA will seek to further explore mitigating measures already in place by our borrowers and engage with them where more work may be needed to address notable risks identified to improve the accuracy of the different analyses.

TCFD report

Strategy continued

TCFD recommended disclosures continued

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2ºC or lower scenario. continued

Physical risks

SEQI is using the Altitude platform to assess the physical risk for its portfolio as Low, Medium or High risk (as relevant). The physical risks to the portfolio have been assessed for two future time periods (2030 and 2040) and under three different IPCC 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 like 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	●	●	●	●	●	●

Risks heatmap

● Low
● Medium
● High

	2030			2050		
	SSP1-2.6	SSP2-4.5	SSP5-8.5	SSP1-2.6	SSP2-4.5	SSP5-8.5
Acute risks						
Extreme heat	●	●	●	●	●	●
Extreme cold	●	●	●	●	●	●
Wildfire	●	●	●	●	●	●
Tropical cyclone	●	●	●	●	●	●
Storm	●	●	●	●	●	●
Drought	●	●	●	●	●	●
Extreme precipitation	●	●	●	●	●	●
Flood	●	●	●	●	●	●
Landslide	●	●	●	●	●	●
Earthquake	●	●	●	●	●	●
Subsidence	●	●	●	●	●	●

The analysis has identified there is a risk of flooding present to some of the assets owned by our borrowers due to their coastal locations, such as Brightline East LLC Holdco, a privately owned passenger rail project in Florida. Extreme heat could impact the cooling systems at some of our data centre positions and the electrical efficiency of the panels in our Spanish solar portfolios, which are inherent risks to the asset classes. Storm could damage the physical infrastructure at some of our European companies, but we consider that the impacts of these are unlikely to materially compromise the borrowers' ability to repay our loan, particularly for the services companies that have less of a physical presence than tangible infrastructure projects.

TCFD report

Strategy continued

TCFD recommended disclosures continued

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2ºC or lower scenario. continued

Transition risks and opportunities

The Company is using Altitude's tool to assess transition risks and opportunities for the Fund's portfolio. Altitude uses TCFD's recommended categories of transition risks and opportunities and identifies those that are potentially material for each portfolio company. These risks and opportunities are then 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
- **Nationally Determined Contributions** – Business-As-Usual Scenario based on the current pledged policies

For every borrower in the portfolio, Altitude applies a Low, Medium or High score (as applicable) for material transition risks and material transition opportunities.

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

The high risk of increasing raw materials costs mainly stems from SEQI's renewables exposure. As demand for renewables grows, this strains the demand for the minerals and metals, such as lithium, copper, nickel, manganese and cobalt, that will be crucial to the energy transition. This is a global issue, but also one that our renewables borrowers should seek to address through their own supply chain management, contracts and practices. The infrastructure asset class, by its nature, includes high-emitting, hard-to-abate sectors that are exposed to increased carbon pricing. The Fund seeks to gain a deeper understanding of the implications of volatile raw materials and carbon pricing on its borrowers and portfolio.

Lastly, adherence to compliance with regulations and availability of compliance certifications is an important constituent of the due diligence undertaken by the IA and is an area we intend to continue to manage diligently.

TCFD report

Strategy continued

TCFD recommended disclosures continued

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2ºC or lower scenario. continued

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

As economies transition towards lower-emission goods and services and consumer preferences follow, the Fund plans to continue to explore and pursue related investment opportunities, which would be aligned with the Fund's investment theme of "Enabling the transition to a lower-carbon world". Such thematic investments from the current portfolio include the likes of service providers that support utility and energy efficiency and assets that improve grid capacity to enable the rising electricity demands. Similarly, the platform has identified investment opportunities as the world generally moves towards lower-emission sources of energy. This is an opportunity the Company has already been focusing on through positively screening for "Renewable energy" thematic investments.

Key developments

- This year the Company is pleased to have been able to conduct climate scenario analysis for the portfolio, which marks a real milestone for the Company's climate reporting following critical foundational work over some time. This analysis was delivered through the third party Altitude by AXA Climate platform. The IA undertook a careful assessment of various providers and products before presenting a shortlist of three solution providers for the Board's consideration. The Board in turn evaluated the different platforms based on a number of factors such as the accuracy in emissions estimates when compared to calculated and verified numbers provided by borrowers, transparency of methodologies, integration of biodiversity metrics and value relative to costs. As such, the Fund is now better able to assess physical and transition climate-related risks presented to assets and the portfolio as a whole under different climate scenarios and time horizons
- This year, the number of projects in the portfolio with sustainability-related covenants in the loan documents increased. These covenants are generally designed with the aim of either managing or monitoring risks or helping to capture opportunities related to material sustainability areas. As at 31 March 2025, there were eight projects in the portfolio with sustainability-related covenants incorporated in the loans. This number has been increasing over the years: two (2020), three (2021), three (2022), six (2023), seven (2024), and is a trend we seek to continue to target
- Sectors that are overly exposed to climate-related risks, such as thermal coal, continued to be excluded through the Fund's negative screening criteria, with 100%Δ compliance throughout 2024/25 as assured by KPMG

Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2025 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: www.seqi.fund/sustainability/publications/

TCFD report

Strategy continued

- Two of the Fund's positive investment themes are focused on climate-related opportunities: "Renewable energy" assets and "Enabling the transition to a lower-carbon world". One new investment the Fund made during the year was to Techem, a leading provider of energy efficiency solutions for residential and commercial buildings, with operations across Europe and beyond. 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. During the year, the Fund extended four loans to borrowers that, like Techem, seek to enable the transition to a lower-carbon world, with these thematic investments representing in aggregate nearly 19% of the capital deployed to new investments in the year

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

TCFD recommended disclosures

A. Describe the organisation's processes for identifying and assessing climate-related risks.

Climate-related risks are primarily assessed at the level of each investment, and individual asset level of a borrower where possible, and form part of the IA's due diligence process.

Typically, third-party expert reports will be commissioned to assess key risks. For example, engineers might review the physical condition of the borrower's assets, including their exposure and resilience to extreme weather risk. This will then be analysed in tandem with a review of the borrower's insurance policy and any other resources to cover uninsured risks.

Climate-related risks are thus identified, and where possible quantified, in the due diligence phase of an investment and discussed by the Investment Committee. Risks that are unacceptably high will result in an investment not being made.

B. Describe the organisation's processes for managing climate-related risks.

The Investment Adviser monitors each loan at least twice a year and more frequently if considered necessary. This includes a review not just of credit quality, but also of the borrower's sustainability profile, including climate-related factors. To assist in this oversight, each borrower is sent annually a detailed questionnaire including qualitative and quantitative topics which will assist the Investment Adviser in updating its analysis. The Investment Adviser then creates an action plan which is used for ongoing engagement with the borrowers.

A range of steps can be taken as a result of this ongoing monitoring of investments. For example, the internal credit rating assigned may be adjusted, the loan may be considered for disposal, or the decision may be made not to participate in a refinancing of the loan when it comes to its maturity date. Ultimately, if it becomes clear that a borrower's resilience to climate change is deteriorating, the Fund may choose to dispose of the loan.

Similarly, if a sector or sub-sector is beginning to experience higher levels of climate-related risks, the IA will avoid making new loans in it. Given the relatively short maturity of many of the loans in the portfolio, this can rapidly decrease the Fund's exposure to that sector.

C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Climate risk is integrated into the entire investment and risk management process.

At an early stage, when considering whether to dedicate further resources to assess a potential new loan, the IA will apply negative and positive screening and estimate the borrower's ESG score. Some potential investments will be rejected at this stage if the climate-related risks are likely to be unacceptably high.

Following the due diligence process, the Investment Committee will consider sustainability matters as a part of its deliberations. The investment's ESG score will be agreed upon by the Committee.

Subsequently, the investment is considered by the Investment Manager and in some cases the Risk Committee of the Board, who will assess both credit quality and sustainability profile, including, where appropriate, resilience to climate change. The Risk Committee carries out a regular assessment of the Fund's risks, including sustainability risks, with certain credit risks being escalated to it by the Investment Manager for approval. ESG scores for investments that are <50 automatically trigger further scrutiny by the Risk Committee.

The ESG and Stakeholder Engagement Committee is responsible for overseeing the Company's overall sustainability strategy.

Finally, each quarter, the Investment Adviser prepares a sustainability report for the Board, which includes a review of the overall portfolio.

Key developments

- The Company has a comprehensive framework to identify and assess climate change risk. This is fully integrated into its loan approval, monitoring and risk management processes. This framework is kept under regular review. Given that the methodology does not incorporate an exhaustive list for every possible sub-sector within infrastructure, this year new sub-sectors were added as the Fund looked at opportunities and extended loans to areas that it had not actively considered previously. 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 the functions across all of the different teams that are involved in work on the Fund
- This year, the IA again conducted two firm-wide internal training sessions on sustainability. The aim of these was to help to promote a consistent process and approach across the team as well as keeping all functions of the firm abreast of the latest sustainability trends and developments
- Following subscription to the AXA Climate Altitude platform, the Board is exploring how to extract further value from this tool to enhance risk management through due diligence screenings. This should enable the Fund 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. As we work to fully integrate the tool into existing processes, we look to develop this potential value-add Altitude may bring to our risk management over the forthcoming year

TCFD report

Metrics and Targets

Disclose the metrics and targets used to assess and manage the relevant climate-related risks and opportunities where such information is material.

TCFD recommended disclosures

A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Currently, the ESG score is the key metric for assessing the sustainability profile of the Fund's investments, including on environmental matters. This ESG scoring framework helps the allocation of capital between projects and to measure its progress over time in a quantitative way. The methodology blends the "E", "S" and "G" components without allowing strength in one area to offset entirely weakness in another. For example, a polluting company will always get a poor score, even if it has excellent social and governance policies. Moreover, the policy is not to lend to companies with a very low E score, of less than one, regardless of the overall ESG score.

Going forward, the Company is looking to widen its range of metrics used, including potentially GHG emissions. Whilst the Company measures its own and its portfolio emissions to the fullest extent possible, currently this is not used as a KPI or target as the data that is available, in the context of a private debt portfolio, is not considered wholly reliable and relies on unverified reported data and third-party estimates of varying degrees of quality.

B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

Company operational emissions

Company emissions	tCO_2e Year ended 31 March 2024	**tCO_2e Year ended 31 March 2025**
Scope 1	nil	**nil**
Scope 2	nil	**nil**
Scope 3 (operational)	44	**44**

Due to the nature of Company's business, it produces no Scope 1 or 2 emissions. The Company's Scope 3 operational emissions have been estimated in consultation with a specialist adviser and are intentionally conservative by design. These have been offset by the Company through the purchase of carbon offsets. Many of the Company's suppliers already have their own emissions reduction and offsetting programmes in place.

Company Scope 3 portfolio emissions

The following TCFD-recommended GHG emissions metrics have been estimated for the Fund's portfolio in line with the Partnership for Carbon Accounting Financials ("PCAF") standards:

- total absolute emissions of portfolio companies;
- financed emissions;
- carbon to investment; and
- Weighted Average Carbon Intensity ("WACI").

Explanation of the calculation and methodology used for GHG emissions metrics is provided in the Appendix.

	Year ended 31 March 2024		**Year ended 31 March 2025**				
Portfolio emissions	Total absolute tCO_2e	Reported coverage	**Total absolute tCO_2e (reported)**	**Reported coverage**	**Total absolute tCO_2e (estimated)**	**Estimated data**	**Total absolute tCO_2e (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**

TCFD report

Metrics and Targets continued

TCFD recommended disclosures continued

B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks. continued

Company Scope 3 portfolio emissions continued

SEQI Year ended 31 March 2025	Financed emissions (tCO_2e)	Carbon to investment (tCO_2e/£m)	Weighted Average Carbon Intensity ("WACI") (tCO_2e/£m revenue)
Total	**1,377,745**	**882**	**2,505 (94% coverage)**

Due to the diverse nature of the Fund's investments, it would not have been accurate to extrapolate reported emissions numbers to the rest of the portfolio. Instead, for the year ended 31 March 2025, the Fund has been able to derive an estimate for each borrower for which it lacked data. To assist with this, the Company has utilised Altitude by AXA Climate, a software solutions platform to support climate risk management, which has been designed with inputs from various sectors, including finance, infrastructure and industry. This platform has enabled estimates for GHG metrics to be generated for the whole of the Fund's portfolio. It should be noted that these figures are overestimates as, where emissions for specific or individual projects/assets being financed by the Fund were unavailable, total emissions for the portfolio company borrower have been used. This means that the emissions specifically attributable to the Fund's financing activities would be less than the reported figures provided. As our internal capacities evolve, we look to refine this methodology to improve the accuracy of GHG emissions data reported going forward.

The apparent increase in reported absolute emissions produced by portfolio companies is largely attributable to new reporting by one of the assets. As SEQI is now able to estimate the remainder of the portfolio, this short-term anomaly in reporting should smooth out over time. It should also be noted that as there is meaningful regular portfolio churn/movements, the absolute emissions produced by borrowing entities may vary significantly year-on-year and should not be interpreted as providing a definitive indication of emission performance at a portfolio company level.

Also of note is that the WACI number excludes pre-revenue assets as the WACI calculation is based on the portfolio company's revenues and accordingly cannot be reliably computed for companies without revenues. In this regard, the WACI number covers 94% of the portfolio by outstanding amount as at 31 March 2025.

C. Describe the targets used by the organisation to manage climate-related risks and performance against targets.

The Fund has three sustainability goals: to comply with its negative screening criteria, to progress thematic investing (positive screening) and to improve the portfolio's weighted average ESG score over time.

Key developments

- Last year the Company reported absolute emissions of the portion of the portfolio for which reliable information on the borrower was available. In the first instance, this was made possible by the significant progress we supported through our borrower engagement. Since then, further advancements have been made as the Company onboarded Altitude by AXA Climate to help address data challenges and gaps. As a result, for the first time this year, we have been able to report total portfolio emissions as well as GHG metrics for the portfolio, namely: financed emissions, carbon to investment and WACI
- A sustainability questionnaire is sent to our portfolio companies annually, which includes requesting quantitative data, such as Scope 1, Scope 2 and Scope 3 GHG emissions. This year we received a joint-record response rate to our questionnaire from 93% of borrowers. We obtained reported Scope 1 emissions data for 69% of portfolio companies and Scope 2 emissions of 60% of the portfolio (in each case calculated by reference to outstanding amounts as at 31 March 2025)
- The Fund has improved its average portfolio ESG score from 62.77 last year to 64.70 as at 31 March 2025, largely as a result of its sustainability-focused investment strategy and active engagement work with companies that resulted in 14 existing positions increasing their ESG scores during the period. This marks a notable improvement since the Company started calculating and measuring the portfolio's ESG score in 2020 which was 59.61 for this first reporting year

Appendix – GHG emissions and climate scenarios methodology

There are some potential limitations of the report and its use. While we have been working hard to improve the quality and quantity of emissions data, we are unable to verify either reported or estimated emissions numbers. We have endeavoured to provide transparent and comprehensive detail on the methodology and assumptions used in order to support the assessment of data set out in this report. There are also limitations inherent in climate scenario analysis itself due to the outsourcing of climate modelling, including reliance on third-party processes, as well as complexity, uncertainty, lack of consistency and varying levels of data quality and availability. We remain committed to engaging with portfolio companies and our supplier, Altitude by AXA Climate, with a view to continue refining our approach to scenario analysis going forward.

GHG emissions

Total absolute emissions:

The Partnership for Carbon Accounting Financials ("PCAF") emissions Data Quality Score for the portfolio is 2.25. This average takes into account the data quality score for each borrower, weighted by the total outstanding loan amount per company. The Fund has verified emissions based on physical data for six portfolio companies, as some borrowers have had their emissions externally verified (earning a PCAF Data Quality Score 1). The remainder of the portfolio has either reported some or all of their Scope 1-3 emissions on an unverified basis (assigned PCAF Data Quality Score 2), or (in the case of 16 borrowers in the portfolio) had their Scope 1, 2 and/or 3 emissions estimated based on sector and turnover using the third-party data provider Altitude by AXA Climate (PCAF Data Quality Score 4).

Reported emissions:

Where data for the specific project/asset being financed by the Fund was unavailable, company-level information has been used. For instance, the emissions specific to the project SEQI finances may be unknown by certain borrowers, however they are able to provide total emissions for their company; in these cases the borrower's total emissions reported for the whole company have been used in our calculations. This means that the total emissions and associated GHG metrics reported by SEQI have been overestimated and are higher than the actual emissions attributable to SEQI. As our internal capacities evolve, we look to refine this methodology to improve the accuracy of GHG emissions data going forward.

The total absolute reported emissions data covers the most recent calendar year to the fullest extent possible, i.e. our total year ended 31 March 2025 number refers to emissions produced by portfolio companies from 1 January to 31 December. Where this is unavailable, the latest available company data has been used.

The coverage rate for the year ended 31 March 2025 indicates the percentage of the portfolio that has provided emissions information and is measured by outstanding loan amounts as at 31 March 2025. The coverage rate for the year ended 31 March 2024 is measured by net asset value ("NAV") as at 31 March 2024, as this was the principal valuation metric used throughout SEQI's financial and sustainable reporting and at the time the Company did not run calculations of emissions metrics using outstanding borrowed amount.

Estimated emissions by Altitude:

Altitude's GHG calculation tool has been developed following the guidance from the Greenhouse Gas Protocol, developed by the World Resources Institute and the World Business Council for Sustainable Development and establishing comprehensive global standardised frameworks to measure and manage GHG emissions from private and public sector operations. The calculation approach is based on Environmentally Extended Input Output ("EEIO") models. The resulting EEIO emission factors can be used to estimate GHG emissions for a given industry or product category. EEIO models are derived by allocating national GHG emissions to groups of finished products based on economic flows between industry sectors. Altitude considers the EXIOBASE dataset, which provides extensive geographical and sectorial coverage (49 regions across 163 industry classifications). However, it should be noted that the level of granularity is relatively low compared to other sources of data.

Altitude provides a breakdown of estimates in terms of Scope 1, Scope 2 and upstream ("cradle to gate") Scope 3 through a preliminary screening approach based on proxy data and financial inputs. This allows for the assessment of the GHG footprint.

Altitude also benchmarks certain elements of the estimated carbon intensity of portfolio companies against that of prominent global companies in a similar sector of activity (by reference to Scopes 1, 2 and 3 upstream). As with all benchmarking exercises, the results should be interpreted with appropriate contextual caution. However, the Fund considers that this data still provides additional useful insights to support transaction due diligence assessments.

Our understanding of Altitude's methodology and the composition of their tool is based on information provided to us by Altitude.

Appendix – GHG emissions and climate scenarios methodology continued

GHG emissions continued

Financed emissions:

This is the carbon footprint of the Fund, i.e. the total absolute emissions of all the companies in the portfolio based on the extent to which SEQI finances the activities of these borrowers.

$$\text{Financed emissions} = \sum_{p/c}^{n} \text{Attribution factor}_{p/c} \times \text{Total emissions}_{p/c}$$

p = project, c = investee company/borrower which was used where the specific emissions for the project being financed were unknown

The vast majority of the portfolio comprises loans with a known use of proceeds, which uses the following attribution factor:

$$\text{Attribution factor} = \sum_{p/c} \frac{\text{Attribution factor}_{p/c}}{\text{Total equity} + \text{Total debt}_{p/c}}$$

The same attribution factor is used for the small number of bonds in the portfolio as they are made to private companies. On the small number of occasions where the Fund has ended up with an equity stake in a position, this has been factored into the calculation of the "outstanding amount".

In line with PCAF standards, for all carbon metrics the outstanding debt amounts have been used and the figure used for the total AUM takes the sum of these. This differs from the valuation, AUM figures and other financial metrics reported elsewhere by SEQI, which use NAV. Whilst we consider NAV to better reflect the relative exposure of the Fund based on fair market valuation, in order to align with best practices advised by PCAF and TCFD and to allow for comparability and consistency across products and financial institutions, SEQI has used outstanding debt amounts instead of NAV. For completeness, SEQI has calculated carbon metrics using both outstanding debt amounts and NAV and found minimal difference in the carbon to investment and WACI metrics, with an approximate 10% differential in the financed emissions number. Specifically, NAV-based financed emissions were lower than the financed emissions calculated using outstanding debt amount. Hence, the reported headline figures above could be interpreted as conservative overestimated figures.

Carbon to investment:

This is the amount of GHG emissions produced by the portfolio's companies relative to the amount of money invested in those companies, which therefore provides a representation of how much carbon is emitted for each million GBP deployed by SEQI.

$$\text{Carbon to investment} = \frac{\text{Financed emissions}}{\text{Total AuM}}$$

Weighted Average Carbon Intensity ("WACI"):

This metric represents the portfolio's exposure to carbon-intensive companies. It is calculated as the sum of each company's carbon intensity (emissions per unit of revenue) weighted by the proportion that each company represents of the portfolio. As this metric is not appropriate for pre-revenue companies, pre-revenue investments have been excluded from the calculation.

$$\text{WACI} = \sum_{p/c}^{n} \left(\frac{\text{Outstanding amount}_{p/c}}{\text{Total AuM}} \text{ X } \frac{\text{Total emissions}_{p/c}}{\text{Revenue}_{p/c}} \right)$$

Climate scenario analysis

Physical risks

Altitude evaluates climate physical risks of real assets using the asset type and their geolocation. The risks are a function of three pillars as defined by IPCC (hazard, vulnerability and exposure) and come in 16 different types that can either be defined as acute or chronic. For every asset, Altitude calculates a risk score for each material physical hazard. For companies with multiple assets, the asset-level risks are aggregated. The overall company scores are then aggregated and weighted to produce consolidated portfolio-level risks that are classified as: Low, Medium or High. Materiality is assessed based on the asset type, which is informed by AXA Climate's expertise and dataset, and geolocation, where each hazard peril is evaluated using one or more metrics derived from Global Climate Models and additional specialised resources for separate hazards.

The evolution of climate hazards over time are modelled using the 30-year averages (monthly, seasonally, yearly) around 2000, 2020, 2030 and 2050.

Transition risks and opportunities

Material transition risks and opportunities are identified per sector and geography using AXA Climate's in-house expertise. Risk levels (low, medium, high) are calculated using their Network for Greening the Financial System ("NGFS") proxy models, which are weighted by a carbon factor representing the carbon intensity of the sector in a specific geography relative to all other carbon intensities in the world. The NGFS proxies then model the identified risks and opportunities in 2020, 2030 and 2040 under the three forward-looking scenarios. If no proxies are available, targeted literature reviews and CDP datasets are consulted.

A risk is considered material if it can have a significant impact on the company under consideration based on a qualitative assessment of potential impacts on revenues, OpEx and CapEx of portfolio companies.