

TCFD report 2026



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 onboarded Altitude by AXA Climate to help to address data challenges and gaps, we are pleased to be able to report operational emissions for the Company and the following GHG metrics for the SEQI portfolio in line with the Partnership for Carbon Accounting Financials ("PCAF") standards¹ but using largely estimated data: financed emissions, carbon to investment, and Weighted-Average Carbon Intensity. The Company has also been able to conduct and report 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 the Alternative Investment Fund Manager ("AIFM") and the Investment Adviser ("IA"), review the sustainability risks and opportunities facing the portfolio, including in relation to climate change. As part of this review, the Investment Adviser 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 highlights 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 Sustainability 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 greenhouse gas 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 SFDR, TCFD, and the SDR Anti-Greenwashing Rule. The Company's SFDR disclosures are also made available on the website: www.seqi.fund/sustainability/publications/
- ▶ 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.

Selina Sagayam, Chair of the Sustainability 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 sustainability issues. Selina also chaired Gibson Dunn's UK Diversity & Inclusion Committee and sat on its Global Diversity Committee. She is a trustee and Chair of Cranstoun, and Vice Chair of the charity Refuge (and previously chaired its People, Nomination and Remuneration Committee). Selina also serves as trustee of Changeworks, a Scottish social enterprise involved in the decarbonisation of homes, 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.

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 Sustainable Development Goals ("SDGs").

Nicola Paul holds the ICAEW Sustainability Certificate and is a long-term advocate for social initiatives, serving for instance as Lieutenant for the Boys' Brigade for over 30 years. Nicola was formerly an Associate Partner at Deloitte LLP where she led teams providing audit and controls engagements to both listed and private investment funds and asset management entities, and also specialised in advising on accounting, corporate governance and risk management matters.

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 is currently a director of 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.

1. PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition

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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 through the initial negative and positive screening of opportunities (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 Company 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 undertook a wholesale review of its approach to sustainability, including how it assesses and manages climate-related risks and opportunities. This comprised a detailed self-evaluation of the strengths and limitations of the Company's existing sustainability framework combined with an assessment of peer practices and the evolving regulatory landscape. It then moved on to conducting a stakeholder materiality assessment for the first time to collect views on the sustainability priorities of the Company's Shareholders and other key stakeholders. The results of this exercise were a key focus of the Board's Strategy Day, with various improvements being agreed and implemented as a result.
- For more information on this comprehensive review and SEQI's new sustainability framework, please refer to the Company's standalone Sustainability Report 2026 and Sustainability Policy 2026 published here: www.seqi.fund/sustainability/publications/
- The Sustainability and Stakeholder Engagement Committee met five times over the year ended 31 March 2026. The topics that were addressed by the Committee this year included the sustainability regulatory landscape developments, results of the stakeholder materiality assessment, Shareholder engagement including feedback from the Company's second ESG roundtable event, and a review and update of the Company's sustainability framework and policies.

- The Board of Directors undertook tailored sustainability training facilitated by Altitude by AXA Climate, which focused on climate scenario analysis. The session used a portfolio company as a case study to gain a deeper understanding of climate physical risks plus transition risks and opportunities, what they mean in practice, and how the analysis can be used within the investment process and engagement with borrowers.
- For the sixth year, the Company engaged KPMG to provide independent limited assurance under ISAE (UK) 3000 on the ESG metrics for the portfolio, this year covering negative screening and thematic investing, and prior years covering the portfolio ESG score.

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 flooding, water stress, extreme heat, storms, tropical cyclones, and landslide over the three different time horizons.

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

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 Company. First, some sectors within the infrastructure market may become uninvestible in the future, for example assets in the hydrocarbon value chain such as coal-fired power stations or upstream oil and gas assets may become stranded. 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 Company is excluding those sectors where there is a near-term or medium-term high-level risk of them becoming uninvestible. Therefore, this potential impact of more sectors becoming unviable for the Company can be considered long-term. Should it happen, the portfolio might over time become further and prematurely less diversified; however, in the opinion of the Investment Adviser, this risk is more than outweighed by the new and developing investment opportunities described above.

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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 continued

Second, the credit quality of some of the borrowers that the Company 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 Company as lender can lose money.
- The Company'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.
- The IA undertakes comprehensive due diligence on each borrower that the Company lends to, and assessing their exposure to climate risk is part of the diligence process. In other words, the Company 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 Company 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 would increase the diversification of the portfolio and help it to deliver an attractive risk-adjusted return to Shareholders; however, this is a forward-looking expectation rather than a firm commitment as this is dependent on the credit profile of the deals in these sectors that enter the pipeline. Conversely, avoiding sectors where there is an unduly high level of climate-related risk, or even limiting the Company'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 Company's strategy based on the Investment Adviser's experience of investing through multiple cycles and global changes and events. This is also because the Company 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 Company 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. The Company had the goal for six years, taking account of the spread of its investments, to improve the portfolio's weighted average ESG score over time, which it has successfully accomplished.

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 physical assets and only one employee who operates on a remote basis, the climate impacts on the Company's operations are limited, with the key indirect risks relating to companies that the Company lends to. If certain climate risks materialise, it could impact borrowers' revenues, OpEx and CapEx requirements, and thus their ability to repay lenders, including the Company. If such material climate risks were to play out across numerous companies in the portfolio, then the Company's performance and ability to generate income and deliver returns to investors may be adversely affected under certain scenarios.

SEI is using the Altitude platform by AXA Climate to support its analysis of the physical risks 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 be taken into account when considering the analysis, which comes with an equity cushion that acts as a barrier of protection against the financial effects of certain risks manifesting. Further, the average loan maturity for the portfolio is 3.6 years as at year end, 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.

Physical risks

SEI 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 2050) 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

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Strategy continued

TCFD recommended disclosures continued

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

Physical risks continued

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	●	●	●	●	●	●
Clay shrink-swell hazard	●	●	●	●	●	●

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 – frost	●	●	●	●	●	●
Wildfire	●	●	●	●	●	●
Tropical cyclone	●	●	●	●	●	●
Storm	●	●	●	●	●	●
Hailstorm	●	●	●	●	●	●
Drought	●	●	●	●	●	●
Extreme precipitation	●	●	●	●	●	●
Flood	●	●	●	●	●	●
Landslide	●	●	●	●	●	●
Earthquake	●	●	●	●	●	●
Subsidence	●	●	●	●	●	●
Avalanche	●	●	●	●	●	●
Volcanic eruption	●	●	●	●	●	●

Based on the regional locations, the analysis has identified there is an elevated risk of flooding, landslides and wildfires occurring which could damage certain assets owned by our borrowers. Similarly, storms could damage the physical infrastructure at some of our European portfolio companies and tropical cyclones are a threat to certain US assets. Extreme heat could impact the operating ability of equipment 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. Similarly, water stress could result in disrupted operations for data centres and power generation assets that rely on water for their cooling systems. Generally, we consider that the impacts of these are unlikely to materially compromise the borrowers' ability to repay our loan, particularly for services investee companies that have less of a physical presence than tangible infrastructure projects.

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Strategy continued

TCFD recommended disclosures continued

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

Transition risks and opportunities

The Company is using Altitude's tool to assess transition risks and opportunities for the SEQI portfolio. Altitude uses the 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 ("NDC")** – 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 and legal						
Increased pricing of GHG emissions	●	●	●	●	●	●
Mandates on and regulation of existing products and services	●	●	●	●	●	●
Regulation on energy efficiency and certification	●	●	●	●	●	●
Exposure to litigation	●	●	●	●	●	●
Emerging regulation on reporting requirements	●	●	●	●	●	●

Risks heatmap

- Low
- Medium
- High

	2030			2040		
	Net Zero 2050	Delayed Transition	NDC	Net Zero 2050	Delayed Transition	NDC
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	●	●	●	●	●	●

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 certain critical 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 Company seeks to gain a deeper understanding of the implications of volatile raw materials and carbon pricing on its borrowers and portfolio. The risk to the portfolio of shifting customer preferences relates to SEQI's gas-fired power plants; however, the Company believes that geopolitical and macro-economic events of the last year have contributed to shifting views on the importance of energy security and therefore the place for gas-fired power in countries' energy mix. Lastly, 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.

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Strategy continued

TCFD recommended disclosures continued

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

Transition opportunities:

	2030			2040		
	Net Zero 2050	Delayed Transition	NDC	Net Zero 2050	Delayed Transition	NDC
Policy and 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 Company plans to continue to explore and pursue related investment opportunities, which would be aligned with the Company's investment theme of "Enabling the transition to a lower-carbon world". Such thematic investments from the current portfolio include 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. The Company's new investments this year in solar PV portfolios and a wind turbine servicing company align with the growing opportunity related to increased demand for renewable energy and more generally increased stakeholder concerns about the climate.

Key developments

- › Sectors that are overly exposed to climate-related risks, such as thermal coal, continued to be excluded through the Company's negative screening criteria, with 100% compliance throughout year ended 31 March 2026, as assured by KPMG.^Δ
- › Two of the Company's positive investment themes are focused on climate-related opportunities: "Renewable energy" assets and "Enabling the transition to a lower-carbon world". During the year, SEQI completed two investments in the renewables sector. This included a €55.6 million senior secured loan to support Project Poland PV to finance the construction of a substantial portfolio of photovoltaic projects. The projects will be located in Poland and developed by GoldenPeaks Capital, an independent producer of green energy in Europe with a strong track record in owning and operating renewable power assets. SEQI also participated in a syndicated deal for the construction of a portfolio of seven fully permitted UK solar PV projects, with a total installed capacity of c.430MW.

^Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2026 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website: www.seqi.fund/sustainability/publications/

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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 Investment Adviser's due diligence process.

Typically, third-party expert reports will be commissioned to assess key risks as part of the detailed credit analysis process. 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 are considered 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 comprehensive questionnaire including qualitative and quantitative topics which will assist the IA in updating its analysis. The IA 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 Company 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 our 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 Investment Adviser applies negative and positive screening and estimates 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.

SEQUI is taking steps to improve the availability and quality of climate and emissions data from portfolio companies through engagement, for example embedding loan terms that require the borrower to complete our annual sustainability questionnaire, which includes climate and emissions information.

Subsequently, the investment is considered by the AIFM 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 Company's risks, including sustainability risks, with certain credit risks being escalated to it by the Investment Manager for approval.

The Sustainability 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

- › This year, the Company introduced a new dual-scoring framework comprising a separate ESG Risk Score and an Externality Score, which it will roll out over the forthcoming year. The new ESG Risk Score will systematically assess climate physical risks present at assets, representing a notable step forward in providing a more structured, balanced and value-relevant assessment of climate-related risks within and across the portfolio.
- › This year, the Investment Adviser again conducted 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.

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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 ESG profile of the Company'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 intends to widen its range of metrics used, including potentially greenhouse gas 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 ₂ e	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2026
Scope 1	nil	nil	nil
Scope 2	nil	nil	nil
Scope 3: Operational	44	44	48

Due to the nature of Company's business, it produces virtually no Scope 1 or 2 emissions; however, the Company's main impact comes from its investing activities, with the vast majority of its carbon footprint being made up of Scope 3 financed emissions which are presented just below. The Company's Scope 3 operational emissions have been estimated in consultation with a specialist adviser and are intentionally conservative by design. They increased slightly this year due to the hiring of SEQL's first employee who operates on a remote, part-time basis, as well as the full-year use of services from a second placement agent. The Company continues to take steps aimed at reducing its operational carbon emissions where possible. Many of the Company's suppliers already have their own emissions reduction and offsetting programmes in place. The Company has offset its operational emissions through the purchase of Gold Standard carbon credits and long-term carbon offsets via UK peatland restoration through a development project verified under the Peatland Code. The Company endeavoured to pursue high-quality offsetting schemes but even these are not without their limitations (potential lack of permanence, issues around standardisation, measurement and verifiability, etc.) and as such they are not equal to nor a substitute for a reduction in emissions produced in the first instance.

Company Scope 3 portfolio emissions

The following TCFD-recommended GHG emissions metrics have been estimated for the SEQL portfolio in line with the PCAF standards:

- › Financed emissions
- › Carbon to investment
- › Weighted Average Carbon Intensity

There are some material limitations of this report and the data contained within it. 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. Additionally, where data for the specific project/asset being financed by SEQL was unavailable, company-level information has been used, which may have resulted in some reported figures being overestimates, though the Company has limited visibility as to the scale of this.

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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

A full explanation of the calculation and methodology used for GHG emissions metrics is provided in the Appendix.

Portfolio emissions	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2026
Scope 3: Financed emissions (tCO ₂ e)	724,250	783,447	562,161
PCAF Data Quality Score (1-5)	2.09	2.03	2.02
Carbon to investment (tCO ₂ e/£m)	443	502	366
WACI (tCO ₂ e/£m revenue) (% portfolio applicable to) ¹	1,261 (85%)	1,192 (95%)	1,175 (88%)

1. 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 percentage of the portfolio for which the WACI number could be calculated has been indicated in brackets.

In response to Shareholder feedback, historic portfolio emissions have been calculated in order to improve comparisons over time. Additionally, for the year ended 31 March 2025, numbers have been restated to exclude portfolio companies' Scope 3 emissions; whilst initially striving to go beyond minimum requirements, the approach taken by SEIQ this year is likely to result in more reliable data, less double counting, and better alignment with market practice for enhanced cross-fund comparability.

The year-on-year fluctuations can largely be attributed to the rise in portfolio company reporting, meaning reported figures replace estimates increasingly over time. It should also be noted that as there is meaningful, regular portfolio churn and movement, the 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. The decrease in financed emissions this year, for example, is mostly the result of the disposal of a high-emitting aircraft asset with no acquisition of an alternative asset in this sub-sector.

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

The Company had three ESG goals: 1) Comply with its negative screening criteria; 2) Progress thematic investing (positive screening); and 3) Improve the portfolio's weighted average ESG score over time.

Key developments

- › Historic portfolio emissions have been recalculated in order to improve comparisons over time.
- › The Company maintained 100% compliance with its negative screening criteria during the year. This metric has been independently assured by KPMG.^Δ
- › Thematic investing covers 74% of the Company's investment portfolio for year ending 31 March 2026, up from 71% last year. This metric has been independently assured by KPMG. The remaining 26% of the portfolio sits within a diversified mix of infrastructure assets that do not necessarily fall within the definitions of the three sustainability themes.^Δ
- › The Company has improved its average portfolio ESG score from 64.70 last year to 66.12 as at 31 March 2026, largely as a result of its sustainability-focused investment strategy and active engagement work with companies that resulted in eight 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. From 1 April 2026, the Company will move to a new methodology that will no longer be comparable with this scoring framework.
- › During the year, the Company undertook a comprehensive review of its sustainability approach and framework, which culminated in the seven-year-old ESG scoring methodology being fundamentally redesigned. This will be replaced with the introduction of a dual-scoring framework, comprising a new ESG Risk Score and a new Externalities Score. Looking to the year ahead, the focus will be on rolling out the new sustainability framework in a disciplined yet adaptive way and embedding it consistently across the portfolio. This will be an important period of transition and review before new metrics or quantitative targets can be set. We believe these updates will also position the Company well for alignment with the adoption of emerging global sustainability standards, which the Board and IA will continue to monitor. In the interim period, the third goal has been temporarily updated to: 3) Provide transparent reporting on SEIQ's scoring framework.

^Δ KPMG has issued independent limited assurance over the selected data indicated with a reference in the 2026 Annual Report. The reporting criteria and assurance opinion are available in the Sustainability Publications section of our website:

www.seqi.fund/sustainability/publications/

Appendix



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 methodology

Total absolute emissions:

Last year, the Company also provided the total absolute (Scope 1–3) emissions produced by its portfolio companies. Following investor feedback, these additional datapoints have been removed this year to streamline reporting, enhance clarity, and make it easier to more clearly identify the Company's financed emissions number, which was highlighted as the most valued, decision-useful metric.

The portfolio emissions data reflects the latest available information, typically covering emissions produced by portfolio companies over the most recent calendar year (i.e. financial year ended 31 March 2026 reflects emissions from 1 January to 31 December 2025 to the fullest extent possible).

The PCAF Data Quality Score is a 1-to-5 rating system used by financial institutions to assess the accuracy, reliability and transparency of emissions data. An average has been calculated on an emissions-weighted basis.

Reported emissions:

Reported emissions data are sourced from borrower disclosures. Some portfolio companies obtain external verification over their emissions (earning a PCAF Data Quality Score 1), whereas other portfolio companies report their emissions on an unverified basis (assigned PCAF Data Quality Score 2).

Where data for the specific project/asset being financed by SEQI 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 GHG metrics reported by SEQI may have been overestimated, though the Company has limited visibility as to the scale or implications of this. As our internal capacities evolve, we look to refine this methodology to improve the accuracy of GHG emissions data going forward.

Estimated emissions:

Due to the diverse nature of SEQI's investments, it would not have been accurate to extrapolate reported emissions numbers to the rest of the portfolio. Instead, SEQI has been able to derive an estimate for each borrower's Scope 1 and/or 2 emissions based on sector and turnover using the third-party data provider Altitude by AXA Climate (PCAF Data Quality Score 4).

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 Company 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.

Financed emissions:

This is the carbon footprint of the Company, 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 these are made to private companies. On the small number of occasions where SEQI has ended up with an equity stake in a position, this has been factored into the calculation of the "outstanding amount".

Appendix



GHG emissions methodology continued

Financed emissions: continued

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 SEQL, 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, SEQL has used outstanding debt amounts instead of NAV.

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 SEQL.

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

Weighted Average Carbon Intensity:

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.

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

Climate scenario analysis methodology

The scenario analysis provides a high-level, portfolio-wide perspective on potential physical and transition risks and opportunities, bringing together insights that may not otherwise be considered collectively. As with other aggregated portfolio metrics, the analysis is intended to highlight areas of exposure rather than to necessitate any prescribed action that needs to be enacted. It serves as a tool to identify themes or assets that may warrant further due diligence or consideration of potential risk mitigation measures. The Company uses the analysis to monitor such high-level trends and to identify areas for potential engagement with individual borrowers. It is also important to consider the Company's position as a lender when interpreting these results, as this generally provides certain structural protections against the direct impact of risks materialising at the asset level. In addition, the relatively short duration of the Company's investments, with an average loan maturity of 3.6 years as at year end, means that the relevance of long-term climate scenarios to the portfolio may be limited.

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 data set, 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 is 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.