

# Terms of Reference of the Nomination Committee

April 2021

**SDCL ENERGY EFFICIENCY INCOME TRUST PLC**  
(the "**Company**")

**TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE**  
(the "**Committee**")

As amended on 8 April 2021

## **1. CONSTITUTION**

The Committee was constituted by resolution of the Board of Directors of the Company (the "**Board**") on 25 November 2019.

## **2. MEMBERSHIP**

- 2.1. The Committee shall comprise at least three directors. A majority of the members of the Committee shall be independent non-executive directors. All members of the Board shall be members of the Committee (the "**Members**").
- 2.2. Members of the Committee shall be appointed by the Board, all of whom should be independent non-executive directors of the Company.
- 2.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 2.4. Subject to the annual re-election of directors, appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided that the majority of the Members remain independent and meet the criteria for membership of the Committee.
- 2.5. The Board shall appoint the Committee Chair (the "**Chair**") who shall be an independent non-executive director. In the absence of the Chair and/or an appointed deputy, the remaining Members present shall elect one of themselves to chair the meeting. The chair of the Board shall not chair the committee when it is dealing with the matter of succession of the chair of the Board.

## **3. SECRETARY**

- 3.1. The company secretary, or its nominee, shall act as the secretary of the Committee (the "**Committee Secretary**") and shall attend all its meetings and will ensure that the members of the Committee receive information and papers in a timely manner to enable full and proper consideration to be given to the issues to be considered at the relevant meeting.

## **4. QUORUM**

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- 4.1. The quorum necessary for the transaction of business shall be two Members, both of whom must be independent non-executive directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **5. MEETINGS**

- 5.1. The Members may convene the Committee, meet together for the execution of business and otherwise regulate their meetings as they think fit.

### **6. FREQUENCY OF MEETINGS**

- 6.1. The Committee shall meet at least once a year or more often if required, as the Chair deems appropriate.

### **7. NOTICE OF MEETINGS**

- 7.1. Meetings of the Committee shall be called by the Committee Secretary at the request of the Chair.
- 7.2. Notice of the meeting confirming the venue, time and date shall be provided to all members of the Committee and any other person required to attend. All reasonable efforts shall be made to ensure sufficient notice of meetings is given to all members of the Committee and invitees at least 5 business days in advance unless all of the members of the Committee agree to a meeting at shorter notice.

### **8. MINUTES OF MEETINGS**

- 8.1. The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2. The Committee Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 8.3. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to the Board unless, in the opinion of the Chair, it would be inappropriate to do so.

### **9. ENGAGEMENT WITH SHAREHOLDERS**

- 9.1. The Chair should attend the annual general meeting to answer any shareholder questions on the committee's activities. In addition, the committee chair should seek engagement with shareholders on significant matters related to the committee's areas of responsibility.

### **10. DUTIES**

- 10.1 The Committee shall:

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- 10.1.1. Annually review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes as necessary;
  - 10.1.2. Formulate and ensure plans are in place for succession of directors and, in particular, for the key roles of Chair of the Board, Chair of the Audit & Risk Committee, Chair of the Remuneration Committee and this Committee taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
  - 10.1.3. Identify suitable candidates for the role of Senior Independent Director;
  - 10.1.4. Determine membership of the Audit & Risk Committee, the Remuneration Committee and this Committee in conjunction with the Chairs of the respective committees and subject to the approval of the Board; and
  - 10.1.5. Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 10.2. Before an appointment is made, evaluate the balance of skills, knowledge and experience on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.
- 10.3. In identifying suitable candidates, the Committee shall:
- 10.3.1. use the services of external advisers to facilitate the search, if considered necessary and appropriate;
  - 10.3.2. consider candidates from a wide range of backgrounds; and
  - 10.3.3. consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the Board and taking care that appointees have enough time available to devote to the position.
- 10.4. Prior to the appointment of a director, the proposed appointee should disclose other significant time commitments and any additional future commitments should not be undertaken without prior approval of the Board. The proposed appointee should also disclose any other business interests that may result in a conflict of interest. These must be authorised by the Board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board.
- 10.5. The Committee shall keep under review the leadership needs of the Company with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.
- 10.6. The Committee shall keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

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- 10.7. The Committee shall review annually the time required from the directors. Performance evaluation should be used to assess whether the directors are spending enough time to fulfil their duties.
- 10.8. The Committee shall ensure that, on appointment to the Board, directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time, commitment, committee service and involvement outside Board meetings.
- 10.9. Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the Board is reviewed regularly.
- 10.10. The Committee shall also make recommendations to the Board concerning:
- 10.10.1 Any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved;
  - 10.10.2 Suitable candidates as new directors and succession for existing directors; and
  - 10.10.3 Membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chair of those committees.
- 10.11. The Committee shall consider the re-appointment of any director at the conclusion of his/her specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required.
- 10.12. The re-election by shareholders of directors under the annual re-election provisions of the Association of Investment Companies Code of Corporate Governance (“AIC Code”) or the retirement by rotation provisions in the company’s articles of association, having due regard to their performance and ability, and why their contribution is important to the company’s long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the Board, taking into account the length of service of individual directors, the chair of the Board and the Board as whole.
- 10.13. The Committee shall consider matters relating to the continuation in office of any director at any time, including the suspension or termination of service of a director subject to the provisions of law and their letter of appointment where applicable.

### 11. REPORTING RESPONSIBILITIES

- 11.1. The Chair shall report to the Board when necessary or when requested and the Chair shall be available to report to the Board and answer questions as appropriate.
- 11.2. The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be made available for board discussion when necessary.

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- 11.3. The Committee shall produce a report to be included in the Company's Annual Report describing the work of the Committee, including:
- 11.3.1. the process used in relation to appointments and its approach to succession planning;
  - 11.3.2. how board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual directors, the outcomes and actions taken, and how it has influenced or will influence board composition; and
  - 11.3.3. an external adviser or external search consultancy has been engaged it shall be identified in the Annual Report alongside a statement about any connection it has with the Company or individual directors.
- 11.4. The report referred to in 11.3 above should include a statement of the Board's policy on diversity and inclusion, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

### **12. OTHER MATTERS**

12.1. The Committee shall:

- 12.1.1. have access to sufficient resources in order to carry out its duties, including access to the Secretary and the Company Administrator for assistance as required;
- 12.1.2. give due consideration to any relevant legal requirements, the provisions and recommendations in the AIC Code and the requirements of The Financial Conduct Authority, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate; and
- 12.1.3. arrange for periodic independent reviews of its own performance and, at least annually, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 12.1.4.

### **13. AUTHORITY**

- 13.1. The Committee is authorised to seek any information it requires from any service provider, any consultant or other provider of services to the Company in order to perform its duties.
- 13.2. The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference, subject to prior approval from the Board.
- 13.3. The Committee is authorised to call any service provider to be questioned at a meeting of the Committee as and when required.