

Terms of Reference of the Remuneration Committee

April 2021

SDCL ENERGY EFFICIENCY INCOME TRUST PLC
(the “**Company**”)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE
(the “**Committee**”)

As amended on 8 April 2021

1. CONSTITUTION

1.1 The Committee was constituted by resolution of the Board of Directors of the Company on 4 March 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 of Directors (‘**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, the Committee has discretion to invite professional service providers to attend meetings as and when required and deemed 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.

2.6. In the absence of the Chair and/or an appointed deputy, the remaining Members present shall elect one of themselves to chair the meeting.

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 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

4.1. The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to

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exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. FREQUENCY OF MEETINGS

- 5.1. A meeting shall be held at least once a year and where appropriate coincide with the key date(s) in the Company's financial reporting cycle and at such other times as required so that the Chair of the Committee deems appropriate.

6. NOTICE OF MEETINGS

- 6.1. Meetings of the Committee shall be called by the Committee Secretary of the Committee at the request of the Chair or any of its Members.
- 6.2. Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed 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 meeting at shorter notice.
- 6.3. A duly convened meeting shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

7. MINUTES OF MEETINGS

- 7.1. 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.
- 7.2. The Committee Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3. 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 Committee Chair, it would be inappropriate to do so.

8. DUTIES

- 8.1. The Committee should carry out the duties detailed below for the Company, as appropriate:
 - 8.1.1. To determine a formal and transparent procedure for developing the policy on the remuneration of the Company's Chair and of the non-executive directors of the Company within the limits set in the Articles of Association. No individual director shall be involved in any decisions as to their own remuneration;
 - 8.1.2. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the AIC Code of Corporate Governance and associated guidance. The remuneration policy should have regard to the risk appetite of the Company, be aligned to the Company's long-term strategic goals and promote the long-term sustainable success of the Company, as well as enabling it to attract, retain

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and motivate directors of the quality required to fulfil the responsibilities of the Board, having regard to the views of shareholders and other stakeholders;

- 8.1.3. When setting remuneration policy for directors, review and have regard to remuneration trends across the Company, especially when determining annual salary increases;
- 8.1.4. When authorising remuneration outcomes, directors should exercise independent judgement and discretion, taking account of Company and individual performance, and wider circumstances;
- 8.1.5. Review the ongoing appropriateness and relevance of the remuneration policy;
- 8.1.6. Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity and market practice generally. To help it fulfil its obligations, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board;
- 8.1.7. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.1.8. Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 8.1.9. Agree the policy for authorising claims for expenses from the directors;
- 8.1.10. To review and consider any additional ad-hoc payments in relation to duties undertaken over and above normal business, e.g. a new share issue, etc;
- 8.1.11. The Committee shall make remuneration recommendations to the Board of the Company for ultimate approval by the shareholders of the Company at each Annual General Meeting; and
- 8.1.12. Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company. However, the Committee should avoid designing a pay structure based solely on benchmarking to the market or on the advice of remuneration consultants.

Amendments may be made to the duties of the Committee by the Board from time to time.

9. REPORTING RESPONSIBILITIES

- 9.1 The Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems

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appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall ensure that provisions regarding disclosure of information and compliance with the AIC Code of Corporate Governance, are fulfilled. The Committee shall produce a remuneration report and remuneration policy to be included in the Company's annual report and ensure that the report and policy are put to shareholders for approval at the Annual General meeting annually and at least every three years respectively. If the Committee has appointed remuneration consultants, the remuneration report should identify such consultants and state whether they have any other connection with the Company.

9.4 If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

10. ENGAGEMENT WITH SHAREHOLDERS

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

11. OTHER

11.1. The Committee shall:

11.1.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

11.1.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all Members;

11.1.3. Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies, including, but not limited to, the provisions of the AIC Code of Corporate Governance, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules; and

11.1.4. Arrange for periodic reviews of its own performance and, at least annually, review its 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. AUTHORITY

12.1. The Committee is authorised to investigate and review any matter within its terms of reference and to consider any matter the Committee deems relevant to the discharge of its duties.

12.2. The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference and to secure the attendance of outsiders with relevant expertise or experience as it considers necessary.