

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

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

Approved on 18 June 2021

1. CONSTITUTION

The Committee was constituted by resolution of the Board of Directors of the Company (the “**Board**”) on 27 May 2021.

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

- 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 principal function of the Committee is to review annually the terms of the investment management agreement between the Company and the Investment Manager, the administration and company secretarial agreement between the Company, the Administrator and the Company Secretary and any other key service providers as engaged by the Company from time to time ("the Agreements").

- 10.2 In accordance with Association of Investment Companies Code of Corporate Governance (the '**AIC Code**'), the Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board. This requirement could be met by including the information on the Company's website.

- 10.3 The Committee shall:

- 10.3.1 review the terms of the Agreements, including the provisions relating to fees, and satisfy itself that they are competitive and sensible for the Company and its shareholders;

- 10.3.2 propose any changes to the terms of the Agreements, that it considers necessary and desirable as a result of its review;
- 10.3.3 review the overall performance of the Investment Manager, Administrator, Registrar and other key service providers;
- 10.3.4 satisfy itself that the duties of the parties as set out in the relevant agreements are being performed as required;
- 10.3.5 consider any changes proposed by the parties to the terms of the relevant agreements and to review, at the intervals provided for in the agreements, the amount and terms of payment of the parties' remuneration; and
- 10.3.6 consider any specific matters relating to the engagement of the parties which the Board may request.

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, based on its conclusions, 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.
- 11.3. The Committee should make a statement as to its work, findings and recommendations in the Company's annual report.

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.

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 invite any service provider to attend a meeting of the Committee as and when required.