

SDCL ENERGY EFFICIENCY INCOME TRUST PLC

ESG COMMITTEE TERMS OF REFERENCE

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ADOPTED 24 NOVEMBER 2023

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## SDCL ENERGY EFFICIENCY INCOME TRUST PLC (THE "COMPANY")

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") COMMITTEE TERMS OF REFERENCE

#### 1. CONSTITUTION AND PURPOSE

- 1.1 In accordance with the Articles of Association of the Company, the Board of SDCL Energy Efficiency Income Trust PLC (the "**Board**") has established a committee of the Board known as the ESG Committee (the "**Committee**") and approved these terms of reference for the Committee.
- 1.2 The Committee has the delegated authority of the Board, as set out in these terms of reference, to serve as an independent and objective party to monitor the integrity and quality of the Company's ESG strategy; to ensure that the Company's ESG strategy is integrated into its business plan, corporate values and objectives and serves to foster a culture of responsibility and transparency; and to review and approve the Company's annual reporting in relation to ESG.
- 1.3 In these terms of reference "ESG matters" or "ESG" refers to the following areas:
  - 1.3.1 Environmental: the Company's impact on the natural environment and its response to the challenge of climate change including greenhouse gas emissions, energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and deforestation, pollution, efficient use of resources, the reduction and management of waste, and the environmental impact of the Company's supply chain.
  - 1.3.2 Social: the Company's direct and indirect interaction with stakeholders and the communities in which it operates and the role of the Company in society including, but not limited to, Board policies (e.g. stakeholder engagement, diversity and inclusion, responsible investment, health and safety); social aspects and labour standards of the supply chain (including child labour and modern slavery); wellbeing of employees (including training and development, mental and physical health, fair labour, living wage, etc) and engagement with and contribution to the broader community through social projects and charitable donations.
  - 1.3.3 Corporate Governance and Behaviour: the ethical conduct of the Company's business including its corporate governance framework, business ethics, policies, and codes of conduct (e.g. related to donations and political lobbying, bribery and corruption, complaints and grievances, whistleblowing, etc.), and the transparency of non-financial reporting.
- 1.4 These terms of reference may be amended from time to time by a resolution of the Board.

#### 2. SUSTAINABILITY FRAMEWORK

- 2.1 The Company aims to have a written sustainability framework which will set out its key ESG pillars, related KPIs and implementation strategy ("the Sustainability Framework").
- 2.2 The Sustainability Framework will be overseen by the Investment Manager on a day-to-day basis, but its overall approach and implementation will be approved and monitored by the Committee.
- 2.3 On an annual basis, the Committee will review the Sustainability Framework to ensure it matches best practice and is aligned with the mission and values of the Company.

#### 3. DUTIES

The Committee shall:

- 3.1 oversee the development of, and make recommendations to, the Board regarding the Company's ESG strategy and Sustainability Framework;

- 3.2 oversee the establishment of policies and codes of practice and their effective implementation, and to monitor and review their ongoing relevance, effectiveness, and further development;
- 3.3 identify the relevant ESG matters that do or are likely to affect the operation of the Company and/or its strategy;
- 3.4 ensure that the Company monitors and reviews current and emerging ESG trends, relevant international standards and legislative requirements; identifies how those are likely to impact the Company's strategy, operations, and reputation of the Company; and determines whether and how these are incorporated into, or reflected in, the Company's ESG policies and objectives;
- 3.5 set appropriate strategic goals, as well as shorter term KPI's and associated targets related to ESG matters and the Sustainability Framework, and oversee the ongoing measurement and reporting of performance against those KPI's and targets;
- 3.6 work in conjunction with the Board, to oversee the identification and mitigation of risks, as well as the identification of opportunities, related to ESG matters;
- 3.7 make recommendations to the Board in relation to the required resourcing and funding of ESG related activity, and on behalf of the Board, oversee the deployment and control of any resources and funds;
- 3.8 oversee the Company's engagement with its broader stakeholder community;
- 3.9 ensure that the Company provides appropriate information and is transparent regarding its ESG related policies with the investment community, particularly ethical/socially conscious investment funds, by whatever means are deemed to be most effective;
- 3.10 review and provide oversight of the incorporation of ESG factors into the Investment Manager and Company reporting and any public environmental and social disclosures, including in the Annual Report, website and otherwise public sustainability-related disclosures, marketing/Investor Relations policies relating to the Sustainability Strategy and its implementation, as well as in relevant certification assessments;
- 3.11 review and provide insight of the Investment Manager's initiatives for community relations including community investment and partnerships and communication, consultation and engagement with key stakeholders so as to ensure a rigorous and systemic approach;
- 3.12 request and examine records as it deems necessary to ensure that reasonable measures are in place to manage social and environmental issues and aid compliance with applicable corporate policies and regulatory requirements; and
- 3.13 meet separately with the Investment Manager, in respect of ESG matters, as and when required.

#### **4. MEMBERSHIP**

- 4.1 The Committee shall comprise at least two members. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Committee. The Board shall appoint the Chair who shall be an independent non-executive director with demonstrated specialism or knowledge of ESG and ESG reporting.
- 4.2 All members of the Committee shall be independent non-executive directors. Any member who fails to remain independent will step down from the Committee.
- 4.3 Subject to the annual election and re-election of directors at the Company's AGM, appointments to the Committee shall be for a period of up to three years, which may be extended by further three-year periods, provided the appointed member continue to be independent.
- 4.4 The Board shall regularly review the membership of the Committee to ensure that its membership is refreshed, and undue reliance is not placed on particular individuals.

- 4.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals (if not members of the Committee) such as other directors of the Company, representatives of the alternative investment fund manager, representatives of the investment manager or other external advisers may be invited to attend all or part of any meeting, as and when appropriate and necessary.
- 4.6 The Board may fill vacancies in the Committee by appointment from amongst itself.
- 4.7 Each member of the Committee shall disclose to the Committee:
- 4.7.1 any personal financial or other interest in any matter to be decided by the Committee; or
  - 4.7.2 any potential conflict of interest arising from a cross-directorship or otherwise,
- and any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.

## **5. SECRETARY**

- 5.1 The company secretary to the Company, or its nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 5.2 The Committee shall have access to the services of the Secretary on all Committee matters, including: assisting the Chair in planning the Committee's work, drafting meeting agendas, maintaining minutes, assisting, where appropriate, with the drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

## **6. QUORUM AND VOTING ARRANGEMENTS**

- 6.1 The quorum necessary for the transaction of business shall be two members of the Committee. 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.
- 6.2 Members may participate in a meeting of the Committee by being physically present together or by means of a telephone or video conference or other communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. Members may participate in a meeting of the Committee by means of a telephone or other communication equipment.
- 6.3 Any matters to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting of the Committee. Any action of the Committee may also be taken by an instrument or instruments in writing signed by all members of the Committee (including in counterparts) and any such action shall be as effective as if it had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.
- 6.4 Except where s/he has a personal interest, the Chair shall have a casting vote.
- 6.5 In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 6.6 A resolution in writing or via email and signed or otherwise approved via electronic signature by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## **7. FREQUENCY OF MEETINGS**

- 7.1 The Committee shall meet at least twice a year and otherwise at any such time as deemed appropriate by the Committee.

## **8. NOTICE OF MEETINGS**

- 8.1 Meetings of the Committee shall be convened by the Secretary at the request of any of its members.
- 8.2 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the provisions of the Articles regulating the meetings and proceedings of directors.
- 8.3 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend and all other non-executive directors no later than 10 working days before the date of the meeting. The Secretary or its nominee shall ensure that supporting information and papers shall be sent to Committee members and other attendees, as appropriate, at the same time.
- 8.4 Notices, agendas and supporting papers will be sent in electronic form.

## **9. MINUTES OF MEETINGS**

- 9.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 9.2 The Secretary shall ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.
- 9.3 Draft minutes of Committee meetings shall be agreed with the Chair and then circulated promptly to all members of the Board, no later than 3 weeks after the date of the meeting, unless it would be inappropriate to do so in the opinion of the Chair.

## **10. SHAREHOLDER ENGAGEMENT**

- 10.1 The Chair (or their nominated representative) shall attend the Company's annual general meeting prepared to respond to any shareholder questions on the Committee's activities.
- 10.2 ESG reporting in the Company's Annual Report shall comply with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and shall be reviewed and approved by the Committee, prior to recommendation for approval to the Board.

## **11. REPORTING**

- 11.1 The Chair shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include any issues on which the Board has requested the Committee's opinion.
- 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.
- 11.3 The Committee will comply with any regulatory requirement on ESG reporting externally.

## **12. SELF-REVIEW**

- 12.1 The Committee shall, at least once every two years, review its own performance, and annually review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary for Board approval.

## **13. OTHER MATTERS**

The Committee shall:

- 13.1 have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
- 13.2 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;
- 13.3 give due consideration to relevant laws, codes, rules and regulations, as appropriate, including for the avoidance of doubt, the provisions of the AIC Code and the requirements of the Listing Rules published by the Financial Conduct Authority, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules;
- 13.4 oversee any investigation of activities which are within its terms of reference; and
- 13.5 work and liaise as necessary with all other Board committees.

## **14. AUTHORITY**

The Committee is authorised to:

- 14.1 seek any information it requires from any member of the Board or any director or employee of the alternate investment fund manager, Investment Manager or any other adviser (from time to time) in order to perform its duties;
- 14.2 obtain, at the Company's expense, independent legal, accounting, or other professional advice on any matter within its terms of reference; and
- 14.3 have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

These terms of reference were adopted at the Board meeting of the Company held on 24 November 2023.

## APPENDIX 1 - COMPOSITION

Members:

Helen Clarkson - Chair

Christopher Knowles

Secretary

JTC (UK) Limited