

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

MARCH 2020

1. CONSTITUTION

The Committee was constituted by resolution of the Board of Directors (the "**Board**") of SDCL Energy Efficiency Income Trust plc (the "**Company**") on 25 November 2019.

2. MEMBERSHIP

- 2.1. All members of the Board shall be members of the Committee (the "**Members**").
- 2.2. Other third parties, as determined by the Board, shall be invited to attend all or part of any meetings, as and when appropriate and necessary.
- 2.3. Members must have the skills necessary to discharge the responsibilities set out in this document.
- 2.4. 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.
- 2.5. The Board shall appoint the Committee Chairman (the "**Chairman**") who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining Members present shall elect one of their number to chair the meeting.
- 2.6. The Board have appointed Tony Roper as the first Chairman of the Committee.

3. SECRETARY

Sanne Group (UK) Limited (the "**Company Secretary**") shall act as the Secretary of the Committee.

4. QUORUM

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

5. MEETINGS

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

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

7. NOTICE OF MEETINGS

- 7.1. Meetings of the Committee shall be called by the Company Secretary at the request of the Chairman.
- 7.2. Notice of the meeting confirming the venue, time and date shall be provided to all members at least 5 business days in advance, unless all of the members of the Committee agree to a meeting at shorter notice.
- 7.3. 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.

8. MINUTES OF MEETINGS

- 8.1. The Company 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 Company 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 agreed and within no later than 10 business days, minutes should be circulated to all members of the Board unless, in the opinion of the Committee Chairperson, it would be inappropriate to do so.

9. ANNUAL GENERAL MEETING

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

10. DUTIES – NOMINATIONS

10.1 The Committee shall:

- 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. Give full consideration to succession planning of directors, 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. Formulate plans for succession of directors and, in particular, for the key roles of Chairman of the Board, Chairman of the Audit & Risk Committee and Chairman of the Remuneration Committee and this Committee;
- 10.1.4. Identify suitable candidates for the role of Senior Independent Director;

- 10.1.5. Determine membership of the Audit & Risk Committee, the Remuneration Committee and this Committee in conjunction with the chairman of the respective committees and subject to the approval of the Board; and
- 10.1.6. To identify and approve appointments to the Board and be responsible for identifying and nominating 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, 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 be required to disclose any business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.
- 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.
- 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. 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.
- 10.10. 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; and

- 10.11. The Committee shall consider and approve the appointment of any director or officer other than the Chairman which would be considered at a meeting of the full Board.

11. REPORTING RESPONSIBILITIES

- 11.1. The Committee shall provide ad-hoc communication to the Board when necessary or when requested and the Chairman of the Committee 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.
- 11.3. The Committee shall make a statement in the Company's Annual Report about its activities, the process used to make appointments and whether external advice or open advertising has been used. Where an external search agency has been used, it shall be identified in the Annual Report and a statement made as to whether it has any connection with the Company.
- 11.4. The statement referred to in 11.3 above should include a statement of the Board's policy on diversity, 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 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and the Company Administrator for assistance as required.
- 12.2. The Committee shall give due consideration to any relevant legal requirements, the provisions and recommendations in the Association of Investment Companies ("AIC") Code of Corporate Governance and the requirements of The Financial Conduct Authority ("FCA"), Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.
- 12.3. The Committee shall at least once per year, 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 employee, service provider or counterparty of 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 employee or service provider to be questioned at a meeting of the Committee as and when required.