

HARMONY ENERGY INCOME TRUST PLC

REMUNERATION AND NOMINATION COMMITTEE – TERMS OF REFERENCE

Background

These Terms of Reference have been produced to accord with the relevant Principles of the AIC Code of Corporate Governance (the "**Code**") published in February 2019. The Financial Reporting Council has confirmed that AIC member companies who report against the Code will be meeting their obligations in relation to its UK Corporate Governance Code and the relevant provisions of the Listing Rules (the latter of which the Company has voluntarily elected to comply, subject to certain exceptions).

Composition of the Committee

The Committee shall be comprised of two or more independent non-executive Directors. The Chairman of the Board may be a member of the Committee (if they were independent on appointment) but may not act as the Chairperson (and in particular shall not act as Chairperson when it is dealing with the appointment of their successor). Members of the Committee shall be appointed by the Board in consultation with the Chairperson.

The Board shall appoint the Chairperson who shall be an independent non-executive Director. Before such appointment, the Board shall satisfy itself that the appointee has relevant experience and understanding of the Company. The Board may fill vacancies in the Committee by appointment from amongst the Board. Any member who fails to remain independent will step down from the Committee.

Each member of the Committee shall disclose to the Committee:

- (a) any personal financial or other interest in any matter to be decided by the Committee;
or
- (b) 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.

Meetings

The Committee will meet at least once each year and at such other times as shall be required.

A sufficient interval should be allowed between Committee meetings and main Board meetings to allow any work arising from the Committee meeting to be carried out and reported to the Board as appropriate.

Quorum and voting arrangements

A quorum shall be any two members including the Chairperson, or the Chairperson's nominated delegate. 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.

Members may participate in a meeting of the Committee by means of a telephone or other communication equipment.

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, including via email or other electronic means, signed, including via the use of electronic signatures 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.

Except where he or she has a personal interest, the Chairperson shall have a casting vote.

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

Notice of meetings

Meetings of the Committee shall be convened by the Secretary at the request of any of its members.

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 and supporting information and papers, shall be forwarded to each member of the Committee and any other person required to attend and all other non-executive directors not less than three working days prior to the date of the meeting, unless approval is required at short notice.

Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

Minutes of meetings

The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The minutes of each meeting of the Committee shall be circulated promptly to all members of the Committee and, once agreed, other Directors of the Company, unless it would be inappropriate to do so in the opinion of the Chairman.

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.

Any Director, upon request to the Secretary, may obtain copies of the Committee's agenda and minutes provided that there is no conflict of interests.

Attendance

The Committee may invite other Directors to attend meetings and may request representatives of independent professional remuneration advisers / consultants or any other relevant person or service provider to attend meetings, but such invitees shall have no right of attendance.

Resources

The Company Secretary shall act as Secretary to the Committee and should ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

The Committee shall have access to the services of the Secretary on all Committee matters, including: assisting the Chairperson in planning the Committee's work, drafting meeting agendas, maintaining minutes, drafting of material about its activities for the annual report and interim reports, collection and distribution of information and provision of any necessary practical support.

Shareholder engagement

The Chairperson (or his or her nominated representative) shall attend the Company's annual general meeting or any general meeting relating to their area or responsibility prepared to respond to any shareholder questions on the Committee's activities.

The Chairperson should seek engagement with shareholders on significant matters related to their area of responsibility.

Authority

The Committee is authorised to:

- investigate and review any matter within its terms of reference and consider any matter the Committee deems relevant to the discharge of its duties;
- seek any information it reasonably requires from any member of the Board or a representative of any third party service provider in order to perform its duties;
- call any officers of the Company to be questioned at a meeting of the Committee as and when required;
- request a representative of a third party service provider to attend any meeting of the Committee;
- obtain at the Company's expense outside legal or other professional advice on any matters within its terms of reference;
- have timely and unrestricted access to relevant documents relating to the affairs of the Company; and
- 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.

Principal Responsibilities

The principal responsibilities of the Committee are to:

Remuneration

- have responsibility for determining and agreeing the remuneration policy for the directors of the Company and the Chairman of the Board to ensure that the policy supports strategy and promote the long-term sustainable success of the Company;
- 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 Code) and associated guidance;
- in conjunction with the Chairman of the Board, set the Directors' remuneration and review any proposed changes to the remuneration of the Directors. No Director shall be involved in any decision as to their own remuneration;
- review the ongoing appropriateness and relevance of the remuneration policy;
- review and consider any additional ad-hoc payments to the directors of the Company;
- make recommendations to the Board for approval by shareholders of the Company at the annual general meeting of the Company (advisory vote only);
- consider the need to, and 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;
- be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 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; and
- agree the policy for authorising claims for expenses from the directors;

Nomination

- regularly review the structure, size, composition (including the skills, knowledge, experience and diversity) of the Board as a whole and make recommendations to the Board with regard to any changes;
- prepare a policy on the tenure of the Chairman of the Company and the Board;
- give full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;

- keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - consider the use of open advertising or the services of external advisers to facilitate the search;
 - consider candidates from a wide range of backgrounds;
 - consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, social and ethnic backgrounds, taking care that appointees have enough time available to devote to the position;
- prepare and maintain the Company's diversity policy;
- for the appointment of a Chairman of the Board, the Committee should prepare a job specification, including the time commitment expected recognising the need for availability in the event of a crisis. A proposed Chairman of the Board's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman of the Board's commitments should be reported to the Board as they arise;
- prior to the appointment of a director, the proposed appointee should be required to disclose any other 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;
- ensure that on appointment to the Board, non-executive 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;
- assist the chair of the Board with considering having a regular externally facilitated board evaluation, in line with the recommendations of the Code;
- assist the Chairman of the Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its committees, including consideration of balance of skills, experience, independence and knowledge of the Company, its diversity, including gender, social and ethnic backgrounds, how the Board works together as a unit and other factors relevant to the Board's effectiveness;
- review the results of the Board performance evaluation process that relate to the composition of the Board;

- review annually the time required from non-executive directors. A performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- review any proposed changes to the remuneration of the Directors. No Director shall be involved in any decision as to their own remuneration; and
- work and liaise as necessary with all other Board committees.

The Committee shall also make recommendations to the Board concerning:

- formulating plans for succession for non-executive directors and in particular for the key role of Chairman of the Board;
- suitable candidates for the role of senior independent director (if appointed);
- the re-election by shareholders of directors under the annual re-election provisions in the Code, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected);
- membership of the audit and risk committee and management engagement committee and any other Board committees as appropriate, in consultation with the chair of those committees; and
- the re-appointment of any non-executive director at the conclusion of their specified term of office, if any, having given due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required.

Reporting responsibilities

The Chairperson 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.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall compile a report on its activities, including its membership and frequency of and attendance at its meetings, to be included in the Company's annual report. The report should include all information requirements set out in the Code, including an explanation of:

General

- The Committee's activities;

Remuneration

- The identity of any remuneration consultant appointed, with a statement about any other connection it has with the Company or individual Directors;

Nomination

- the process used to make appointments, explaining if external advice or open advertising has not 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 and all other information requirements set out in the Code; and
- a statement of the Board's policy on diversity and inclusion, any measurable objectives that it has set for implementing the policy and linking to the Company's strategy, and progress on achieving the objectives.

Through the Chairperson of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

The Committee shall produce a Remuneration Policy which shall be included in the Company's annual report and ensure that it is put to shareholders for approval at the AGM every three years or whenever there is a change to the Remuneration Policy.

Other matters

The Committee shall:

- (i) have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
- (ii) 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;
- (iii) give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the Listing Rules (with which the Company has voluntarily elected to comply, subject to certain exceptions), the Prospectus Regulation Rules of the Financial Conduct Authority, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation, the AIFMD, the UK AIFM Regime, UK MAR and any other applicable rules, as appropriate;
- (iv) oversee any investigation of activities which are within its terms of reference;
- (v) work and liaise as necessary with all other Board committees; and
- (vi) 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.

Definitions

In these Terms of Reference, unless the context otherwise requires, the following definitions shall apply:

“**AIC**” means the Association of Investment Companies;

“**AIFMD**” means the Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 as implemented in the UK by UK statutory instruments and by virtue of the EUWA as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019;

“**Administrator**” or “**Company Secretary**” means JTC (UK) Limited (company no. 04301763), the Company's administrator and company secretary, or such other administrator and/or company secretary appointed by the Company from time to time;

“**Board**” means the board of Directors;

“**Chairperson**” means the Chairperson of the Committee;

“**Committee**” means the Remuneration and Nomination Committee of the Company;

“**Company**” means Harmony Energy Income Trust plc (company no. 13656587);

“**Directors**” mean the directors of the Company from time to time;

“**Disclosure Guidance and Transparency Rules**” means Disclosure Guidance and Transparency Rules made by the Financial Conduct Authority under section 73A of the Financial Services and Markets Act 2000, as amended;

“**EUWA**” means the European Union (Withdrawal) Act 2018 (as amended);

“**Listing Rules**” means the listing rules made by the Financial Conduct Authority under section 73A of the UK Financial Services and Markets Act 2000, as amended;

“**Prospectus Regulation**” means the UK version of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market which is part of UK law by virtue of the EUWA, as amended by The Prospectus (Amendment, etc) (EU Exit) Regulations 2019;

“**Secretary**” means the secretary of the Committee;

“**UK AIFM Regime**” means The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc) (EU Exit) Regulations 2019) and the Investment Funds Sourcebook forming part of the FCA Handbook of Rules and Guidance as published from time to time; and

“**UK MAR**” means Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as it forms part of the domestic law of the United Kingdom by virtue of the EUWA as amended pursuant to the Market Abuse (Amendment) (EU Exit) Regulations 2019.

Adopted on: 12 October 2021