

**HARMONY ENERGY INCOME TRUST PLC**  
**ESG COMMITTEE – TERMS OF REFERENCE**

**Background**

The purpose of the Committee is to represent the Board in defining the Company's strategy relating to ESG matters, and in reviewing the practices and initiatives of the Company relating to ESG matters, ensuring they remain effective and up to date.

The Board is highly focused on ESG as an essential part of the Company's offering and will seek to offer best-in-class reporting and accountability from key stakeholders and to create new initiatives to help drive the Company's approach to ESG. A first such initiative is the intention to create a Company ESG Fund.

For the purpose of these Terms of Reference, the terms "ESG matters" or "ESG" cover the following areas:

**(1) Environmental**

The Company's impact on the environment and its response to the challenge of climate change including: greenhouse gas emissions, energy consumption, generation and utilisation of renewable energy, biodiversity and habitat, impact on water supply and deforestation, pollution, the efficient use of resources, the reduction and management of waste, and the environmental impact of the supply chain of the Company.

**(2) Social**

The engagement of the Company with the Investment Adviser, other service providers, other stakeholders, and the communities in which it operates. It also covers the role of the Company in society including workplace policies (for instance, employee relations and engagement, diversity, non-discrimination and equality of treatment, wellbeing, health and safety), ethical/responsible sourcing and social aspects and labour standards of the supply chain, interaction with and contribution to the broader community through social projects and charitable donations and community and stakeholder engagement and partnerships.

**(3) Corporate Governance and Behaviour**

The ethical conduct of the activities of the Company and the Investment Adviser and other service providers, including the Company's corporate governance framework, business ethics, policies, and codes of conduct (e.g. related to donations and political lobbying, bribery and corruption), data privacy and security, and the transparency of all reporting, including non-financial reporting.

To the extent applicable to ESG matters, these Terms of Reference have been produced to accord with the relevant Principles of the AIC Code of Corporate Governance published in February 2019 (the "AIC Code"). The Financial Reporting Council has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to its UK Corporate

Governance Code and their Listing Rules obligations (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 three or more independent non-executive Directors.

Members of the Committee shall be appointed by the Board in consultation with the Chairperson. The Chairperson shall be appointed by the Board and shall be an independent Director. The Board may fill vacancies in the Committee by appointment from amongst the Board.

The Chairman of the Company may be a member of, and may chair, the Committee, provided that they are independent on appointment. 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 the Chairperson shall require.

### **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 Chairperson.

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 the third party service providers to the Company or any other relevant person 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:

- (i) investigate and review any matter within its terms of reference and consider any matter it deems relevant to the discharge of its duties;
- (ii) 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;
- (iii) call any officers of the Company to be questioned at a meeting of the Committee as and when required;
- (iv) request a representative of a third party service provider to attend any meeting of the Committee (including without limitation a representative of any external service provider retained for the purpose of auditing the Company's performance in relation to ESG matters);
- (v) obtain at the Company's expense outside legal or other professional advice on any matters within its terms of reference;
- (vi) have timely and unrestricted access to relevant documents relating to the affairs of the Company; and
- (vii) 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.

### **Duties**

The principal responsibilities of the Committee are to:

- (i) Supervise and support the Investment Adviser in periodically reviewing the ESG Policy which sets out the guiding principles, objectives, strategic actions and policies with respect

- to ESG matters, taking account of the requirements of the AIC Code relating to ESG matters;
- (ii) monitor the Company's adherence to concrete ESG objectives and KPIs and oversee the reporting of these objectives and KPIs;
  - (iii) assess ESG risks and opportunities for the Company, such assessment to be carried out in alignment with chosen reporting frameworks, including assessment of climate change risks;
  - (iv) receive reports and keep abreast of notable developments in ESG related regulation pertaining to the battery energy storage industry and relevant London Stock Exchange / AIC initiatives;
  - (v) oversee the selection of non-financial reporting / ESG disclosure frameworks by the Company;
  - (vi) oversee the engagement of any external service provider retained for the purpose of auditing the Company's performance in relation to ESG matters;
  - (vii) oversee the preparation either of a separate annual ESG report, or the integration of ESG reporting into the annual report, complying with AIC Code requirements from time to time;
  - (viii) agree actions the Investment Adviser and Board can take to improve their social responsibility awareness and be good corporate representatives in the communities in which they operate, while furthering long-term strategic objectives;
  - (ix) communicate, engage and build relationships with communities, stakeholders and decision makers in order to sustain and build public trust and confidence;
  - (x) monitor Tesla's performance in relation to ESG matters, as a key supplier to the Company; and
  - (xi) make decisions, including funding decisions, about the Company supporting Environmental and Social initiatives within the investment trust and battery storage industries.

The Committee shall also consider such other matters as may be requested by the Board.

### **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 AIC Code.

The Committee shall report accordingly in the Company's annual report.

### **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;
- (i) 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;
- (ii) 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 Disclosure Guidance and Transparency Rules made by the Financial Conduct Authority under section 73A of the Financial Services and Markets Act 2000 and any other applicable rules, as appropriate;
- (iii) oversee any investigation of activities which are within its terms of reference;
- (iv) work and liaise as necessary with all other Board committees; and
- (v) 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 requires otherwise, the following definitions shall apply:

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

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

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

“**Committee**” means the ESG committee of the Company;

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

“**Company Secretary**” means JTC (UK) Limited (company number 04301763), or such other company secretary appointed by the Company from time to time;

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

“**ESG Policy**” means the ESG policy of the Company from time to time;

“**Investment Adviser**” means Harmony Energy Advisors Limited (company number 13538492), or such other investment adviser appointed by the Company from time to time;

“**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; and

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

Adopted on: 12 October 2021

Updated on: 2022