

# DOWNING RENEWABLES & INFRASTRUCTURE TRUST PLC

## MANAGEMENT ENGAGEMENT COMMITTEE

### TERMS OF REFERENCE

(as adopted on 10 December 2020)

#### 1 DEFINITIONS

- 1.1 Reference to the "**Company**" shall mean Downing Renewables & Infrastructure Trust Plc.
- 1.2 Reference to the "**Committee**" shall mean the Management Engagement Committee.
- 1.3 Reference to the "**Board**" shall mean the board of directors of the Company.
- 1.4 Unless otherwise stated, reference to "**Chairperson**" shall mean the Chairperson of the Committee.
- 1.5 Unless otherwise stated reference to "**Secretary**" shall mean the Secretary of the Committee.
- 1.6 In this document, there are references to various pieces of European Union legislation, for instance MAR and the Prospectus Regulation. While the UK remains subject to an EU transitional and implementation period ("**TIP**") following the exit day when the UK left the EU, during which EU law continues to apply to the UK as if it were still a member of the EU, references to EU legislation should be construed as references to that legislation as enacted by the EU. On the TIP coming to an end, references to EU legislation should be construed as references to that legislation as transposed into UK law by the European Union (Withdrawal) Act 2018 ("**EUWA**") and as further amended by secondary legislation made under EUWA.

#### 2 MEMBERSHIP

- 2.1 The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairperson of the Committee. The Board shall appoint the Chairperson.
- 2.2 All members of the Committee shall be independent non-executive directors. Any member who fails to remain independent will step down from the Committee.
- 2.3 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.
- 2.4 The Board may fill vacancies in the Committee by appointment from amongst the Board.
- 2.5 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.

### **3 SECRETARY**

3.1 The company secretary, or his or her 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.

3.2 The Committee shall have access to the services of the Secretary on all Management Engagement 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, collection and distribution of information and provision of any necessary practical support.

### **4 QUORUM AND VOTING ARRANGEMENTS**

4.1 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.

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

4.3 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. 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.

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

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

### **5 FREQUENCY OF MEETINGS**

The Committee shall meet at least once a year and otherwise as required.

## **6 NOTICE OF MEETINGS**

- 6.1 Meetings of the Committee shall be convened by the Secretary at the request of any of its members.
- 6.2 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 five working days before the date of the meeting, unless approval is required at short notice. The Secretary or his or her nominee shall ensure that supporting information and papers shall be sent to Committee members and other attendees as appropriate at the same time.
- 6.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **7 MINUTES OF MEETINGS**

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Secretary shall ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.
- 7.3 Draft minutes of Committee meetings shall be agreed with the Chairperson and then circulated promptly to all members of the Board (other than any director who is not independent of the alternative investment fund manager/investment manager), unless it would be inappropriate to do so in the opinion of the Chairperson.
- 7.4 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.

## **8 SHAREHOLDER ENGAGEMENT**

- 8.1 The Chairperson (or their 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.
- 8.2 The Chairperson should seek engagement with shareholders on significant matters related to their area of responsibility.

## **9 DUTIES**

The Committee should have oversight of, and carry out the duties below for, the Company, major subsidiary undertakings (if any) and the group as a whole (if a group is in existence), as appropriate.

- 9.1 The management engagement terms on which each of the alternative investment fund manager (which has delegated portfolio management to the investment manager) and the investment manager is engaged shall be reviewed by the Committee annually, scrutinising and holding to account the performance of the alternative investment fund manager and the investment manager, prior to the annual results announcement being released.
- 9.2 The Committee shall:
- (a) monitor and evaluate the alternative investment fund manager's and the investment manager's performance (and, if necessary, providing appropriate guidance) and compliance by the alternative investment fund manager with the alternative investment fund management agreement and the investment manager with the tripartite investment management agreement;
  - (b) reasonably satisfy itself that the alternative investment fund management agreement is fair and that the terms thereof comply with all regulatory requirements, conform with market and industry practice and remain in the best interests of shareholders;
  - (c) reasonably satisfy itself that the tripartite investment management agreement is fair and that the terms thereof comply with all regulatory requirements, conform with market and industry practice and remain in the best interests of shareholders;
  - (d) reasonably satisfy itself that systems put in place by the alternative investment fund manager and the investment manager in respect of the Company are adequate to meet relevant legal and regulatory requirements;
  - (e) reasonably satisfy itself that matters of compliance are under proper review. The Company shall procure (through the terms of the alternative investment fund management agreement and the tripartite investment management agreement) that the Committee shall have direct access to each of the alternative investment fund manager's and investment manager's compliance officers, and shall receive a report from each of the alternative investment fund manager and investment manager each year confirming that each of the alternative investment fund manager and investment manager has performed its obligations under the alternative investment fund management agreement and the tripartite investment management agreement respectively and conducted the Company's affairs in compliance with the laws and regulations applying to the alternative investment fund manager and investment manager respectively;
  - (f) regularly review the composition and performance (including skills, knowledge and experience) of the key personnel performing the services on behalf of the alternative investment fund manager and the investment manager and consider whether the continuing appointments of the alternative investment fund manager, on the terms of the alternative investment fund management agreement, and the investment manager, on the terms of the tripartite investment management agreement, respectively are in the interests of shareholders as a whole, and make recommendations to the Board thereon together with a statement of the reasons for this view;

- (g) where relevant, consider nominations by the alternative investment fund manager and investment manager for replacements of key executives of the alternative investment fund manager and investment manager, if, prior to the termination of the relevant agreement, such key executives should die or otherwise become incapacitated or shall retire, resign or otherwise cease to provide the relevant services to the Company;
- (h) consider and review the level and method of remuneration of the alternative investment fund manager pursuant to the terms of the alternative investment fund management agreement and the investment manager pursuant to the terms of the tripartite investment management agreement, including the methodology of calculation of the respective annual management fee and any performance fee (which shall include a comparison of fees payable as compared to the Company's peer group management arrangements). The review of any performance fee arrangements shall seek to ensure that the methodology does not encourage excessive risk and that it rewards demonstrably superior performance by the alternative investment fund manager and/or investment manager in managing the portfolio against the stated investment objective when compared to a suitable benchmark or peer group;
- (i) consider the merit of obtaining, on a regular basis, an independent appraisal of the alternative investment fund manager's services;
- (j) consider the merit of obtaining, on a regular basis, an independent appraisal of the investment manager's services;
- (k) consider the appointment or re-appointment of the alternative investment fund manager and the level of fees and make recommendations to the Board thereon;
- (l) consider the appointment or re-appointment of the investment manager and the level of fees and make recommendations to the Board thereon;
- (m) review with the alternative investment fund manager and investment manager any material issues arising from their work that the alternative investment fund manager and investment manager wishes to bring to the attention of the Committee, whether privately or otherwise; and
- (n) review the performance and services provided by the Company's other service providers and consider whether the continuing appointment of such service providers under the terms of their agreements are in the interests of shareholders as a whole, and make recommendations to the Board thereon together with a statement of the reasons for their view.

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

## **10 REPORTING RESPONSIBILITIES**

10.1 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.

- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 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 of Corporate Governance (the "**Code**").

## **11 OTHER MATTERS**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
- 11.2 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;
- 11.3 give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the Listing Rules, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules made by the Financial Conduct Authority under section 73A of the Financial Services and Markets Act 2000, as amended, the Prospectus Regulation (EU 2017/1129), the Alternative Investment Fund Managers Directive (2011/61/EU), the Market Abuse Regulation (EU 596/2014) and any other applicable rules, as appropriate;
- 11.4 oversee any investigation of activities which are within its terms of reference;
- 11.5 work and liaise as necessary with all other Board committees; and
- 11.6 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.

## **12 AUTHORITY**

The Committee is authorised to:

- 12.1 seek any information it requires from any member of the Board or any director or employee of the alternative investment fund manager, the investment manager or any other adviser (from time to time) in order to perform its duties;
- 12.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference;
- 12.3 call any officers of the Company to be questioned at a meeting of the Committee as and when required; and
- 12.4 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.