

**Remuneration and Nominations Committee of
NextEnergy Solar Fund Limited
Terms of Reference**

Last reviewed: 24 June 2022

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In this document, unless the context requires otherwise:

“Administrator” and **“Company Secretary”** means Ocorian Administration (Guernsey) Limited;

“Board” means the Board of Directors of NextEnergy Solar Fund Limited;

“Code” means the UK Corporate Governance Code and the AIC Code of Corporate Governance;

“Company” means NextEnergy Solar Fund Limited;

“Committee” means the Remuneration and Nominations Committee;

“Investment Adviser” means NextEnergy Capital Limited; and

“Investment Manager” means NextEnergy Capital IM Limited.

1 MEMBERSHIP

- 1.1 The Committee shall comprise at least three directors, with the intention to appoint all independent directors as Members of the Committee. Members of the Committee shall be appointed by the Board, on the recommendation of the Chair of the Committee. The Chair of the Board may also serve on the Committee as a member if he or she was considered independent on appointment as Chair. The members of the Committee are currently Kevin Lyon, Vic Holmes, Patrick Firth, Jo Peacegood and Josephine Bush.
- 1.2 All members of the Committee shall be directors independent of the Investment Manager and Investment Adviser.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as external advisers and senior representatives of the Investment Manager, Investment Adviser and the Administrator may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 1.4 Appointments to the Committee are made by the Board and have no maximum period of tenure. Tenure is reviewed at the same time as re-election to the Board is considered.
- 1.5 The Board shall appoint the Committee Chair who shall be a non-executive director, independent of the Investment Manager and the Investment Adviser. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee. The Chair of the Committee is currently Vic Holmes.

2 SECRETARY

- 2.1 The Company Secretary, or their 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 the issues.

3 QUORUM

- 3.1 The quorum necessary for the transaction of business shall be two.

4 MEETINGS

- 4.1 The Committee shall meet at least once annually and otherwise as required.
- 4.2 All meetings of the Committee are normally to be conducted in Guernsey or at any other location outside the UK as the Committee may determine from time to time.

5 NOTICE OF MEETINGS

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair.
- 5.2 Unless otherwise agreed, 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, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6 MINUTES OF MEETINGS

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated within ten business days to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chair it would be inappropriate to do so.

7 ANNUAL GENERAL MEETING

- 7.1 The Committee Chair should attend the annual general meeting of the Company to answer any shareholder questions on the Committee's activities.

8 DUTIES

- 8.1 The Committee should carry out the duties detailed below, as appropriate.
- 8.2 The Committee shall, in relation to director remuneration:
 - 8.2.1 Have responsibility determining the directors remuneration within the limits set in the articles of incorporation, such policy to be put to the shareholders at the annual general meeting. The Committee shall also determine the remuneration of the Company's Chair and, in conjunction with the Company's Chair, the remuneration of each of the other directors. No director shall be involved in deciding their own remuneration outcome.

- 8.2.2 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. The objective of such policy shall be to attract, retain and motivate individuals of high calibre with suitable skills, experience, and knowledge and to ensure that their remuneration is set at a reasonable level commensurate with their duties and responsibilities and the time commitment required to carry out their duties effectively, having regard to views of shareholders and other stakeholders.
 - 8.2.3 When setting remuneration policy, review and have regard to pay within the Company's peer group, especially when determining remuneration increases. The Committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall 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.
 - 8.2.4 Be exclusively responsible for establishing the selection criteria, selecting, appointing, and setting the terms of reference for any remuneration consultants who advise the Committee.
 - 8.2.5 Review the on-going appropriateness and relevance of the remuneration policy.
 - 8.2.6 Agree the policy for authorising claims for expenses from the directors.
 - 8.2.7 Work and liaise as necessary with all other Board committees.
- 8.3 The Committee shall, in relation to nominations:
- 8.3.1 Regularly review the structure, size, and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes and determine the policy on diversity.
 - 8.3.2 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 required on the board in the future.
 - 8.3.3 Be responsible for identifying and nominating for the approval of the Board candidates to fulfil Board vacancies as and when they arise.
 - 8.3.4 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:
 - 8.3.4.1 Use open advertising or the services of external advisers to facilitate the search;
 - 8.3.4.2 Consider candidates from a wide range of backgrounds; and

- 8.3.4.3 Consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.
 - 8.3.5 For the appointment of a Chair, prepare a job specification, including the time commitment expected. A proposed Chair's other significant commitments should be disclosed to the Board before appointment and any changes to the Chair's commitments should be reported to the Board as they arise.
 - 8.3.6 Prior to the appointment of a director, require the proposed appointee 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.
 - 8.3.7 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.
 - 8.3.8 Ensure that, on appointment to the Board, directors receive a full and thorough induction.
 - 8.3.9 Co-ordinate and review the results of the annual board performance evaluation process.
 - 8.3.10 Review annually the time required from directors. Performance evaluation should be used to assess whether the directors are spending enough time to fulfil their duties
 - 8.3.11 Work and liaise as necessary with all other Board committees.
- 8.4 The Committee shall also make recommendations to the Board in relation to nominations concerning:
- 8.4.1 Formulating plans for succession for directors and, in particular, for the key role of Chair.
 - 8.4.2 Suitable candidates for the role of senior independent director.
 - 8.4.3 Membership of the Board committees as appropriate, in consultation with the Chair of those committees.
 - 8.4.4 The re-appointment of any 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.
 - 8.4.5 Any matters relating to the continuation in office of any director at any time.

9 Reporting responsibilities

- 9.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 9.3 The Committee shall produce a report on its remuneration-related activities and the Company's remuneration policy to be included in the Company's annual report (the Committee's report may also include information on its nomination-related activities). If the Committee has appointed remuneration consultants or external search agencies, the annual report shall identify such consultants or agencies and state whether they have any other connection with the Company.
- 9.4 Through the Chair of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.
- 9.5 The annual report (or, if the Committee's report included in the annual report includes information relating to its nomination-related activities, the Committee's report) shall 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.

10. Other matters

10.1 The Committee shall:

- 10.1.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- 10.1.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 10.1.3 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed, including but not limited to the provisions of the Code, the requirements of the UK Listing Authority's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules as well as other relevant guidelines, as appropriate.
- 10.1.4 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.

11 Authority

11.1 The Committee is authorised by the Board to:

- 11.1.1 Investigate any activity within its terms of reference;
- 11.1.2 Seek any information that it requires from any employee of the Manager, Administrator or any other Service Provider and all employees of the Manager, Administrator or any other Service Provider are directed to cooperate with any request made by the Committee; and
- 11.1.3 Obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference to discharge its duties effectively.