

Aquila Energy Efficiency Trust PLC

1.1 Matters reserved for the Board

- 1.1.1 All matters that have a material impact upon the Company will be referred to the board of directors of the Company. However, below is a schedule of matters reserved specifically for the decision of the Board or a duly authorised committee thereof. The Board has the authority to obtain outside legal or other independent advice at the expense of the Company.
- 1.1.2 The Board shall consider for approval:
- 1.1.3 Approval of Board appointments and removals and terms of appointment of the chairman of the Board (the "Chairman") and directors of the Company ("Directors") and agreeing their roles and responsibilities.
- 1.1.4 Review of the structure, size and composition of the Board, including appointments and retirement of directors.
- 1.1.5 Ensuring adequate Board succession planning, induction, training and development so as to maintain an appropriate balance of skills and experience on the Board, and development and appraisal.
- 1.1.6 Regular review and consideration of the independence of Directors.
- 1.1.7 Discussion and agreement of continuation in office of Directors due to retire at the Annual General Meeting and proposals for their re-election by shareholders of the Company ("Shareholders"), in accordance with the Company's articles of association (the "Articles") and relevant corporate governance requirements.
- 1.1.8 Review and determination of the remuneration of the Board and agreement of any remuneration policy of the Board.
- 1.1.9 Policy on the tenure of the Chair and all Non-Executive Directors.
- 1.1.10 Review and agreement of policy for authorising Directors' expenses.
- 1.1.11 Delegation of the Board's powers.
- 1.1.12 Agreement of membership and terms of reference of Board committees.
- 1.1.13 Receipt of reports of proceedings and decisions of Board committees and approving matters referred to the Board following recommendations by Board committees.
- 1.1.14 Undertaking of a formal and rigorous annual review of its own performance and that of Board committees and individual Directors.
- 1.1.15 Approval of directors' and officers' liability insurance.

CONFLICTS

- 1.1.16 Review and approve the Company's Conflicts of Interest and Allocation Policy which sets out the procedure by which the Board authorises any conflicts of interests of Directors that may arise on an ongoing basis in accordance with the Articles and regulations and review of any conflicts reported to it in relation to the services provided by the alternative investment fund manager.

STRATEGIC/POLICY CONSIDERATIONS

- 1.1.17 Overall leadership of the Company and setting of its purpose, values and standards.
- 1.1.18 Investment/business strategy, including the ongoing review of the Company's investment objective and investment policy and recommending to Shareholders the approval of alterations thereto.
- 1.1.19 Approval of risk management policies and policies to identify emerging risks including, but not limited to, insurance, hedging, borrowing limits and corporate security (following recommendation from the Audit and Risk Committee).
- 1.1.20 Receipt and review of regular reports on internal controls processes and management from the Audit and Risk Committee.

TRANSACTIONS

- 1.1.21 To consider and approve authority delegated to the Investment Adviser (via the AIFM) on issues such as performance benchmarking, hedging, gearing, debt, share buy-backs or issuance, voting and shareholder engagement and those that require board approval.
- 1.1.22 Approval of contracts not in the ordinary course of business.
- 1.1.23 Approval of disclosure of Directors' interests.

FINANCE

- 1.1.24 Approval of the raising of new capital and major financing facilities.
- 1.1.25 Appointment/re-appointment/proposal of auditor (following appropriate recommendation by the Audit and Risk Committee).
- 1.1.26 Approval of the Company's dividend policy, determination of interim dividends/distributions and recommendation of final dividends/distributions if any (following appropriate recommendation by the Audit and Risk Committee).
- 1.1.27 Approval of the operating budgets (following appropriate recommendation by the Audit and Risk Committee).
- 1.1.28 Approval of loan facilities, hedging, financial instrument or derivative or delegate authority to the AIFM, if deemed appropriate.

GOVERNANCE, COMPLIANCE & REGULATORY MATTERS

- 1.1.29 Approval of all Shareholder circulars, prospectuses and listing particulars.
- 1.1.30 Convening general meetings of the Company.
- 1.1.31 Recommending to Shareholders the approval of alterations to the Articles.
- 1.1.32 Approval of all resolutions and any associated documentation to be put forward to Shareholders at a general meeting or annual general meeting.
- 1.1.33 Approval and issue of the half yearly results, half yearly report, annual results and annual report (following appropriate recommendation by the Audit and Risk Committee).

- 1.1.34 Ensuring the maintenance of a system of internal controls and risk management, reviewing at appropriate intervals the Company's overall internal control arrangements (following review and recommendations from the Audit and Risk Committee) including in relation to:
- the group's risk appetite and principal and emerging risk statements;
 - procedures for the detection of fraud, the prevention of bribery and tax evasion; and
 - approving an appropriate statement relating to principal and emerging risks and the procedure and internal controls for inclusion in the annual report.
- 1.1.35 Agreement of the procedures for the release of inside information and other Company announcements for non-routine and notifiable events and approval of any press releases concerning matters approved by the Board.
- 1.1.36 Review of the Company's corporate governance arrangements and annual review of continuing compliance with the AIC Code of Corporate Governance published by the AIC from time to time.
- 1.1.37 Review of the Company's data protection arrangements and regular review of continuing compliance with applicable data protection legislation.
- 1.1.38 Receipt of reports on the views of Shareholders to ensure that they are communicated to the Board as a whole.
- 1.1.39 Approval of strategy for communications with Shareholders and direct liaison with Shareholders as required.

SERVICE PROVIDERS

- 1.1.40 Periodic review and continued approval of the Investment Management Agreement.
- 1.1.41 Periodic review and continued approval of the Company's service provider agreements.
- 1.1.42 Appointment or removal as required of the Company's service providers.

GENERAL

- 1.1.43 Allotment and issuance, calls or forfeiture of shares.
- 1.1.44 Determination of policy on buy-back of shares and holding them in treasury including the criteria for sale from treasury/cancellation.
- 1.1.45 Repurchase of shares.
- 1.1.46 Changes relating to the capital structure of the Company.
- 1.1.47 Suspension of net asset value determination.
- 1.1.48 Prosecution, commencement, defence or settlement of litigation or any alternative dispute resolution mechanism.
- 1.1.49 Approval of the adoption of any electronic voting policy at the annual general meeting and general meetings.
- 1.1.50 Review of this schedule of matters reserved for the Board on an annual basis.