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**SUPERMARKET INCOME REIT**

**DATED: 25<sup>th</sup> JUNE 2020**

**SUPERMARKET INCOME REIT PLC**

**TERMS OF REFERENCE FOR  
THE NOMINATION COMMITTEE**

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**SUPERMARKET INCOME REIT PLC**  
**NOMINATION COMMITTEE**

**Establishment and Purpose**

- 1) The Board established a committee of the Board to be known as the nomination committee (the "Committee") at its meeting on 6 May 2020. The role of the Committee is to ensure that there is a formal, rigorous and transparent procedure for appointments to the Board, to lead the process for board appointments and make recommendations to the board; assist the board in ensuring its composition is regularly reviewed and refreshed so that it is effective and able to operate in the best interests of shareholders; and ensure plans are in place for orderly succession to positions on the board. In doing so, the Committee shall work and liaise with other board committees, as appropriate.

**Membership and Quorum**

- 2) The Committee shall be appointed by the Board from amongst the directors who are independent of the adviser and manager and shall consist of all the board members. A quorum shall be two members.
- 3) The chairman of the Committee shall be appointed by the Board. In the absence of the Committee chairman, 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 chair the committee when the Committee is dealing with the appointment of his or her own successor.
- 4) The membership of the Committee may be amended from time to time by the Board.
- 5) Appointments to the Committee are made by the board and shall be for a period of up to three years extendable by no more than two additional three year periods, so long as members (other than the chairman of the board, if he or she is a member of the Committee) continue to be independent.

**Meetings**

- 6) At least one meeting shall be held each year and at such other times as required by the Board. Any Committee member or the secretary may call a meeting.
- 7) 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 the issues.
- 8) The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 9) Meetings of the Committee may be conducted when the members are physically present together or in the form of either video or audio conference, provided that all participants can hear and speak.

**Notice of meetings**

- 10) Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairman

- 11) 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 and any other person required to attend, 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, but Committee papers may be forwarded at shorter notice with the approval of the Committee chairperson.

#### **Voting Arrangements**

- 12) Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting whether in person or by audio or video conference.
- 13) If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter at the meeting.
- 14) The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

#### **Minutes of Meetings**

- 15) The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 16) Draft minutes of Committee meetings shall be circulated promptly 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 chairman it would be inappropriate to do so.
- 17) A resolution in writing and signed 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.

#### **Annual general meeting**

- 18) The Committee chairman should attend the annual general meeting to answer any shareholder questions on the committee's activities.

#### **Authority**

- 19) The Committee is authorised by the Board to investigate and review any matter within its terms of reference and to consider any matter the Committee deems relevant to the discharge of its duties.
- 20) The Committee is authorised by the Board to obtain, at the company's expense outside legal or other professional advice on any matters within its terms of reference.

#### **Duties of the Committee - Nomination**

- 21) The duties of the Committee in relation to the nomination of directors shall be to:-
  - a) annually review the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the Board and its committees, taking account of the Company's strategic priorities and matters affecting the Company and make recommendations to the Board with regard to any changes as necessary;

- b) give full consideration to succession planning of directors, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- c) formulate plans for the succession of directors and, in particular, for the key roles of chair of the Board, Audit Committee and this Committee;
- d) identify suitable candidates for the role of Senior Independent Director if one is to be appointed;
- e) determine membership of the Audit Committee, Remuneration Committee and this Committee in conjunction with the Chair of the respective committees and subject to the approval of the Board;
- f) be responsible for identifying and nominating for the board's approval, candidates from diverse backgrounds to fill Board vacancies as and when they arise;
- g) before the Board makes any appointment, evaluate the balance of skills, experience, independence, knowledge and diversity on the Board, and the future challenges affecting the Company, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and set the process to identify, sift and interview suitable candidates. In identifying suitable candidates the Committee shall:
  - i) use such methods as it deems appropriate, including the use of open advertising or the services of external advisers to facilitate the search;
  - ii) consider candidates from diverse backgrounds; and
  - iii) consider candidates on merit and against objective criteria and with due regard to promoting the benefits of diversity on the board, including gender, social and ethnic backgrounds and cognitive and personal strengths, taking care that appointees have enough time available to devote to the position;
- h) for the appointment of a chairman, the committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the board before appointment and any changes to the chairman's commitments should be reported to the board as they arise.
- i) prior to the appointment of a director, the proposed appointee should be required to disclose any 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;
- j) 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 and the induction process;
- k) keep under review the leadership needs of the Company with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- l) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

- m) review the results of the board performance evaluation process that relate to the composition of the board;
- n) review annually the time required from the directors. Performance evaluation should be used to assess whether the directors are spending enough time to fulfil their duties;
- o) consider the re-appointment of any director at the conclusion of his/her specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required;
- p) consider any recommendation to shareholders concerning re-election of any director in accordance with Provision 23 of the AIC Code or the retirement by rotation provisions in the Articles of Association, having regard to their performance and commitment to the role and their contribution to the Company's long term sustainable success, in light of the knowledge, skills and experience required and the length of service of the board as a whole and its membership being regularly refreshed;
- q) consider any matters relating to the continuation in office of any director at any time, including the suspension or termination of service of a director subject to the provisions of law and their letter of appointment where applicable; and
- r) keep under review the number of external appointments held by each director, consider setting any limits on such appointments that may be held by the chair of the board and non-executive directors and ensure that any new additional external appointments are approved in advance by the board before being accepted.

### **Induction and training**

- 22) Ensure that all new directors undertake an appropriate induction programme to ensure that they are fully informed about the Company's main areas of business activity, including those involving significant risk, and the strategic priorities and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director; and
- 23) Consider any training requirements for the board as a whole.

### **Board evaluation**

- 24) 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, how the board works together as a unit, and other factors relevant to the board's effectiveness;
- 25) Review the results of the board performance evaluation process that relate to the composition of the board and succession planning, its diversity and how effectively the members of the board work together to achieve objectives;
- 26) Ensure that evaluation of the board is externally facilitated at least every three years;
- 27) Review the results of the performance evaluation of the Committee; and

- 28) Review annually the time required from non-executive directors, including the chair and senior independent director. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.

#### **Re-appointment of directors**

- 29) the re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the board and the Company's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the board as a whole and its membership being regularly refreshed; and
- 30) Re-election by shareholders of directors in accordance with Provision 23 of the AIC Code or the retirement by rotation provisions in the articles of association, having regard to their performance, ability and commitment to the role and their contribution to the Company's long-term sustainable success in the light of the knowledge, skills and experience required and the length of service of the board as a whole and its membership being regularly refreshed.
- 31) Amendment may be made to the duties of the Committee by the Board from time to time.

#### **Reporting responsibilities**

- 32) The Committee shall:
- a) Report to the board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all meetings shall be included in the board papers for a subsequent board meeting.
  - b) Make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
  - c) The Committee shall produce reports to be included in the company's annual report about its activities, the membership of the committee, number of meetings and attendance over the course of the year; the process used in relation to appointments and explain if external advice or open advertising has 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. This report should 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.

#### **General Matters**

- 33) The Committee shall:
- a) Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
  - b) 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.
  - c) Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies including be not limited to the provisions of the AIC Code, the

requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.

- d) 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.

#### **Authority**

34) The Committee is authorised to:

- a) Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary.
- b) Seek any information it requires from any member of the board and/or any director or employee of the Investment Manager or the Investment Adviser in order to perform its duties.
- c) Secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.
- d) Call on the Investment Manager or the Investment Adviser to be questioned at a Committee meeting as and when required.
- e) 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.

**Adopted by the Board on 25<sup>th</sup> June 2020**

**Schedule 1**

**Members:**

Vince Prior (Chair)

Nick Hewson

Jon Austen

Cathryn Vanderspar

Frances Davies