



ADOPTED: 18 MAY 2022

SUPERMARKET INCOME REIT PLC

**TERMS OF REFERENCE FOR
THE ESG COMMITTEE**

**SUPERMARKET INCOME REIT PLC ("THE COMPANY")
ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE
TERMS OF REFERENCE**

CONSTITUTION AND PURPOSE

- 1.1 The Board of Supermarket Income REIT PLC (the "**Board**") established a committee of the Board known as the ESG Committee (the "**Committee**") at a full meeting of the board of directors in accordance with the articles of association of the Company, and approved the following terms of reference for the Committee.
- 1.2 The Committee has the delegated authority of the Board as set out in these terms of reference to serve as an independent and objective party to monitor the integrity and quality of the Company's ESG strategy, to ensure that the Company's ESG strategy is integrated into its business plan, corporate values and objectives and serves to foster a culture of responsibility and transparency, and to review and approve the Company's annual reporting in relation to ESG.
- 1.3 In these terms of reference "ESG matters" or "ESG" refers to the following areas:
 - 1.3.1 Environmental: the Company's impact on the natural environment and its response to the challenge of climate change including; greenhouse gas emissions, energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and deforestation, pollution, efficient use of resources, the reduction and management of waste, and the environmental impact of the Company's supply chain.
 - 1.3.2 Social: the Company's interaction with stakeholders and the communities in which it operates and the role of the Company in society including; board policies (e.g. stakeholder engagement, diversity, non- discrimination and equality of treatment, health safety and well-being), ethical/responsible sourcing and social aspects and labour standards of the supply chain (including child labour and modern slavery), and engagement with and contribution to the broader community through social projects and charitable donations.
 - 1.3.3 Corporate Governance and Behaviour: the ethical conduct of the Company's business including its corporate governance framework, business ethics, policies, and codes of conduct (e.g. related to donations and political lobbying, bribery and corruption), and the transparency of non-financial reporting.
- 1.4 These terms of reference may be amended from time to time by a resolution of the Board.

DUTIES

The Committee shall:

- 1.5 oversee the development of, and to make recommendations to the board regarding the Company's ESG strategy.
- 1.6 oversee the establishment of policies and codes of practice and their effective implementation, and to monitor and review their ongoing relevance, effectiveness, and further development.
- 1.7 identify the relevant ESG matters that do or are likely to affect the operation of the company and/or its strategy.
- 1.8 ensure that the Company monitors and reviews current and emerging ESG trends, relevant international standards and legislative requirements; identifies how those are likely to impact on the strategy, operations, and reputation of the Company; and determines whether and how these are incorporated into or reflected in the Company's ESG policies and objectives.
- 1.9 set appropriate strategic goals, as well as shorter term KPI's and associated targets related to ESG matters and oversee the ongoing measurement and reporting of performance against those KPI's and targets.
- 1.10 work in conjunction with the Board, to oversee the identification and mitigation of risks relating to ESG, as well as the identification of opportunities related to ESG matters.
- 1.11 make recommendations to the board in relation to the required resourcing and funding of ESG related activity, and on behalf of the board, oversee the deployment and control of any resources and funds.
- 1.12 oversee the Company's engagement with its broader stakeholder community
- 1.13 ensure that the Company provides appropriate information and is transparent regarding its ESG related policies with the investment community, particularly ethical/socially conscious investment funds, by whatever means are deemed to be most effective.
- 1.14 review and provide oversight of the incorporation of ESG factors into the Investment Advisor and Supermarket Income REIT plc's reporting and any public environmental and social disclosures, including in the Annual Report, as well as in relevant certification assessments;
- 1.15 review and provide insight of the Investment Advisor's initiatives for community relations including community investment and partnerships and communication, consultation and engagement with key stakeholders so as to ensure a rigorous and systemic approach
- 1.16 request and examine records as it deems necessary to ensure that reasonable measures are in place to manage social and environmental issues and aid compliance with applicable corporate policies and regulatory requirements.
- 1.17 Meet separately with the Investment Advisor, in respect of environmental and social matters, as and when required.
- 1.18 work and liaise as necessary with all other board committees.

MEMBERSHIP

- 1.19 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 Chair of the Committee. The Board shall appoint the Chair who shall be an independent non-executive director with demonstrated specialism or knowledge of ESG and ESG reporting.
- 1.20 All members of the Committee shall be independent non-executive directors. Any member who fails to remain independent will step down from the Committee.
- 1.21 Appointments to the Committee shall be for a period of up to three years, which may be extended by further three year periods, provided the members continue to be independent.
- 1.22 The Board shall regularly review the membership of the Committee to ensure that its membership is refreshed and undue reliance is not placed on particular individuals
- 1.23 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.
- 1.24 The Board may fill vacancies in the Committee by appointment from amongst the Board.
- 1.25 Each member of the Committee shall disclose to the Committee:
- 1.25.1 any personal financial or other interest in any matter to be decided by the Committee; or
- 1.25.2 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.
- 1.26 Members of the Committee shall at all times give due consideration to the Association of Investment Companies Code of Corporate Governance as applicable to the Company (the "AIC Code") and any other laws, codes, rules and regulations applicable to the Company.

SECRETARY

- 1.27 The company secretary, or its 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.

- 1.28 The Committee shall have access to the services of the Secretary on all Committee matters, including: assisting the Chair 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.

QUORUM AND VOTING ARRANGEMENTS

- 1.29 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.
- 1.30 Members may participate in a meeting of the Committee by being physically present together or by means of a telephone or video conference or other communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. Members may participate in a meeting of the Committee by means of a telephone or other communication equipment.
- 1.31 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 signed 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.
- 1.32 Except where he or she has a personal interest, the Chair shall have a casting vote.
- 1.33 In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.34 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.

FREQUENCY OF MEETINGS

- 1.35 The Committee shall meet at least four times a year and otherwise at any such time as deemed appropriate by the Committee.

NOTICE OF MEETINGS

- 1.36 Meetings of the Committee shall be convened by the Secretary at the request of any of its members.

- 1.37 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the provisions of the Articles regulating the meetings and proceedings of directors.
- 1.38 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. The Secretary or its nominee shall ensure that supporting information and papers shall be sent to Committee members and other attendees as appropriate at the same time.
- 1.39 Notices, agendas and supporting papers will be sent in electronic form.

MINUTES OF MEETINGS

- 1.40 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 1.41 The Secretary shall ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.
- 1.42 Draft minutes of Committee meetings shall be agreed with the Chair and then circulated promptly to all members of the Board, unless it would be inappropriate to do so in the opinion of the Chair.

SHAREHOLDER ENGAGEMENT

- 1.43 The Chair (or their nominated representative) shall attend the Company's annual general meeting prepared to respond to any shareholder questions on the Committee's activities.
- 1.44 A section of the Annual Report shall describe the work of the Committee as required by the AIC Code, which shall be approved by the Committee and include its activities, including its membership and frequency of and attendance at its meetings and the Company's ESG strategy, policies and practices.

REPORTING

- 1.45 The Chair 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.
- 1.46 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 1.47 The Committee will comply with any regulatory requirement on ESG reporting externally.

SELF-REVIEW

- 1.48 The Committee shall, at least once every two years, review its own performance, and annually review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary for Board approval.

OTHER MATTERS

The Committee shall:

- 1.49 have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
- 1.50 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;
- 1.51 give due consideration to relevant laws and regulations, the provisions of the AIC Code and the requirements of the Listing Rules published by the Financial Conduct Authority, 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, the UK version of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010; the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019, the Market Abuse Regulation and any other applicable rules, as appropriate;
- 1.52 oversee any investigation of activities which are within its terms of reference;
- 1.53 work and liaise as necessary with all other Board committees; and
- 1.54 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

The Committee is authorised to:

- 1.55 seek any information it requires from any member of the Board or any director or employee of the alternate investment fund manager, investment manager or any other adviser (from time to time) in order to perform its duties;
- 1.56 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference;
- 1.57 call any officers of the Company to be questioned at a meeting of the Committee as and when required; and
- 1.58 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 at the board meeting of the company on 18 May 2022

APPENDIX 1 - COMPOSITION

1. **Members:**

Frances Davies (Chair)

Nick Hewson

Vincent Prior

Jon Austen

Cathryn Vanderspar

2. **Alternate Members**

2.1 None

3. **Secretary**

3.1 JTC (UK) Limited