

**DATED: 12 NOVEMBER 2019**

**IMPACT HEALTHCARE REIT PLC**

**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

## IMPACT HEALTHCARE REIT PLC

### TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

#### 1. CONSTITUTION

- 1.1 The remuneration committee (**Committee**) was constituted as a committee of the board of directors (**board**) of Impact Healthcare REIT plc (**Company**) at a full meeting of the board held on 19 December 2017 in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

#### 2. ROLE

- 2.1 The role of the Committee is to assist the board to fulfil its responsibility to shareholders to ensure that remuneration policy and practices of the Company reward directors fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

#### 3. DUTIES AND TERMS OF REFERENCE

The Committee shall carry out the following duties for the Company and its subsidiaries (**Group**) and advise the board appropriately:

##### 3.1 Remuneration policy

The Committee shall:

- (a) Determine and agree with the Board the framework and policy for the remuneration of the Company's chair and non-executive directors pursuant to the Company's articles of association.;
- (b) 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 UK Corporate Governance Code (July 2018) (**Code**) and the AIC Code of Corporate Governance (February 2019) (**AIC Code**) and associated guidance;

- (c) When setting the remuneration policy for directors, review and have regard to the remuneration trends across the Company or group (where relevant);
- (d) Review the ongoing appropriateness and relevance of the remuneration policy;
- (e) Obtain reliable, up to date information about external remuneration trends and market conditions, including remuneration in other relevant companies;
- (f) Set the remuneration of non-executive directors. No individual director shall be involved in any decisions as to their own remuneration
- (g) Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (h) Agree the policy for authorising claims for expenses for the directors; and.
- (i) Consider such other matters as are referred to the Committee by the board.

### 3.2 Remuneration consultants

The Committee shall:

- (a) to help it to fulfil its obligations and to enable it to judge where to position the Company's remuneration relative to other companies, 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; and
- (b) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

### 3.3 Shareholder approval

The Committee shall produce a report to shareholders annually on matters relating to remuneration that shall include the information required to be disclosed by the Companies Act 2006 (including any regulations made under that Act), the Code, the Listing Rules (as published by the Financial Conduct Authority) (**Listing Rules**) and any other relevant statutory, regulatory or governance codes and incorporate:

- (i) an annual statement by the Committee's chairperson and an annual report on directors' remuneration (together, **annual remuneration report**); and
- (ii) the directors' remuneration policy (**directors' remuneration policy**) or, if it is not being submitted for approval as required by 3.3(b), a summary of such policy or details of when the directors' remuneration policy was approved and where it can be found on the Company's website;

- (b) submit the directors' remuneration policy for approval on a binding basis by shareholders:
  - (i) every three years;
  - (ii) in any year in which there is a change to the policy;
  - (iii) if shareholder approval was not obtained when last submitted; and
  - (iv) If majority shareholder approval was not achieved on the last submitted annual remuneration report.
- (c) submit the annual remuneration report for approval on an advisory basis by the board and shareholders at the annual general meeting each year.
- (d) Subject to delegation of authority by the board, engage in appropriate discussions as necessary with shareholders if, 20 per cent. or more of votes have been cast by shareholders against a resolution to approve the annual remuneration report or directors' remuneration policy at any annual general meeting or general meeting, as the case may be, and agree with the board any appropriate disclosure, including in the annual report.

### 3.4 **Other matters**

- (a) Keep abreast of external remuneration trends and market conditions including receiving an annual presentation from either the investment manager or its external remuneration consultants;
- (b) Consider such other matters as are referred to the Committee by the board; and
- (c) work and liaise as necessary with all other board committees.

## 4. **MEMBERSHIP**

- 4.1 The Committee shall comprise a minimum of two members. Each Committee member shall be an independent non-executive director as determined by the board (in accordance with the principles of the Code).
- 4.2 The board shall appoint the chairperson of the Committee. In the absence of the Committee chairperson and/or an appointed deputy, the remaining members present at a meeting shall elect one of their number present to chair the meeting.
- 4.3 The board shall appoint the members of the Committee, in consultation with the Committee chairperson.
- 4.4 The chairperson of the board may be a member of, but not chair, the Committee if he or she was considered to be independent on appointment as chairperson.

- 4.5 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three year periods, so long as all members continue to be independent.
- 4.6 The Committee chairperson shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 4.7 The company secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

## **5. ATTENDANCE AT MEETINGS**

- 5.1 The Committee shall meet at least once a year and otherwise as required.
- 5.2 Only members of the Committee have the right to attend Committee meetings. However, others may be invited to attend meetings of the Committee on a regular basis and other non-members (including representatives of the investment manager (the “**Investment Manager**”), currently Impact Healthcare Partners LLP may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 5.3 No director shall participate at a meeting of the Committee (or during a relevant part) at which any part of their own remuneration is being directly discussed or participate in any recommendation or decision specifically concerning their own remuneration.
- 5.4 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 5.5 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..

## **6. NOTICE OF MEETINGS**

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairperson or any member of the Committee.
- 6.2 Unless otherwise agreed by all members agreeing in writing, 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.

## **7. QUORUM**

7.1 The quorum necessary for the transaction of business at a Committee meeting shall be two members, present in person or by audio or video conference. If there is difficulty in achieving a quorum, independent non-executive directors, who are not members of the Committee, may be co-opted as members for individual meetings.

7.2 A duly convened Committee meeting 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.

## **8. VOTING ARRANGEMENTS**

8.1 Subject to paragraph 8.2 and paragraph 8.3, 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).

8.2 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 at the meeting.

8.3 Except where he or she has a personal interest, the Committee chairperson shall have a casting vote.

8.4 The Committee chairperson may ask any attendees of a Committee meeting to leave the meeting to allow discussion of matters relating to them.

## **9. MINUTES OF MEETINGS**

9.1 The company secretary (or his or her nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

9.2 Draft minutes of Committee meetings shall be circulated promptly to all Committee members. Once approved, minutes shall be circulated to all other board members, unless in the opinion of the Committee chairperson it would be inappropriate to do so.

9.3 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.

## **10. ANNUAL GENERAL MEETING**

The Committee chairperson shall attend the annual general meeting to answer shareholder questions on the Committee's activities.

## **11. REPORTING RESPONSIBILITIES**

The Committee shall:

- 11.1 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.
- 11.2 Make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 Prepare a formal report for shareholders to be incorporated in the Company's annual report that shall include the matters referred to in paragraph 3.3 and ensure that it is submitted for approval as appropriate in accordance with paragraph 3.3 above.
- 11.4 If the Committee has appointed remuneration consultants, identify in the annual report, the name of the consultants and state whether they have any connection with the Company.
- 11.5 Ensure, through the chairperson of the board or the chairperson of this Committee if required, that the Company maintains contact as required with its principal shareholders about remuneration.
- 11.6 Make available to shareholders these terms of reference by placing them on the Company's website.

## **12. GENERAL MATTERS**

The Committee shall:

- 12.1 Have access to sufficient resources to carry out its duties, including access to the company secretary for assistance as required.
- 12.2 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.
- 12.3 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed companies including but not limited to the Companies Act 2006, the principles and provisions of the Code, the

AIC Code, the requirements of the Listing Rules, the Financial Conduct Authority's Prospectus Rules and Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association, the Pensions and Lifetime Savings Association, the GC100 and Investor Group and any other applicable rules, as appropriate.

- 12.4 Work and liaise as necessary with all other board committees.
- 12.5 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.

### **13. AUTHORITY**

The Committee is authorised to:

- 13.1 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.
- 13.2 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.
- 13.3 Secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.
- 13.4 Call on the Investment Manager or the Investment Adviser to be questioned at a Committee meeting as and when required.
- 13.5 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 12 November 2019



## Schedule 1

### **Members of the Committee:**

Rosemary Boot (Chair)

Phil Hall

Rupert Barclay

Amanda Aldridge