

DATED: 12 NOVEMBER 2019

IMPACT HEALTHCARE REIT PLC

TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE

IMPACT HEALTHCARE REIT PLC

TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE

1. CONSTITUTION

- 1.1 The nomination 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 26 April 2018 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

The role of the Committee is to ensure that there is a formal, rigorous and transparent procedure for the appointment of new directors to the board, to lead the process for board appointments and make recommendations to the board. The Committee is to 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 in doing so, the Committee shall work and liaise with other board committees, as appropriate.

3. DUTIES AND TERMS OF REFERENCE

The Committee shall carry out the following duties for the Company, major subsidiary undertakings and the group as a whole, as appropriate.

3.1 Composition of the Board

The Committee shall:

- (a) annually review the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the board and make recommendations to the board with regard to any changes;
- (b) give full consideration to succession planning for directors, taking into account the challenges and opportunities facing the Company, and the skills and expertise 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, Chair of the Management Engagement Committee, Audit Committee, Remuneration Committee and this Committee;
- (d) determine membership of the Audit Committee, Management Engagement Committee, Remuneration Committee and this Committee in conjunction with the Chair of the respective committees and subject to the approval of the Board;
- (e) keep under review the leadership needs of the organisation, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- (f) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

3.2 **Appointments to the board**

The Committee shall:

- (a) be responsible for identifying and nominating for the board's approval, candidates from a wide range or backgrounds to fill board vacancies as and when they arise;
- (b) consider proposals for the re-appointment, dismissal, retirement, non re-appointment or any substantial change in their duties or responsibilities or the term of their appointment;
- (c) before the board makes any appointment, evaluate the balance of skills, experience, independence, knowledge and diversity on the board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. 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 a wide range of backgrounds; and
 - (iii) 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;
- (d) for the appointment of a chairman, prepare a job specification, including the time commitment expected, and require a proposed chairman to disclose other significant commitments to the board

before appointment and disclose any changes to the chairman's commitments to the board as they arise;

- (e) 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; and
- (f) keep under review the number of external directorships held by each director.

3.3 **Induction and training**

The Committee shall:

- (a) ensure that all new directors undertake an appropriate induction programme to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director; and
- (b) consider any training requirements for the board as a whole.

3.4 **Conflicts of interest**

The Committee shall:

- (a) before appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;
- (b) consider and, if appropriate, authorise situational conflicts of interest of directors and potential directors; and
- (c) keep under review at least annually potential conflicts of interests of directors disclosed to the Company and develop appropriate processes for managing such conflicts if the Committee considers this to be necessary.

3.5 **Board evaluation**

The Committee shall:

- (a) 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, including

gender, how the board works together as a unit, and other factors relevant to the board's effectiveness;

- (b) review the results of the board performance evaluation process that relate to the composition of the board;
- (c) ensure that evaluation of the board is externally facilitated at least every three years;
- (d) review the results of the performance evaluation of the Committees; and
- (e) review annually the time required from non-executive directors, including the chairman and senior independent director. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfill their duties.

4. BOARD RECOMMENDATIONS

The Committee shall also make the following recommendations to the board, as appropriate.

4.1 Nominations and succession planning

The Committee shall make recommendations to the board on:

- (a) the appointment of any director and keep under review the number of external directorships held by non-executive directors;
- (b) the chairman of the board, having assessed every three years whether the present incumbent shall continue in post, taking into account the need for continuity versus freshness of approach;
- (c) suitable non-executive directors for the role of senior independent director;
- (d) membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairman of those committees; and
- (e) formulating succession plans for non-executive directors and in particular for the key role of chairman.

4.2 Re-appointment of directors

The Committee shall make recommendations to the board on:

- (a) 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 in the light of the knowledge, skills and experience required; and

- (b) re-election by shareholders in accordance with the UK Corporate Governance Code¹ or the retirement by rotation provisions in the articles of association, having regard to their performance and commitment to the role (particularly in relation to non-executive directors being re-elected for a time beyond six years).

4.3 **Continuation of office**

The Committee shall make recommendations to the board on any matters relating to the continuation in office of any director at any time including the suspension or termination of appointment, subject to the provisions of the law and their letter of appointment.

5. **MEMBERSHIP**

5.1 The Committee shall comprise a chairman and a minimum of two members of the board of the Company who shall be appointed by the Board in consultation with the chair of the committee, a majority of whom shall be independent non-executive directors.

5.2 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 member still meets the criteria for membership of the Committee.

5.3 The board shall appoint the Committee chairman, who shall be either the chairman of the board or an independent non-executive director, and determine the period for which the Committee chairman shall hold office. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the board. The chairman of the board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

5.4 The company secretary or his or her nominee shall act as the secretary of the Committee and will provide all necessary support to the Committee including the recording of Committee minutes.

6. **ATTENDANCE AT MEETINGS**

6.1 The Committee shall meet at least once a year and otherwise as required.

¹ Provision B.7.1.

- 6.2 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 Health Partners LLP) may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 6.3 The company secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.4 Meetings of the Committee may be conducted when the members are physically present together or in the form of either audio or video conference or similar form of communication equipment, provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting.

7. **NOTICE OF MEETINGS**

- 7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairman or any member of the Committee.
- 7.2 At least 5 working days’ notice of any meeting of the Committee shall be given, although such notice period may be waived or shortened with the consent in writing of all the members of the Committee for the time being. Notice of the meeting shall confirm the venue, time and date, together with an agenda of items to be discussed. Notice shall be sent to each member of the Committee and any other person required to attend. 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 chairman.

8. **QUORUM**

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.

9. **VOTING ARRANGEMENTS**

- 9.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee (whether in person or by audio or video conference).

- 9.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 9.3 Except where he has a personal interest, the Committee chairman shall have a casting vote.
- 9.4 The Committee chairman may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

10. MINUTES OF MEETINGS

- 10.1 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.
- 10.2 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 chairman it would be inappropriate to do so.
- 10.3 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

11. ANNUAL GENERAL MEETING

The Committee chairman should attend the Company's annual general meeting to answer any shareholder questions on the Committee's activities.

12. REPORTING RESPONSIBILITIES

- 12.1 The Committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all Committee meetings shall be included in the board papers for a subsequent board meeting.
- 12.2 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.3 The Committee shall produce a report 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 and the process used to make appointments and the outcomes of its formal annual review and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement as to whether it has any connection with the Company.

12.4 The report referred to in paragraph 12.3 shall also 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.

12.5 The Committee shall make available its terms of reference on the Company's website.

13. GENERAL MATTERS

13.1 The Committee shall have access to sufficient resources to carry out its duties, including access to the company secretary for assistance as required.

13.2 The Committee shall 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.

13.3 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.

13.4 The Committee shall 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.

14. AUTHORITY

14.1 The Committee is authorised to:

- (a) Seek any information it requires from any member of the board and/or any director or employee of the Investment Manager in order to perform its duties;

- (b) Investigate and review any matter within its terms of reference and consider any matter the Committee deems relevant to the discharge of its duties;
- (c) Obtain at the Company's expense, independent legal or other professional advice on any matter it believes it necessary to do so within its terms of reference; and
- (d) Call on the Investment Manager to be questioned at a meeting of the Committee as and when required.

Adopted at the board meeting of the Company on 12 November 2019.

Schedule 1

Members of the Committee with effect from 1 April 2023:

Simon Laffin (Chair)

Rosemary Boot

Phil Hall

Amanda Aldridge

Chris Santer