

# **Custodian REIT Plc (the “Company”)**

**Terms of Reference: Nominations Committee**

**April 2018**

## **Introduction**

The Nominations Committee (the “**Committee**”) is constituted as a committee of the Board of directors of the Company. The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

The main purpose of the Committee is to function as a supporting body of the Board of directors of the Company regarding nomination related matters of the Company.

### **1. Definitions**

In these terms of reference, the following words and expressions have the following meanings:

- 1.1 “**AIC Code**” means the Association of Investment Companies Corporate Governance Code;
- 1.2 “**Board**” means the Board of directors of the Company;
- 1.3 “**Code**” means the UK Corporate Governance Code published by the Financial Reporting Council;
- 1.4 “**Company**” mean Custodian REIT Plc;
- 1.5 “**Committee**” means the Nominations Committee of the Company;
- 1.6 “**Director**” means a director of the Company;
- 1.7 “**Investment Manager**” means Custodian Capital Limited; and
- 1.8 “**Non-Executive Director**” means a non-executive director of the Company.

### **2. Membership**

- 2.1 The initial members of the Committee shall be David Hunter (Chair), Matthew Thorne, Barry Gilbertson and Ian Mattioli.
- 2.2 The Committee shall comprise of at least two Directors. The majority of the members shall be independent Non-Executive Directors.
- 2.3 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 (e.g. other directors, external advisers) and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.4 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 continue to be independent.
- 2.5 The Board shall appoint the Committee chair who should be an independent Non-Executive Director. In the absence of the Committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. If the chair of the Board is chairing the Committee, he/she shall not chair when it is dealing with the matter of succession to the title.

### **3. Secretary**

The company secretary of the Company or his 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.

### **4. Quorum**

The quorum necessary for the transaction of business shall be two members.

## **5. Frequency of meetings**

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

## **6. Notice of meetings**

6.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of the Committee chair.

6.2 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, any other person required to attend and all other Non-Executive Directors, 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.

## **7. Minutes of meetings**

7.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

7.2 The secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Minutes of Committee meetings shall be circulated promptly, within ten working days, firstly to the Committee chair and then to all members of the Committee, other Non-Executive Directors, the Investment Manager and, once agreed, to all members of the Board at the next Board meeting.

## **8. Annual General Meeting**

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

## **9. Duties**

The Committee shall:

9.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;

9.2 give full consideration to succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;

9.3 keep under review the leadership needs of the organisation, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;

9.5 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

9.6 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall:

9.6.1 use open advertising or the services of external advisers to facilitate the search;

9.6.2 consider candidates from a wide range of backgrounds; and

9.6.3 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.

- 9.7 for the appointment of a chair, the Committee should prepare a job specification, including the time commitment expected. A proposed chair's other significant commitments should be disclosed to the Committee before appointment and any changes to the chair's commitments should be reported to the Committee as they arise;
- 9.8 prior to the appointment of a director, the proposed appointee should be required to disclose any other 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;
- 9.9 ensure that on appointment to the Board, all 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;
- 9.10 review the results of the Board performance evaluation process that relates to the composition of the Board;
- 9.11 review annually the time required from the Non-Executive Directors. Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties;
- 9.12 work and liaise as necessary with all other Board committees.

The Committee shall also make recommendations to the Board concerning:

- 9.13 formulating plans for succession for the Non-Executive Directors;
- 9.14 suitable candidates for the role of senior independent director;
- 9.15 membership of the Audit Committee, Remunerations Committee and the Management Engagement Committee, and any other Board committees as appropriate and formed in due course, in consultation with the chair of those committees;
- 9.16 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 knowledge, skills and experience required; and
- 9.17 the annual re-election by shareholders of directors or the retirement by rotation provisions in the Company's articles of association, having 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 the need for progressive refreshing of the Board.

## **10. Reporting responsibilities**

- 10.1 The Committee chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments 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 made as to whether it has any connection with the Company.
- 10.4 The report referred to in 10.3 above 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.

## **11. Other matters**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 11.2 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;
- 11.3 give due consideration to laws and regulations, the provisions of the Code, the AIC Code of Corporate Governance, including the requirements of the Financial Conduct Authority, Prospectus and Disclosure, Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 11.4 oversee any investigation of activities which are within its terms of reference;
- 11.5 work and liaise as necessary with all other Board committees and in particular the Management Engagement Committee; and
- 11.6 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.

## **12. Authority**

The Committee is authorised to:

- 12.1 seek any information it requires from the Investment Manager in order to perform its duties;
- 12.2 obtain, at the Company's expense, independent legal and professional advice on any matter it believes it necessary to do so within its terms of reference;
- 12.3 call on the Investment Manager to be questioned at a meeting of the Committee as and when required; and
- 12.4 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.

**Date of adoption of terms by the Board**

**April 2018**

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**Chair**