
Terms of Reference: ESG Committee

April 2021

1 INTRODUCTION

- 1.1 These terms of reference relate to an environmental, social and governance (“ESG”) Committee established by the Board of Custodian REIT plc (“CREIT”) to be known as the ESG Committee (the “**Committee**”).
- 1.2 The Committee has reporting responsibilities to the Board of CREIT.
- 1.3 The Committee shall have the principal functions described below and detailed in Section 7:
 - 1.3.1 To monitor and report on CREIT’s performance against its environmental KPIs and ensure the Investment Manager is managing its property portfolio in line with CREIT’s ESG policy;
 - 1.3.2 To ensure CREIT, through the Investment Manager and other specialist advisers, complies with its external reporting requirements and obligations on ESG matters such as GRESB, EPRA, TCFD, SECR and adopts sector best practice where appropriate;
 - 1.3.3 To assess, at least annually, the fees and scope of engagement of CREIT’s environmental consultants;
 - 1.3.4 To report at least annually to CREIT shareholders on the Company’s ESG strategy and performance;
 - 1.3.5 To liaise with the Investment Manager’s ESG function to understand its policies on ESG matters; and
 - 1.3.6 To review whether CREIT is obtaining a suitable level of social outcomes for its tenants, other stakeholders and communities.
- 1.4 For the avoidance of doubt, the Committee will not review CREIT’s governance where already the responsibility of the Audit and Risk Committee.

2 MEMBERSHIP

- 2.1 The CREIT Board shall appoint the Committee Chair.
- 2.2 The Committee shall consist of not less than two Board members.
- 2.3 The other members of the Committee shall be appointed by the Chair.

3 ATTENDANCE

- 3.1 Only members of the Committee and the Secretary shall have the right to attend Committee meetings. However, other members of the Board, Investment Manager staff and representatives of CREIT’s environmental consultants may be invited to attend all or part of any meetings as and when appropriate.

4 SECRETARY

- 4.1 The Company Secretary or their nominee shall act as the secretary of the Committee.

5 MEETINGS

5.1 Frequency

The Committee shall meet at least three times a year or at such other times as the Chair of the Committee shall require.

5.2 Notice

Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with the agenda of items to be discussed shall be forwarded to each member of the Committee and any other person invited to attend, no fewer than five working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

5.3 Quorum

The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretions vested in or exercisable by the Committee.

5.4 Chair

In the absence of the appointed Chair of the Committee, the remaining members shall elect one of their number to chair the meeting. The Chair of the meeting shall have a casting vote on all matters in the event of an equality of votes.

6 MINUTES

The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. 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 Chair and then to all members of the Committee and, once agreed, to all members at the next meeting.

7 DUTIES

The Committee shall carry out the duties below for CREIT. In carrying out these duties, members of the Committee may also choose to consult other guidelines available to them in the public domain.

7.1 The Committee's duties are:

Environmental

7.1.1 To monitor and review compliance with the CREIT's ESG policy and scrutinise the effectiveness of the delivery of the ESG policy requirements;

- 7.1.2 Consider and recommend any required changes to CREIT's ongoing ESG policy to the Board, taking into consideration its responsibilities and objectives, related costs and benefits, the overall strategic plan and relevant external and other factors;
- 7.1.3 To keep under review CREIT's overall approach to ESG and ensure it is in alignment with CREIT's strategy/culture and, if appropriate, recommend amendments to the approach to the Board;
- 7.1.4 Develop and recommend ESG KPIs to the board, receive and review reports from the Investment Manager on progress towards the achievement of targets and indicators and communicate progress to the Board;
- 7.1.5 Ensure the Investment Manager develops and implements a longer-term net zero carbon strategy;
- 7.1.6 Review management information in relation to environmental issues, energy use and any community initiatives reporting findings to the Board;
- 7.1.7 Review budgeted expenditure for environmental improvements to ensure the Investment Manager's expected approach is in line with the ESG policy;
- 7.1.8 Review the output from CREIT's sustainability ratings/reporting, such as GRESB and EPRA and ensure the Investment Manager and CREIT's environmental consultants are acting on the information appropriately;
- 7.1.9 Review and endorse the ESG Committee report in CREIT's Annual Report;
- 7.1.10 Consider additional external reporting options and understand what stakeholders want and expect regarding ESG; and
- 7.1.11 To assess, at least annually, the fees and scope of engagement of CREIT's environmental consultants.

Social

- 7.1.12 Ensure the Investment Manager has a plan to:
 - 7.1.12.1 ensure all building are fit for purpose
 - 7.1.12.2 provide tenant employees a safe place for them to work
 - 7.1.12.3 facilitate required measures such as social distancing, video-conferencing and appropriate ventilation systems to
 - 7.1.12.4 comply with government guidelines on pandemic mitigation
 - 7.1.12.5 encourage sustainable travel choices (upgrading cycle and changing facilities, EV charging etc);

7.1.13 To ensure the Investment Manager engages with tenants, other stakeholders and communities, where possible, to ascertain whether CREIT is obtaining a suitable level of social outcomes; and

7.1.14 Consider whether charitable giving, allowing vacant assets to be used for charitable purposes or partnering with a charity would achieve appropriate social outcomes.

7.2 Generally

- (i) The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (ii) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (iii) All members of the Committee shall give due consideration to all applicable laws and regulation and shall have access to sufficient resources in order to carry out its duties, including access to the advice and services of the secretary of the Committee with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.
- (iv) Every member of the Committee shall give sufficient time and attention to his/her duties as a member of the Committee. He/she shall give the Committee the benefit of his/her skills and expertise through regular attendance and active participation.
- (v) The Committee shall, at least once a year, review its own performance, 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.

Adopted with effect from 1 April 2021.

.....

Chair