

## PRIMARY HEALTH PROPERTIES PLC

### TERMS OF REFERENCE FOR THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) COMMITTEE

#### 1. AIMS

- 1.1 In line with the requirements of Principle A of the UK Corporate Governance Code (**Code**) for companies to be "contributing to wider society" and the increasing investor focus upon environmental, social and governance issues in evaluating companies, Primary Health Properties PLC (**PHP**) has decided to establish an ESG committee (**Committee**) to (inter alia):
- (a) Assist the board of directors of PHP (**PHP Board**) on the development of PHP's ESG strategy;
  - (b) Develop policies on environmental, social and governance matters in support of the strategy for approval by the PHP Board)
  - (c) Monitor the implementation of such policies in relation to management of the PHP portfolio; and
  - (d) Provide assurance to the PHP Board that appropriate policies and standards in relation to environmental, social and governance matters are applied.

#### 2. CONSTITUTION

- 2.1 The Committee was constituted as committee of PHP by the board of directors of PHP held on 13 October 2020 in accordance with the articles of association of PHP.
- 2.2 The Committee has the delegated authority of the PHP Board (the **Board**) in respect of the functions and powers set out in these terms of reference.
- 2.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members or the company secretary, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

#### 3. ROLE

The role of the Committee is primarily to assist the Board in fulfilling its responsibilities by reviewing and monitoring:

- 3.1 The processes for developing and setting targets in relation to environmental, social and governance issues;

- 3.2 The systems for collection, management and monitoring of environmental matters, such as carbon emissions, in the PHP portfolio (including in relation to developments and asset management projects).
- 3.3 The processes for understanding the views of employees, customers and stakeholders of the Company and the Company's impact on the community;
- 3.4 The processes and mechanisms used by the Company to engage with key stakeholders and ensuring that those processes and mechanisms are fit for purpose and assist in contributing to a wider society
- 3.5 How ESG matters are reported both internally and externally.

#### **4. DUTIES AND TERMS OF REFERENCE**

The Committee shall (unless required otherwise by regulation) carry out the following duties for PHP and its subsidiaries (**Group**) and advise and report to the board appropriately:

##### **4.1 General**

- (a) Make recommendations to the PHP Board as to the reporting frameworks to be adopted by PHP.
- (b) Consider the appropriate environmental targets (Scope 1, Scope 2 and Scope 3) for PHP across its portfolio, taking into account the overall strategy of PHP, its future plans and other internal information, as well as the external environment, including economic, political and industry information and recommend these for adoption by the PHP Board.
- (c) On an annual basis, ensure that a full assessment of the progress of PHP in meeting its stated environment targets has been undertaken and provide advice on the achievement or modification of those targets.
- (d) Consider the target's set in relation to ESG matters and to receive periodic reports on progress in achievement of these goals.
- (e) Assess and monitor culture to ensure alignment with the Company's purpose, values and strategy.
- (f) Oversee and monitor the Company's processes and mechanisms for building relationships with customers, suppliers and other key stakeholders and understanding their views.
- (g) Oversee and monitor the operation of the Company's community initiative fund, including approval of any funding given to community projects from the fund;

- (h) Continuously review PHP's overall ESG framework and processes.
- (i) Ensure that Environmental, Social and Governance matters are properly considered in decisions of the Board, where applicable.
- (j) Report to the PHP Board on its proceedings after each meeting on all matters within its duties and responsibilities (including any matters on which the board has requested the Committee's opinion) and the minutes of all Committee meetings shall be included in the PHP board papers for a subsequent board meeting

#### **4.2 Reporting and controls**

- (a) Review the and approve the disclosures and statements in relation to ESG matters in the PHP annual report and accounts and the half-yearly report.
- (b) Review and approve the filing of reports on ESG matters to GRESb and other bodies to which PHP has decided to report.
- (c) Review the effectiveness of the Company's systems for collection, management and monitoring of carbon emissions and other ESG matters.

#### **4.3 Working with other committees and auditors**

- (a) Through the secretary, work with all other committees of the Board, in particular the PHP Remuneration Committee and the Audit Committee where their work has ESG implications.
- (b) Review the aspects of ESG reporting that have implications for PHP's overall reputation for good corporate governance and standards.

### **5. MEMBERSHIP**

- 5.1 At all times the Committee shall comprise a at least two independent non-executive directors of PHP, one of whom shall chair the Committee, appointed by the PHP Board and the Executive Directors. The initial members of the Committee shall be: Laure Duhot (Chairman), Peter Cole, Harry Hyman, Richard Howell and Chris Santer (Chief Investment Officer). In addition, other members of the Company's senior management will be invited to attend at the request of the chair.
- 5.2 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.

## **6. ATTENDANCE AT MEETINGS**

- 6.1 The Committee shall meet at least three times a year, including at an appropriate time in PHP's financial reporting and audit cycle to consider ESG disclosures in the annual report and accounts and, where relevant, in the half-yearly report.
- 6.2 Only Committee members have the right to attend and vote at Committee meetings. However, other non-members, including advisers on ESG matters, may be invited to attend all or part of any meetings as and when appropriate and necessary and with the Committee chairperson's agreement. The Committee chairperson shall have the discretion to decide who, other than the Committee members, shall attend and address Committee meetings.
- 6.3 The secretary of the Committee 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 video or audio conferences.

## **7. NOTICE OF MEETINGS**

- 7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members .
- 7.2 Unless the Committee otherwise agrees, 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 calendar 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.
- 7.3 The Committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive documents in such a way.

## **8. QUORUM**

- 8.1 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.

- 8.2 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.

## **9. VOTING ARRANGEMENTS**

- 9.1 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).
- 9.2 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.
- 9.3 Except where he or she has a personal interest, the Committee chairperson shall have a casting vote.

## **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 agreed with the Committee chairperson and then be circulated promptly to all Committee members, unless in the Committee chairperson's opinion it would be inappropriate to do so. Once approved, minutes shall be circulated to all other board members unless in Committee chairperson's opinion it would be inappropriate to do so.

## **11. GENERAL MATTERS**

The Committee shall:

- 11.1 Consider other duties determined by the board from time to time.
- 11.2 Have access to sufficient resources to carry out its duties, including access to the company secretary for assistance and advice as required.
- 11.3 Give due consideration to all applicable laws and regulations, in particular the directors duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus

and Disclosure Guidance and Transparency Rules and any other applicable rules as appropriate.

Adopted at the board meeting of PHP on 13 February 2021.