

Network Rail Property

Supervisory Committee – Terms of Reference

Membership

1. The Network Rail Property Supervisory Committee (the “**Supervisory Committee**”) shall be appointed by the Network Rail Infrastructure Limited Board of Directors (the “Board”) on the recommendation of the Nomination Committee (in consultation with the Chair of the Supervisory Committee) and shall comprise:
 - The Chair of the Board, namely Sir Peter Hendy or such other of the Board’s non-executive directors which the Board may nominate from time to time;
 - The Manager of Network Rail’s Property Division or Group Property Director;
 - Network Rail’s Chief Financial Officer;
 - A Network Rail Regional Managing Director; and
 - Up to four external Property Non-Executive Directors (“**NEDs**”)

The Supervisory Committee will be supported by the Network Rail (“**NR**”) Company Secretariat.

The Property NEDs will be selected for their ability to contribute specialist knowledge and experience to the business including but not limited to:

- experience over a number of years in the GB property market, in both the commercial and residential sectors;
 - experience across major property (mixed use) developments and investments, areas of regeneration and growth;
 - experience in leading major property developments and leading complex corporate property disposal or acquisition transactions;
 - experience in central government; and
 - experience in local government and town planning.
2. The Chair of the Board or the nominee of the Board in accordance with paragraph 1 of these Terms of Reference shall be the chair of the Supervisory Committee.
 3. The Board nominee appointed as Chair will normally serve for a period of not less than two years unless determined otherwise in agreement with the Board and subject to the normal periodic re-election of directors. In the absence of the Supervisory Committee Chair, the remaining members of the Supervisory Committee shall elect one of themselves to chair the meeting.
 4. The NEDs will normally serve for a period of not less than three years unless otherwise determined by agreement with the Board.
 5. The Supervisory Committee NEDs have the right to formally lodge a minority view should they disagree with any Supervisory Committee decision, which would be noted to the Board.

6. Each of the NEDs shall be entitled to receive a fee for their services to the Supervisory Committee. The fee shall be determined by the Board and shall be subject to HM Treasury approvals and Managing Public Money guidelines.
7. The NEDs shall be independent with no personal financial interest in the matters to be decided, no potential conflicts of interest arising from cross-directorships and no day-to-day involvement in running NR's business.
8. The Company Secretary or their nominee shall act as secretary of the Supervisory Committee (the "**Secretary**").

Proceedings of the Supervisory Committee

9. The Supervisory Committee shall meet at least four times a year, but it is envisaged that this will be bi-monthly. Supervisory Committee meetings shall also be held on such occasions as the Board may request, or as may be required in consultation between the Managing Director of NR's Property Division or the Group Property Director and the Chair of the Committee.
10. A meeting of the Supervisory Committee may be convened by any of its members or by the Secretary, or as recommended by a Regional Property Director on written request to the Chair.
11. Only members of the Supervisory Committee have the right to attend Supervisory Committee meetings. However, the Regional Property Directors will be invited on a rotation basis so that they attend a meeting at least once a year. Other non-members may be invited to attend all or part of any Supervisory Committee meetings as and when appropriate and necessary.
12. The General Counsel – Property, a representative from the Department of Transport and a representative from the Infrastructure and Projects Authority will normally attend meetings as observers by invitation of the Supervisory Committee.
13. The Supervisory Committee may at its discretion appoint at any time a person to act as an adviser to provide such independent advice and support as the Supervisory Committee may consider appropriate in respect of any of its responsibilities under or pursuant to these Terms of Reference.
14. The quorum for transaction of business by the Supervisory Committee shall be three members, comprising:
 - at least two of: (1) NR's Chief Financial Officer, (2) the Managing Director of NR's Property Division or the Group Property Director or (3) NR Regional Managing Director; and
 - at least one of the NEDs.
15. Members of the Supervisory Committee shall normally be expected to attend meetings of the Supervisory Committee in person to the extent this is reasonably practicable, or via telephone or videoconferencing as the need arises.
16. The Supervisory Committee shall operate by majority decision. In the case of an equality of votes, the Chair of the Supervisory Committee shall be entitled to an additional or casting vote in addition to any other vote they may have.
17. Notice of each meeting (confirming the venue, date and time, and an agenda of business to be discussed) shall, unless agreed by all members of the Supervisory Committee, be sent to each member of the Supervisory Committee and all other invitees not less than five working days before the meeting.

18. The Secretary shall maintain a written record of all proceedings and decisions of the Supervisory Committee which shall be circulated to all members of the Supervisory Committee before or during the next meeting.
19. The Chief Financial Officer shall report on the activity of the Supervisory Committee to the next appropriate meeting of the Board.
20. The Supervisory Committee shall conduct periodic reviews of its own performance and, at least annually, review its Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

The Authority of the Supervisory Committee

21. The Supervisory Committee is authorised by the Board to:

- At the Company's expense directly employ the services of such external legal or other professional advisors, or otherwise commission such reports or surveys as it deems necessary to fulfil its responsibilities;
- Investigate any activity within its Terms of Reference;
- Invite such persons to its meetings as the Supervisory Committee considers appropriate;
- Seek such information from the Company and its directors and employees (all employees being directed to co-operate with any such request by the Supervisory Committee), as it deems necessary in order to fulfil its role;
- Approve transactions and commitments/contracts (including divestments and enhancements) up to £150m. This does not relieve the Board and the Executive Directors of their respective responsibilities for all matters relating to the functions of the NR Property business particularly when a decision is above the delegation limit (>150m) or is novel, contentious or potentially repercussive (See HMT Managing Public Money guidance).

The Role of the Supervisory Committee

22. The role of the Supervisory Committee shall be to consider and provide advice upon:

- The long-term vision and strategies for NR property;
- Oversight of Regional NR Property related strategies and the management of them to include reviewing the respective Regional Property Directors' Business Plans;
- The key risks and opportunities;
- The performance of the Regional Property Directors and central property team;
- Subject to the delegated authority to the Supervisory Committee, make decisions or make recommendations

- Consider any other matter specifically referred to the Supervisory Committee by the Board or the NR Executive Committee.

In doing so, the Supervisory Committee would consider the potential impact of its decisions on the future of the railway and its customers (both passengers and freight).

23. The NEDs of the Supervisory Committee will, in addition to the above, consider:

- whether appropriate resources and sufficient capability has been allocated to manage property assets, including disposals; and
- appropriate incentives are in place;

and make any recommendations thought appropriate to the Executive Leadership Team for decision.

Approved by the Board of Network Rail Infrastructure Limited on 13 January 2020

Adopted by the Supervisory Committee of Network Rail Infrastructure Limited on 3 March 2020