

**JPMorgan Japanese Investment Trust plc**  
**Nomination and Remuneration Committee – Terms of Reference**  
**(adopted on 4th November 2004)**  
**(last amended on 19<sup>th</sup> December 2014)**

**1. Nomination and Remuneration Committee**

It was resolved that a Committee of the Board to be known as the Nomination and Remuneration Committee (the ‘Committee’) be hereby constituted. The Committee shall be governed as follows:

**2. Membership, Quorum and Attendance**

- 2.1 The Committee shall be appointed by the Board amongst the independent Directors of the Company and shall comprise a Chairman and at least two other Directors.
- 2.2 The Board shall appoint a Committee Chairman who may be the Chairman of the Board. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the Committee meeting.
- 2.3 The quorum necessary for the transaction of business shall be two.
- 2.4 If a regular member is unable to act due to absence, illness or any other cause, the Chairman of the Committee may appoint another Director of the Company to serve as an alternate member.
- 2.5 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.
- 2.6 Any other Board members shall attend Committee meetings if invited to do so by the Committee.
- 2.7 Directors being considered for reappointment will not be present while their own nomination is being discussed. They shall also absent themselves from any discussions relating to their own remuneration.

**3. Secretary**

- 3.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.
- 3.2 The Committee shall have access to the Company Secretary on all Committee matters.
- 3.3 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee. The Company Secretary shall be responsible for preparing the agenda and producing and circulating the notice of meeting and Committee papers to all Directors no later than seven working days before the date of the meeting.
- 3.4 The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board and the Chairman of the Committee in a timely manner.

#### **4. Frequency of Meetings**

The Committee shall meet not less than once a year and at such other times as the Chairman of the Committee shall require. (It is recommended that, as a minimum, the Committee meets prior to the approval of the annual financial statements to consider whether or not Directors retiring by rotation should stand for reappointment at the next Annual General Meeting).

#### **5. Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions in relation to the Committee's activities.

#### **6. Duties**

6.1 The Committee shall:

- 6.1.1 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 6.1.2 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 that are deemed necessary;
- 6.1.3 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 6.1.4 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- 6.1.5 be responsible for identifying, from a variety of sources including the possible use of search consultants or open advertising, considering candidates from a wide range of backgrounds and 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 sufficient time to devote to the role and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 6.1.6 satisfy itself with regard to succession planning, that appropriate processes and plans are in place with regard to Board appointments;
- 6.1.7 assess and articulate the time needed to fulfil the role of Chairman and non executive Director. Prior to the appointment of any Director, the proposed appointee should disclose any other business interests that may result in a conflict of interests and any changes to these should be reported as they arise;
- 6.1.8 undertake an annual performance evaluation of the Board and its Committees, including ensuring that all the members of the Board have devoted sufficient time to

their duties, and also to review their contribution to the work of the Board and the breadth of experience of the Board as a whole. The evaluation process should be externally facilitated on a triennial basis if required by regulation;

6.1.9 review the Committee's Terms of Reference on an annual basis and recommend any changes necessary to the Board for approval; and

6.1.10 instruct the Secretary on behalf of the Board to formally write to any appointees, detailing the role, time commitment and involvement outside Board meetings and proposing an induction plan.

6.2 It shall also make recommendations to the Board:

6.2.1 with regard to formulating plans for succession in particular relating to the role of Chairman;

6.2.2 with regard to the Chairman, having assessed on an annual basis whether the present incumbent shall continue in post, taking into account the needs of continuity versus freshness of approach;

6.2.3 with regard to the appointment of a Senior Independent Director (if applicable) and membership of the Board's Committees;

6.2.4 regarding the reappointment 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;

6.2.5 regarding the reappointment of Directors under the annual reappointment provisions in the UK Corporate Governance Code, in compliance with the Company's Articles of Association or industry best practice, 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 the need for progressive refreshing of the Board;

6.2.6 concerning any matters relating to the continuation in office as a Director of any Director at any time; and

6.2.7 detailing items that should be published in the Company's annual financial statements relating to the activities of the Committee.

## **7. Directors' Remuneration**

The Committee shall:

7.1 have responsibility for setting the Company's remuneration policy within the limits set in the Company's Articles of Association and subject to shareholder approval.

7.2 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance.

- 7.3 review the ongoing appropriateness and relevance of the remuneration policy
- 7.4 select, appoint and set the terms of engagement for any remuneration consultants who advise the Committee.
- 7.5 consider Directors' remuneration on an annual basis, or as and when required, for a recommendation to be put to the Board, making reference to research conducted by JPMorgan Funds Limited on competitor companies and other JPMorgan Funds Limited managed investment trusts, as well as any available independent research.

## **8. Authority**

- 8.1 The Committee is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires. J.P. Morgan Asset Management and its employees shall co-operate with any request made by the Committee.
- 8.2 The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference. However, prior to doing this the Committee should consult with the Chairman of the Board to agreed fee levels.

## **9. Reporting Responsibilities**

- 9.1 The Chairman of the Nomination and Remuneration Committee shall report to the Board on the Committee's proceedings after each meeting.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report to be included in the Company's annual report and financial statements about its activities, in compliance with the disclosure requirements of applicable regulations and guidance.
- 9.4 The Committee shall ensure that shareholder approval is sought at each Annual General Meeting of the Company's Remuneration Implementation Report and at every third Annual General Meeting for the Company's Remuneration Policy.

*(Note: J.P.Morgan Asset Management is a division of JPMorgan Chase & Co. The Company has a management agreement with JPMorgan Funds Limited (JPMF). JPMF is the Company's Manager and Company Secretary and has delegated portfolio management to JPMorgan Asset Management (UK) Limited, an affiliate company.)*