

**The Mercantile Investment Trust plc**  
**Nomination Committee – Terms of Reference**  
**(adopted on 6th April 2005, amended on 3<sup>rd</sup> December 2008 and 4<sup>th</sup> December 2013)**

Reference to the ‘Committee’ shall mean The Nomination Committee.

Reference to “the Board” shall mean The Board of Directors.

1. Nomination Committee

It was resolved that a Committee of the Board to be known as the Nomination Committee be hereby constituted. The Committee shall be governed as follows:

2. Membership

- 2.1. The Committee shall be appointed by the Board amongst the independent directors of the Company and shall comprise of a Chairman and at least 2 other directors.
- 2.2. The Board shall appoint the Committee Chairman who could 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 meeting.
- 2.3. 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.
- 2.4. Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.

3. Secretary

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

4. Quorum

- 4.1. The quorum necessary for the transaction of business shall be 2. A duly convened meeting of the Committee 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.

5. Frequency of Meetings

- 5.1. 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 report and accounts to consider whether or not directors retiring should stand for re-appointment at the next Annual General Meeting (AGM)). Directors being considered will not be present at the meeting.

6. Notice of Meetings

- 6.1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee.
- 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 no fewer than 5 working days prior to the date of the meeting.

7. Minutes of Meetings
  - 7.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, which shall be circulated to all members of the Board.
8. Annual General Meeting
  - 8.1. The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.
9. Duties
  - 9.1. The Committee shall:
    - 9.1.1. 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 that are deemed necessary;
    - 9.1.2. be responsible for identifying, from a variety of sources including the possible use of search consultants, and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
    - 9.1.3. satisfy itself with regard to succession planning, that appropriate processes and plans are in place with regard to Board appointments;
    - 9.1.4. assess and articulate the time needed to fulfil the role of Chairman and non executive director, and undertake an annual performance evaluation to ensure 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.
    - 9.1.5. ensure on appointment that a candidate has sufficient time to undertake the role, if applicable, review his commitments and training.
    - 9.1.6. ensure that the Secretary on behalf of the Board has formally written to any appointees, setting out clearly what is expected of them and proposing an induction plan.
    - 9.1.7. have responsibility for setting and implementing the remuneration policy for all directors.
  - 9.2. It shall also make recommendations to the Board:
    - 9.2.1. with regard to the Chairman, having assessed every year whether the present incumbent shall continue in post, taking into account the needs of continuity versus freshness of approach;
    - 9.2.2.
    - 9.2.3. concerning the re-election by shareholders of any director on an annual basis;
    - 9.2.4. concerning any matters relating to the continuation in office as a director of any director at any time;
    - 9.2.5. detailing items that should be published in the Company's Annual Report relating to the activities of the Committee; and

## 10. Authority

- 10.1. The Committee is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires. JPMAM and its employees shall co-operate with any request made by the Committee.
- 10.2. 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.