

The Mercantile Investment Trust plc
Nomination Committee – Terms of Reference
(adopted on 6th April 2005, amended on 3rd December 2008,
4th December 2013, 3rd December 2014 and 2nd October 2019)

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

Reference to the ‘Board’ shall mean The Board of Directors.

Purpose

To ensure that there is a formal, rigorous and transparent procedure for the appointment of new Directors. The Committee leads the process for Board appointments and makes recommendations to the Board (the ‘Committee’).

1. Membership

- 1.1. 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.
- 1.2. 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.
- 1.3. 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.
- 1.4. The chair of the Board will not chair the Committee when it is dealing with the appointment of their successor.
- 1.5. 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. Secretary

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

3. Quorum

- 3.1. 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.

4. Frequency of Meetings

- 4.1. 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 financial statements 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.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee.

- 5.2. 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.

6. Minutes of Meetings

- 6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, which shall be circulated to all members of the Board.

7. Annual General Meeting

- 7.1. 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.

8. Duties

- 8.1. The Committee shall:
 - 8.1.1. regularly review the structure, size and composition of the Board to ensure that the Board and its committees have a combination of skills, experience and knowledge and make recommendations to the Board with regard to any changes that are deemed necessary. Consideration must be given to the length of service of the Board as a whole and membership regularly refreshed;
 - 8.1.2. give full consideration to succession planning, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in future and an effective succession plan should be maintained;
 - 8.1.3. ensure that both appointments and succession plans are based on merit and objective criteria and, within this context, promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
 - 8.1.4. 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. Open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search consultancy is engaged it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors;
 - 8.1.5. assess and articulate the time needed to fulfil the role of Chairman and non executive director.
 - 8.1.6. ensure on appointment that a candidate has sufficient time to undertake the role, if applicable, review his/her commitments and training;
 - 8.1.7. ensure that the Secretary, on behalf of the Board, has formally written to any appointees, detailing the role and the terms of the appointment, providing relevant information on the Company and proposing an induction plan; and
 - 8.1.8. conduct a formal and rigorous annual evaluation of the performance of the Board, its committees, the chair and individual Directors. The chair should consider having a regular externally facilitated Board evaluation and this should occur at least every three

years. The external evaluator will be identified in the annual report and a statement made about any other connection it has with the Company or individual Directors

8.2. It shall also make recommendations to the Board:

8.2.1. 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;

8.2.2. concerning the re-election by shareholders of any director on an annual basis;

8.2.3. concerning any matters relating to the continuation in office as a director of any director at any time; and

8.2.4 detailing the work of the Committee in the Company's Annual Report including:

- the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
- how the Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual Directors, the outcomes and actions taken, and how it has or will influence Board composition; and
- the policy on diversity and inclusion, its objectives and linkage to Company strategy, how it has been implemented and progress on achieving the objectives..

9. Authority

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

9.2. 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.