

## JPMorgan Elect plc

### Nomination Committee – Terms of Reference

(adopted on 7th July 2004; reviewed and amended January 2015, 3 July 2020)

*Reference to the 'Committee' shall mean The Nomination Committee.*

*Reference to the 'Board' shall mean The Board of Directors.*

#### **1. 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.

#### **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 of a Chairman and at least two other Directors.
- 2.2. The Board shall appoint a Committee Chairman who should be an independent Director. 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. The Board Chairman cannot be appointed as the Committee Chairman as the Committee also reviews and recommends to the Board on remuneration matters.
- 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 report and financial statements to consider whether or not directors should stand for re-appointment at the next Annual General Meeting ('AGM'), taking into consideration the results of the board and director evaluations.

#### **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 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) 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;

- 6.1.2 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;

- 6.1.3 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;

- 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 prior to the appointment of a director, other significant time commitments should be disclosed and any additional future commitments should not be undertaken without prior approval of the board. The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised by the board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the board;

- 6.1.6 ensure that, on appointment to the board, directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
  - 6.1.7 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;
  - 6.1.8 satisfy itself with regard to succession planning, that appropriate processes and plans are in place with regard to Board appointments;
  - 6.1.9 review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
  - 6.1.10 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;
  - 6.1.11 review the Committee's Terms of Reference on an annual basis and recommend any changes necessary to the Board for approval; and
  - 6.1.12 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 the re-election by shareholders of directors under the annual re-election provisions or the retirement by rotation provisions in the company's articles of association, having

due regard to their performance and ability, and why their contribution is important to the company's long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the board, taking into account the length of service of individual directors, the chair and the board as whole;

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 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 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.

## **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 Asset Management\* ('JPMAM') on competitor companies and other JPMAM managed investment trusts, as well as any available independent research.

*\* JPMAM 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.*

## **8. Other Matters**

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. JPMAM and its employees shall cooperate 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.
- 8.3 The Committee shall give due consideration to all relevant laws and regulations, the provisions of the Code and associated guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.
- 8.4 The Committee shall ensure that a periodic evaluation of the committee's own performance is carried out.
- 8.5 The Committee shall at least annually, review the committee's constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

## **9. Reporting Responsibilities**

- 9.1 The Chairman of the Nomination 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 If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.
- 9.5 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.