

THE MERCANTILE INVESTMENT TRUST PLC

Remuneration Committee

Terms of Reference (Adopted on 2nd October 2019)

Reference to the 'Committee' shall mean The Remuneration Committee.

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

1 Purpose

The Committee is appointed by the Board to review the fees paid to the Directors of the Company and to consider the need to appoint external remuneration consultants. The Committee shall be governed as follows:

2 Membership

2.1 The Committee shall be appointed by the Board amongst the Directors of the Company and shall comprise a Chairman and at least 2 other Directors.

2.2 The Board shall appoint the Committee Chairman who may not be the Chair 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 The chair of the Board can only be a member if they were independent on appointment and cannot chair the Committee. Before appointment as chair of the Committee, the Board should satisfy itself that the appointee has relevant experience and understanding of the Company.

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 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.

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 two members. 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.

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 location, 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 Regularly review the levels of remuneration of the Chairman of the Board, the Senior Independent Director, the Chairman of the Audit Committee and/or other committees and other Directors having regard to the maximum aggregate remuneration that may be paid under the Company's Articles of Association;
- 9.2 In doing this, have regard to any third party comparative information that may be available together with the comparative levels of remuneration paid to the directors of other JPMorgan managed investment trusts;
- 9.3 Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success;
- 9.4 Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance and wider circumstances;
- 9.5 A formal and transparent procedure for developing policy on remuneration should be established. No Director should be involved in deciding their own remuneration outcome;
- 9.6 Levels of remuneration for the Chair and all Directors should reflect the time commitment and responsibilities of the role. Remuneration for all Directors should not include share options or other performance-related elements. Provision should be made for additional Directors' fees where Directors are involved in duties beyond those normally expected as part of the Director's appointment. In such instances the Board should provide details of the events, duties and responsibilities that gave rise to any additional Directors' fees in the annual report; and
- 9.7 Where a remuneration consultant is appointed, this should be the responsibility of the Committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the Company or individual

Directors. Independent judgement should be exercised when evaluating the advice of external third parties.

9.8 The Committee shall make recommendations to the Board:

9.8.1 with regard to the levels of remuneration that should be paid to the various Directors;

9.8.2 with regard to whether a resolution should be put to the shareholders to seek an increase in the maximum aggregate remuneration permitted by the Articles of Association.

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 agree fee levels.

11 Other

There will be a description of the work of the Committee in the annual report.