

THE CITY OF LONDON INVESTMENT TRUST PLC

Nominations Committee Terms of Reference

Membership

- 1.1 The Committee is appointed by the Board in accordance with the Articles of Association of the Company (Article 101).
- 1.2 Members of the Committee shall be appointed by the Board and shall be at least any two Directors of the Company, a majority of whom must be determined by the Board to be independent, with reference to the prevailing governance code, and also from the Manager.
- 1.3 The Committee shall be chaired by the Chairman of the Board. The Chairman will not participate in the appointment of a replacement Chairman, at which times, the Nominations Committee will be chaired by another independent Director.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended, provided the Director continues to meet the criteria for membership of the Committee.

Secretary

- 2.1 The Secretary shall act as Secretary of the Committee. A member of the Committee may act as Secretary in the Secretary's absence.

Quorum

- 3.1 The quorum necessary for the transaction of business shall be two, both of whom must be independent. 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.

Frequency of Meetings

- 4.1 The Committee shall meet at least once a year and as and when deemed appropriate or convened by the Board.

Notice of Meetings

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

Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings including the names of those present and in attendance.
- 6.2 The minutes of the Committee meetings shall be circulated with the next set of Board papers for review.

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.

Duties

The Committee shall:

Board and committee composition

- 8.1 regularly review the structure, size and composition of the Board and its committees taking account of gender, social and ethnic backgrounds as well as cognitive and personal strengths in order to make recommendations to the Board with regard to any changes;
- 8.2 advise the Board on any matters relating to the continuation in office of any director;
- 8.3 advise the Board regarding the directors offering themselves for re-election at the annual general meeting; having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected for a term beyond six years);
- 8.4 periodically review the terms of appointment of non-executive Directors;
- 8.5 develop, if appropriate, and periodically review any formal objectives which may be established for the implementation of diversity on the Board and monitor progress toward the achievement of those objectives;

Appointment of directors

- 8.6 be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 8.7 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;
- 8.8 be responsible for considering the process to be followed in making appointments to the Board which may include using the services of external advisers to facilitate the search, open advertising or other methods;
- 8.9 consider candidates from a wide range of backgrounds on merit and against objective criteria with due regard to the benefits of diversity, including gender, social and ethnic backgrounds as well as cognitive and personal strengths;
- 8.10 for the appointment of the chairman, prepare a job specification setting out the expected time commitment for the role;
- 8.11 make recommendations on suitable candidates for the role of the senior independent Director;
- 8.12 ensure that, prior to the appointment of a non-executive Director, the other commitments and potential conflicts of interest of the proposed appointee have been considered to ensure that they can devote sufficient time to the Company's business and are free from any conflicts likely to infringe on their effectiveness in carrying out their duties to the Company;
- 8.13 ensure that, on appointment to the Board, non-executive 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;

Succession planning

- 8.14 keep under regular review the leadership needs of the Company, to ensure its continued ability to compete effectively in the marketplace and provide appropriate challenge to the Manager;
- 8.15 review and make recommendations to the Board in respect of succession planning for the key role of the Chairman, non-executive Directors and the Fund Manager taking into account the challenges and opportunities facing the Company and what skills and expertise are required to enable the Company to continue operating successfully;

Independence, time commitment and effectiveness

- 8.16 review annually the time required from non-executive Directors. The performance evaluation should be used to assess whether the non-executive Directors are spending enough time to fulfil their duties;
- 8.17 review annually the independence of the non-executive Directors with reference to the provisions set out in the prevailing governance code and also in terms of their connections to the Manager;

Effectiveness

- 8.18 carry out a performance evaluation of the Board as a whole, its committees and individual Directors, on an annual basis, as detailed in point 9 below;
- 8.19 carry out a performance evaluation of the Manager assessing whether the contractual arrangements and remuneration structure currently in place remain appropriate and competitive;
- 8.20 carry out a performance evaluation of the Company's key third-party service providers and their respective terms of engagement.

Performance Evaluation Methodology

- 9.1 The Chairman of the Nominations Committee (being the Chairman of the Board) will review each individual Director's performance and contribution, and the work of the Board as a whole, on an annual basis. The evaluation may be conducted through the use of internal questionnaires or discussions; or externally facilitated using a specialist third-party service provider.
- 9.2 The Committee shall meet without the Chairman present in order to review the performance of the Chairman.

Reporting Responsibilities

- 11.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit or where action or improvement is needed.
- 11.3 The Committee shall make a statement in the Annual Report about its activities, the process used to make appointments and an explanation if external advice or open advertising has not been used.
- 11.4 The Committee shall make available its terms of reference explaining clearly its role and the authority delegated to it by the Board.

Other

The Committee shall:

- 12.1 have access to sufficient resources to carry out its duties, including access to the company secretariat as required;
- 12.2 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Transparency Rules and any other applicable rules, as appropriate;
- 12.3 at least once a year, review its own performance, constitution and terms of reference insuring it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

- 13.1 The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.