

Capital Gearing Trust P.l.c.

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Last revised and adopted on 3 February 2022

Constitution

1. By resolution of the Board passed on 26 January 2022 a Committee of the Board was established to be known as the Remuneration Committee.

Membership

2. The Committee shall be appointed by the Board and shall comprise at least three non-executive Directors who are independent of the Investment Manager. The Chairman of the Board may serve on the Committee as a member if they were considered independent on appointment as Chairman but shall not be the Chairman of the Committee.
3. The Chairman of the Committee shall be appointed by 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.
4. The quorum necessary for the transaction of business shall be two members.

Frequency of Meetings

5. Meetings shall be held at least once a year and otherwise as required, unless matters otherwise delegated to the Committee have been dealt with by the Board directly.

Attendance at Meetings

6. Only members of the Committee shall have the right of attendance, however other individuals may be invited to attend all or part of any meeting as and when appropriate.
7. The Company Secretary or their nominee shall act as the Secretary of the Committee.

Notice of Meetings

8. Meetings of the Committee shall be convened by the Secretary or Chairman of the Committee at the request of any of its members.
9. Notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend.

Minutes of Meetings

10. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
11. Minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes will be circulated to all members of the Board unless, exceptionally, it would be inappropriate to do so.

Authority

12. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any Director, the Company Secretary, the Investment Manager or any other service provider.
13. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference and to secure the attendance at meetings of non-Committee members with relevant experience and expertise if it considers this necessary.

Duties

14. The Committee shall carry out the duties set out below:
 - have delegated responsibility for determining the policy for Directors' remuneration and for setting the remuneration for the Chairman of the Board and other non-Executive Directors in accordance with the Principles and Provisions of the AIC Code of Corporate Governance (the "AIC Code") and within the limits set out in the Articles of Association;
 - review the ongoing appropriateness and relevance of the Company's remuneration policy;
 - review annually and assess any appropriate changes in the fees paid to the Directors in the light of the fees paid by the Company's peer group and the investment trust industry generally, and taking into account Directors' roles and levels of responsibility;
 - consider the need to appoint external remuneration consultants to assist with the review of the Directors' remuneration as required; and
 - consider any other issues as requested and defined by the Board.

Reporting Responsibilities

15. The Committee Chairman shall report formally to the Board on the proceedings of the Committee after each meeting on all matters within its duties and responsibilities.
16. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
17. The Committee shall provide a description of its work in the Annual Report in line with the requirements of the AIC Code. The Committee shall also ensure that the provisions regarding disclosure of information and a report on the Directors' remuneration policy and practices is included in the Annual Report and put to shareholders for approval at the Annual General Meeting as necessary.
18. The Committee Chairman should attend the Annual General Meeting to answer any shareholder queries on the Committee's activities.
19. If the Committee has appointed remuneration consultants, the consultant should be identified in the Annual Report alongside a statement about any other connection it has with the Company or the individual Directors.

Other Matters

20. The Committee shall arrange for periodic review of its own performance and, at least annually, review these terms of reference and recommend any changes it considers necessary to the Board for approval.