

British Empire Trust plc

Nomination Committee – Terms of Reference

Background

These terms of reference have been produced to accord with the relevant Principles of The AIC Code of Corporate Governance published in February 2013 (Principles 1 to 7, 9 and 10). The Financial Reporting Council has confirmed that AIC Member companies who report against the AIC Code of Corporate Governance and who follow the AIC's Corporate Governance Guide for Investment Companies will be meeting their obligations in relation its UK Corporate Governance Code published in September 2012 and Listing Rule 9.8.6.

Composition of the Committee

The Committee shall be comprised of all the Directors of the Board who are independent of the investment manager. All members of the Committee are entitled to vote on candidates for the appointment of new Directors, subject to there being no conflicts of interest.

The Chairman of the Board shall act as the Committee Chairman but shall not chair meetings of the Committee when it is dealing with the appointment of a successor to the Chairman of the Board.

Meetings

The Committee shall meet a least once each year to consider and make its recommendations to the Board regarding the re-election Directors and the statements to be included in the Company's Annual Report. The Committee may meet at such other times as the Chairman of the Committee shall require.

A quorum at a Committee meeting shall be two members including the Chairman of the Committee, or the Chairman's nominated delegate.

Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers, shall be

forwarded to each member of the Committee not less than three working days prior to the date of the meeting.

The Chairman of the Committee will report to the Board on the Committee's decisions and recommendations.

The Company Secretary shall act as Secretary to the Committee.

Duties and Responsibilities

AIC Code Principle 1

The Chairman should be independent

The Chairman of the Board is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role. Independence stems from the ability to make those objective decisions that may be in conflict with the interests of management.

To this end, the other independent directors on the Committee shall take the lead in the annual evaluation of the performance of the Chairman of the Board to ascertain that the Chairman has no relationships that may create a conflict of interest between the Chairman's interests and those of shareholders and that other significant commitments will not impinge on the Chairman's duties to the Board. One member of the Committee may be deputed to speak to the Chairman about their discussion.

AIC Code Principle 2

A majority of the Board should be independent of the manager

The Committee shall report annually to the Board on its evaluation of each Director's independence and shall make recommendations to the Board on the reasons for determining that a Director is to be regarded as independent notwithstanding the existence of relationships or circumstances which may appear relevant to the Board's deliberations.

The Committee shall ensure that the report on the annual evaluation of the board set out in the Company's Annual Report, states that each Director's independence has been considered and, where applicable, states the reasons for considering a Director to be independent, notwithstanding the existence of relationships or circumstances which may appear relevant to its determination.

AIC Code Principle 3

Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.

The Committee shall:

- ensure that the Company complies with the AIC Code's requirement that all Directors of FTSE 350 companies be subject to annual re-election by shareholders;
- consider the contribution and performance of those Directors who wish to stand for re-election in accordance with the Code's principles and make recommendations to the Board concerning their proposed re-election;
- undertake a rigorous review of a Director who has served for more than six years
- report annually to the Board on the reasons for determining that a Director is to be regarded as independent notwithstanding that the Director has served for more than nine years since first elected;
- ensure the disclosure in the Company's Annual Report of the rationale for approving the nomination of those Directors seeking re-election.

AIC Code Principle 4

The Board should have a policy on tenure which is disclosed in the annual report.

The Committee shall undertake a rigorous review of those Directors who have served for six or more years and shall make recommendations to the Board on tenure, taking into account the conclusions of such review.

AIC Code Principle 5

There should be full disclosure of information about the Board.

The Committee shall ensure that the requirements of Code Principle 5 regarding disclosures about the Directors and the workings of the Committee are made in the Company's Annual Report including:

- current employment and relevant experience;
- all other public company directorships and employments with specific attention drawn to any other directorships of investment funds managed by the same

manager;

- any current or historic employment by the manager and connections to the investment company or the manager;
- length of service, shared directorships of any commercial company with other board members and details of significant shareholdings in companies where:
 - the investment company has a notifiable stake in the same company; or
 - the investment company has a holding which amounts to more than 1% of the investment company's portfolio.

The Committee shall ensure that:

- that the Terms of Reference for the Committee are generally available upon request;
- that the Annual Report identifies the Chairman, the senior independent director (if there is one) and the chairmen and members of any committees of the Board and sets out the number of meetings of the Board and its committees and individual attendance by Directors.

AIC Code Principle 6

The board should aim to have a balance of skills, experience, length of service and knowledge of the company.

The Committee shall:

- review regularly the structure, size and composition of the Board, including the balance of skills, knowledge and experience of the Directors.
- make recommendations to the Board on:
 - a) succession planning and the resultant changes to the composition of the Board;
 - b) job specifications and the terms of appointment for Directors;
 - c) changes to the chairmanship and membership of the Company's committees.
- be responsible for identifying and nominating for the approval by the Board, candidates to fill Board vacancies and fulfil succession plans;
- report formally to the Board on its proceedings after each meeting, making recommendations to the Board as deemed appropriate on any area within its remit;
- ensure that new Directors can devote sufficient time to the Company to carry out their duties effectively;
- ensure that similar considerations to the above be applied to other Committees

of the Board to ensure that membership is refreshed and that undue reliance is not placed on particular individuals;

- ensure that when Board positions become available as a result of retirement or resignation, a diverse group of candidates is considered;
- ensure that any vacancy arising is filled by the most qualified candidate whilst taking into account the value of diversity in the composition of the Board.

AIC Code Principle 7

The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

The Committee shall

- ensure that a formal evaluation of each Director's performance and that of the Chairman as well as the performance and function of the Board as whole, is undertaken on an annual basis, based on open discussion to assess the strengths and weaknesses of the Board and all of its Committees;
- ensure that if the Company is included in the list of FTSE 350 companies, the board evaluation be externally facilitated at least every three years;
- ensure that the process of the board evaluation is explained in the Company's Annual Report and that any connections between the Company and the external facilitator is disclosed. .

The Chairman of the Committee shall:

- review with each of the Directors his and their individual performance, contribution and commitment to the Company and any further development of skills;
- discuss with the other Directors the performance of the Chairman following which the Committee Chairman shall meet with the Chairman of the Board to discuss performance.

The Committee shall make formal recommendations to the Board following the evaluation process including recommendations on the election and re-election of Directors.

To help boards of Member companies with this specific principle, the AIC has produced a "Guide to Performance Appraisals for Non-Executive Directors of Investment Companies" which is available on the AIC's website at www.theaic.co.uk/technical.

AIC Code Principle 9

The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.

The Committee shall consider the criteria for future Board appointments and the methods of recruitment, selection and appointment.

AIC Code Principle 10

Directors should be offered relevant training and induction.

The Committee, together with the Company Secretary, shall establish an induction programme and a process for identifying professional development needs and training. The Chairman shall regularly review and agree with each Director their training and development needs.

Approved by the Board on 23 May 2013