

# Gartmore Fledgling Trust plc

## Terms and Conditions of Appointment for Non-Executive Directors.

### 1 The Appointment

The appointment of non-executive directors of the Company and their subsequent retirement, resignation or termination of service are subject to the Articles of Association of the Company.

The directors govern the Company (being a company listed on the Official List of the UK Listing Authority) broadly in accordance with the UK Combined Code and The Association of Investment Companies Code and Guide (the "Codes") that deal with corporate governance matters. In accordance with the Company's Articles of Association all non-executive directors will be subject to an obligation to retire and seek election at the first annual general meeting following their appointment and thereafter to retire by rotation. If a director retires and is not re-elected his or her appointment ceases immediately.

### 2 Tenure and Termination

Non-executive directors can terminate their appointment at their discretion upon one month's written notice. The Board, by majority decision, may also terminate non-executive directors' appointments at its discretion upon one month's written notice. Further, continuation of appointment is contingent on satisfactory performance, election and, at least every three years, re-election by shareholders. Non-executive directors are expected to serve for up to nine years, but may be invited to serve beyond that time. After serving for nine years, directors will be subject to re-election by shareholders annually.

### 3 Duties

- 3.1 Non-executive directors will receive copies of all Board papers and notices of all Board meetings. They will have all the usual duties of a director under English law and will be expected to have particular regard to their role as non-executive directors in the light of the Listing Rules of the UK Listing Authority and the Codes, which set out the Principles of Good Governance and Code of Best Practice, and the Board's policy relating to compliance with the requirements of the Codes
- 3.2 Non-executive directors are required to comply with the codified duties of directors in force from time to time. These are listed in sections 171 to 177 of the Companies Act 2006 as reproduced hereunder:

- 171 Duty to act within powers  
A director of a company must—
- (a) act in accordance with the company's constitution, and
  - (b) only exercise powers for the purposes for which they are conferred.
- 172 Duty to promote the success of the company
- (1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—
    - (a) the likely consequences of any decision in the long term,
    - (b) the interests of the company's employees,
    - (c) the need to foster the company's business relationships with suppliers, customers and others,
    - (d) the impact of the company's operations on the community and the environment,
    - (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
    - (f) the need to act fairly as between members of the company.
  - (2) Where or to the extent that the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes.
  - (3) The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.
- 173 Duty to exercise independent judgment
- (1) A director of a company must exercise independent judgment.
  - (2) This duty is not infringed by his acting—
    - (a) in accordance with an agreement duly entered into by the company that restricts the future exercise of discretion by its directors, or
    - (b) in a way authorised by the company's constitution.
- 174 Duty to exercise reasonable care, skill and diligence
- (1) A director of a company must exercise reasonable care, skill and diligence.
  - (2) This means the care, skill and diligence that would be exercised by a reasonably diligent person with—
    - (a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the company, and
    - (b) the general knowledge, skill and experience that the director has.
- 175 Duty to avoid conflicts of interest
- (1) A director of a company must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company.
  - (2) This applies in particular to the exploitation of any property, information or opportunity (and it is immaterial whether the company could take advantage of the property, information or opportunity).
  - (3) This duty does not apply to a conflict of interest arising in relation to a transaction or arrangement with the company.
  - (4) This duty is not infringed—
    - (a) if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest; or
    - (b) if the matter has been authorised by the directors.
  - (5) Authorisation may be given by the directors—
    - (a) where the company is a private company and nothing in the company's constitution invalidates such authorisation, by the matter being proposed to and authorised by the directors; or
    - (b) where the company is a public company and its constitution includes provision enabling the directors to authorise the matter, by the matter being proposed to and authorised by them in accordance with the constitution.

- (6) The authorisation is effective only if—
  - (a) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director, and
  - (b) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.
- (7) Any reference in this section to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

176 Duty not to accept benefits from third parties

- (1) A director of a company must not accept a benefit from a third party conferred by reason of—
  - (a) his being a director, or
  - (b) his doing (or not doing) anything as director.
- (2) A "third party" means a person other than the company, an associated body corporate or a person acting on behalf of the company or an associated body corporate.
- (3) Benefits received by a director from a person by whom his services (as a director or otherwise) are provided to the company are not regarded as conferred by a third party.
- (4) This duty is not infringed if the acceptance of the benefit cannot reasonably be regarded as likely to give rise to a conflict of interest.
- (5) Any reference in this section to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

177 Duty to declare interest in proposed transaction or arrangement

- (1) If a director of a company is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the company, he must declare the nature and extent of that interest to the other directors.
- (2) The declaration may (but need not) be made—
  - (a) at a meeting of the directors, or
  - (b) by notice to the directors in accordance with—
    - (i) section 184 (notice in writing), or
    - (ii) section 185 (general notice).
- (3) If a declaration of interest under this section proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.
- (4) Any declaration required by this section must be made before the company enters into the transaction or arrangement.
- (5) This section does not require a declaration of an interest of which the director is not aware or where the director is not aware of the transaction or arrangement in question. For this purpose a director is treated as being aware of matters of which he ought reasonably to be aware.
- (6) A director need not declare an interest—
  - (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
  - (b) if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware); or
  - (c) if, or to the extent that, it concerns terms of his service contract that have been or are to be considered—
    - (i) by a meeting of the directors, or
    - (ii) by a committee of the directors appointed for the purpose under the company's constitution.

3.3 During the continuance of their appointment non-executive directors will be required to:

- 3.3.1 faithfully, efficiently, competently and diligently perform their duties and exercise their powers as a non-executive director and carry out all reasonable and lawful directions given by or under the authority of the

Board of Directors and to use their reasonable endeavours to promote and extend the interests and reputation of the Company;

- 3.3.2 attend all Board meetings of the Company and attend all meetings of Committees of the Board to which they may be appointed which shall meet as agreed by the Board unless there is a good, valid reason for absence;
- 3.3.3 commit the time necessary to meet the requirements of the position (and disclose to the Board their other significant time commitments);
- 3.3.4 promptly declare, so far as they are aware, the nature of any interest, whether direct or indirect, in any contract or proposed contract entered into by the Company;
- 3.3.5 comply with any relevant rule of law or regulation of any competent authority or of the Company, including the Model Code on Directors' Dealings published by the UK Listing Authority, or from time-to-time in force in relation to dealings in shares, and other securities of the Company and unpublished price sensitive information affecting the shares or other securities of the Company; and
- 3.3.6 assist the Chairman and the Board in relation to public and corporate affairs, including bringing to bear for the benefit of the Chairman and the Board their particular knowledge and experience.

#### **4 Fees and Other Benefits**

- 4.1 During the continuance of their appointment non-executive directors will be paid fees at a rate (less any deductions which the Company may be required to make including in respect of tax and national insurance contributions) determined from time-to-time by the Remuneration Committee of the Board.

The fee is designed to cover all the time and work that the non-executive directors devote to the Company's affairs and they will not receive any benefits other than the costs and expenses referred to in paragraph 4.2.

- 4.2 Subject to the Articles of Association, the Company shall, where appropriate, and subject to the production of receipts, reimburse all out-of-pocket expenses reasonably incurred by non-executive directors in the performance of their duties, including travel expenses.
- 4.3 The Company will pay for Directors' & Officers' Liability Insurance for non-executive directors in connection with their office as a director of the Company.
- 4.4 Subject to the provisions of the Articles of Association and the Companies Act, the Company shall indemnify the non-executive directors against liabilities arising out of any claim made against them in relation to the performance of their duties as a director of the Company.

## **5 Other Appointments and Interests**

- 5.1 Non-executive directors of the Company will not, without the prior consent of the Board (such consent not to be unreasonably withheld) accept any appointment as a director of any firm or company whose business is competitive (by virtue of its investment policy and objectives) with any of those carried on from time-to-time by the Company or any of its subsidiaries.
- 5.2 Where circumstances described in Clause 5.1 arise, and either the prior consent of the Board has been withheld and the director intends nevertheless to accept the relevant appointment or they do not wish to seek such prior consent, either they or the Company may terminate the non-executive director's appointment without notice.

## **6 Professional Advice**

Occasions may arise when non-executive directors consider that they need professional advice in connection with the performance of their duties as a director and, if necessary, they will be able to take independent professional advice for this purpose at the Company's expense, provided that allegations of bad faith have not been made against them. In such an event, and prior to such independent advice being sought or expense being incurred, they should consult the Chairman of the Board or another non-executive director of the Company. If they take such advice, non-executive directors should again consult either person once the fees and expenses incurred amount to £5,000.

## **7 Dealings in the Company's Securities**

The Articles of Association of the Company do not require directors to hold a qualifying shareholding. However, should non-executive directors wish to deal in the Company's Ordinary shares or other securities, such dealings must be undertaken in accordance with the Model Code on Directors' Dealings published by the UK Listing Authority.

## **8 Induction and Training**

The Company will pay for non-executive directors to attend external courses of their choice offered by The Association of Investment Companies or other appropriate approved training agencies.

## **9 Non-Disclosure of Confidential Information**

- 9.1 In accepting appointment non-executive directors agree that they will neither directly nor indirectly divulge or communicate to any person (other than those of the officers and employees of the Company whose province it is to know the same or with the prior written authority of the Company or unless required by law or save to the extent that such disclosure or communication is necessary for the proper performance of their duties hereunder) nor make use of any of the trade secrets, know-how, business information, methods, lists or other secret,

private or confidential information relating to the affairs of the Company or of its respective customers which they may (whether heretofore or hereafter) have received or obtained while a director of the Company, or any information which the Company has obtained from a third party on terms restricting its disclosure or use ("Confidential Information") and they shall use their best endeavours to prevent the publication or disclosure of Confidential Information or any part thereof whether relating to its trade dealings, financial affairs or otherwise which they may have received or obtained or may hereafter receive or obtain while a director of the Company. This restriction shall continue to apply after the termination of their appointment.

- 9.2 Non-executive directors also agree, otherwise than for the benefit of the Company, not to make any notes, memoranda, tape records, films, photographs, plans, drawings or any form of record relating to any matter within the scope of the business of the Company or concerning any of the dealings or affairs of the Company ("Records").
- 9.3 The restrictions contained in this Clause 9 shall cease to apply to any Confidential Information which may (otherwise than by reason of the default of the non-executive director) become available to the public generally or which the non-executive director may be required by any law or regulation to disclose.

## **10 Provisions on Termination**

- 10.1 On termination of their appointment for any reason, non-executive directors will at the request of the Company (where relevant) resign (in writing and without compensation for loss of office) from office as a director and should they fail to do so the Company is irrevocably authorised to appoint some person in their name and on their behalf to sign any documents or things necessary or requisite to give effect thereto, provided however that such resignation shall be given and accepted on the footing that it is without prejudice to any claims which they may have against the Company arising out of their appointment.
- 10.2 All Records made or received by non-executive directors during the course of their directorship remain the property of the Company and shall be surrendered to some person duly authorised by the Company upon the termination of their appointment (together with all other property of or relating to the Company received by them during the course of their directorship) or at the request of the Board at any time during the course of their directorship.

## **11 Notices**

Any notices required to be given hereunder shall in the case of notices to the Company be deemed duly served if left at or sent by registered or recorded delivery post to the registered office for the time being of the Company and in the case of notice to the non-executive directors if handed to them personally or left at or sent by registered or recorded delivery post to their last known address.

Any such notice shall be deemed to be served at the time when the same is handed to or left at the address of the party to be served and if served by post on the day (not being a Sunday or public holiday) next following the day of posting.