

SOURCE CAPITAL, INC.
(“Source” or the “Fund”)

NOMINATING AND GOVERNANCE COMMITTEE CHARTER

Organization and Composition

This Charter governs the operations of the Nominating and Governance Committee (the “Committee”) of the Board of Directors of the Fund (hereinafter referred to as the “Board”). The Committee shall be appointed by the Board and shall be comprised of at least three of the Fund’s directors (“Directors”), each of whom shall be independent as set forth below.

Members of the Committee shall be considered independent if they have no relationship that may interfere with the exercise of their independence from the Fund’s investment adviser (the “Adviser”). To be considered independent, a member may not, other than in his or her capacity as a member of the Board, the Committee or any other committee of the Board, accept any consulting, advisory or other compensatory fee from the Fund or the Adviser or any of its affiliates. Additionally, no member shall be an “interested person” of the Fund as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “1940 Act”).

If the Board has not designated a Chair of the Committee, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

Authority and Powers

The Committee shall have the resources and authority appropriate to discharge its purpose and responsibilities, including authority to: make recommendations to the Board; consult with counsel to the Fund or to the Independent Directors; retain special counsel and other experts at the expense of the Fund in connection with carrying out its duties; investigate any matter brought to its attention within the scope of its duties; and meet with personnel of the Fund, Adviser or other service providers, as deemed appropriate by the Committee. The Committee may delegate any portion of its authority to one or more members, with any action taken pursuant to such delegation to be reported to the Committee at its next meeting. In addition, the Committee may periodically perform such other duties as are consistent with the Committee’s purpose or are assigned to the Committee by the Board.

Purpose

The Committee has responsibility for: (1) for reviewing and making recommendations on matters related to Board composition, including satisfying certain regulatory requirements adopted by the Securities and Exchange Commission; (2) identifying and recommending to the Board potential candidates for nomination as a Director; (3) reviewing and making recommendations relating to Board governance and effectiveness; (4) assisting the Board, periodically as needed, in matters involving fund governance and related best practices, including ways to improve Board effectiveness.

Process

The Committee will meet with such frequency and at such intervals as it determines are necessary to fulfill its duties and responsibilities, but will hold regular meetings not less than two (2) times annually. Special meetings may be called at any time by the Chair or any two members of the Committee. The Chair will cause notice of each meeting, together with the agenda and any related materials, to be sent to each member. The Committee may ask representatives of the Adviser, legal counsel, or others to attend Committee meetings and provide pertinent information as necessary. The presence of a majority of the members will constitute a quorum, and the action of a majority of the Committee members present at a meeting at which a quorum is present shall be action by the Committee. The Committee shall ordinarily meet in person; however, members may attend telephonically or by other electronic forms of communication, and the Committee may act by written consent, to the extent permitted by applicable law and the Fund's by-laws.

Duties and Responsibilities

The Committee shall have the following duties and responsibilities in addition to any others that are consistent with the Committee's purpose or that may be assigned by the Board:

- Identify, interview, and recruit candidates for openings or anticipated openings arising on the Board, including where appropriate nominations by shareholders for election to the Board.
- Review potential directors' qualifications, skills, qualities, and other relevant factors.
- Monitor the Fund's procedures for the receipt and consideration of Director nominations by shareholders in accordance with the process for making such nominations that is set forth in the Fund's proxy statement.
- Present to the Board in connection with each meeting of shareholders at which Directors are to be elected a list of individuals recommended for nomination for election to the Board.
- Review periodically the continued appropriateness of Board membership for each Director, taking into consideration the Director's qualifications, including capability, availability to serve, commitment, conflicts of interest, and other relevant factors.
- Review and make recommendations to the Board periodically regarding Director compensation and related issues.
- Establish and monitor procedures by which the Board will conduct, on at least an annual basis, evaluations of its overall effectiveness and the effectiveness of the Board's Committees.
- Consider and review periodically and as required by applicable law or regulation all contractual arrangements between the Fund and the Adviser or any of its affiliates.

The Committee may, as it deems appropriate, review and/or formulate policies and objectives concerning the desired mix of Director skills and characteristics and make recommendations regarding matters related to terms of office of Directors, including without limitation term limits or age limits for Directors.

Reporting

At each regular meeting of the Board following a Committee meeting, the Chair (or the Chair's designee) will report the actions taken by the Committee to the Board, and such report shall be included in the minutes of the Board meeting.

Limitation of Responsibilities

Absent actual knowledge to the contrary, each Committee member is entitled to rely upon: (1) the integrity and competence of those persons and organizations that render services to the Fund and from whom the Committee receives information or reports; and (2) the accuracy and completeness (both at the time of presentation and on a continuing basis, as appropriate) of the information and reports provided to the Committee by such persons or organizations. Nothing in this Charter is intended to impose, or should be interpreted as imposing, on any member of the Committee any additional duties or responsibilities over and above those placed on the member in his or her capacity as a Director under applicable federal and state law.

Review of Charter

The Committee shall review and reassess the Charter at least annually and obtain the approval of the Board for any changes to the Charter. The Board may also make changes to this Charter from time to time, with or without a prior recommendation by the Committee. This Charter, including any amendments to it, will be maintained in the records of the Fund.

Last amended: November 14, 2016