THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

Terms of Reference of the Management Engagement Committee

1. Composition and independence

The Management Engagement Committee (the "Committee") is appointed as a committee of the Board in accordance with the articles of association of the Company. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Chair of the Committee. The Chair of the Committee shall be appointed by the Board. The Chair of the Board may be a member of the Committee (and may act as Committee Chair), provided he or she is independent of the Alternative Investment Fund Manager (the "Manager") on appointment. The Committee shall have a minimum of three members.

All members of the Committee shall be independent non-executive directors. The quorum for meetings is any two members of the Committee, whether attending in person or by electronic means, and all such members count towards the quorum. In the absence of the Committee Chair, or if the Committee Chair has a conflict of interest, an alternative independent director (e.g. the Senior Independent Director) shall act as chair for the relevant meeting or agenda item.

2. Conduct of Meetings

Meetings shall be held at least once a year, normally shortly before the Company's year end, with additional meetings convened as necessary. Only members of the Committee have the right to attend meetings, but the Committee may invite others, including any director, officer or employee of the Manager or any person whose advice is sought, to attend all or part of any meeting where the Committee considers this appropriate or necessary. The Company Secretary shall act as Secretary to the Committee.

The Chair of the Committee shall attend the Annual General Meeting of the Company so as to be available to respond to questions about the Committee's work.

3. Authority

The Committee is authorised to investigate any matters within its terms of reference and to:

(i) have access to all relevant information of the Company;

(ii) obtain independent professional advice; and

(iii) secure the attendance at its meetings of any member of the Manager's or Company's staff or any external service provider, as it deems necessary, to assist with its work.

4. Duties

The Committee's duties are:

(i) to review, at least annually, the terms of the Management Agreement between the Company and the Manager, and any other key service provider agreements, to ensure that they remain competitive and appropriate for the Company's needs, and to recommend or negotiate any modifications as required;

(ii) to consider each year whether the continuing appointment of the Manager is in the interests of the Company's shareholders as a whole and ensure that the reasons for this decision are clearly explained in the Company's Annual Report;
(iii) to consider periodically whether to obtain an independent external appraisal of the Manager's services;
(iv) to monitor and evaluate, at least annually, the performance of the Company's key third-party service providers, including the depositary, custodian, fund administrator, registrar and corporate broker, and assess whether their services and terms remain appropriate and continue to provide value for shareholders;
(v) to review the Manager's approach to stewardship, including the exercise of voting rights on the Company's behalf and the integration of environmental, social and governance factors into the investment process, as part of its management of the Company's portfolio; and
(vi) to report to the Board on its work and make recommendations on any necessary changes or other actions.

In discharging its responsibilities, the Committee shall have regard to the directors' general duties, including the obligation to promote the success of the Company for the benefit of shareholders as a whole. The Committee shall review these terms of reference at least annually and recommend any proposed changes to the Board, and shall ensure that the latest terms of reference are made available on the Company's website.