

# HENDERSON EUROTRUST PLC

## Terms of Reference for the Management Engagement Committee (the 'Committee')

### 1. Constitution

The Committee is constituted by the Board of Directors and assists the Board in evaluating the performance of the Manager and other third party service providers engaged by the Company.

### 2. Membership

2.1 The Committee shall be appointed by the Board and comprise a Chairman and all the directors of the Company who are independent of the Manager.

2.2 The Chairman of the Committee is the Chairman of the Board.

2.3 Only members of the Committee have the right to attend meetings, but the Committee may invite others, including but not limited to any director, officer or employee of the Manager or any person whose advice is sought, to attend all or part of any meeting if it thinks it is appropriate or necessary.

2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended.

### 3. Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee. A member of the Committee may act as Secretary in the Secretary's absence.

### 4. Quorum

The quorum necessary for the transaction of business shall be two members.

### 5. Frequency of Meetings

The Committee shall meet at least on an annual basis and at such other times as the Committee Chairman shall require.

### 6. Notice of Meetings

6.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member thereof.

6.2 Unless otherwise agreed by the Committee, notice of each meeting confirming the venue, time and date 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, no later than five working days before the date of the meeting. Supporting papers shall be sent to the Committee members at the same time.

6.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **7. Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of the Committee meetings shall be agreed with the Committee Chairman and then circulated to all members of the Committee, unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- 7.3 Draft minutes will be included in the next set of Board papers for the Board's review.

## **8. Duties**

The Committee is responsible for:

- 8.1 Reviewing, at least annually, the terms of the Management Agreement, to ensure they are competitive and in the interests of shareholders, making recommendations to the Board on any variation to the terms which it considers necessary.
- 8.2 Considering whether the appointment of the Manager continues to be in the interests of shareholders.
- 8.3 Negotiating terms with the Manager.
- 8.4 Reviewing the standard of any administrative, company secretarial or marketing services provided by the Manager, whether under the terms of the Management Agreement or simply as part of a non-contractual obligation of understanding.
- 8.5 Reviewing, at least annually, the performance of the Company's other service providers in meeting their obligations under their respective agreements, making recommendations on any variation to the terms which it considers necessary.
- 8.6 Considering any points of conflict which may arise between the providers of services to the Company.
- 8.7 Providing feedback to the Manager on its performance and to suggest where changes/improvement could be implemented.

## **9. Performance of the Manager**

The Committee is responsible for reviewing and monitoring the performance of the Manager with respect to:

### **9.1 Investment Performance:**

- Maintenance of agreed policy and risk profile
- Consistency of overall strategy
- Net Asset Value performance in absolute terms
- Net Asset Value performance against benchmark
- Net Asset Value performance in comparison to the Association of Investment Companies peer group

### **9.2 Share Price Performance:**

- Share price premium / discount management
- Share price premium / discount performance in comparison to the Association of Investment Companies peer group

### **9.3 Company's Broker and Shareholder Relationships**

#### **9.4 Marketing Performance:**

- Quantitative measures
- Relationship maintenance
- Institutions
- ISA/Private client advisors
- Promotional material

#### **9.3 Communication/Company Support:**

- Contribution to Board Meetings
- Awareness of the investment trust sector
- Appropriate support to the Board
- Monitor of internal risks and controls

#### **9.4 Company Secretarial Support:**

- Efficiency and effectiveness of the presentation of the Board papers

### **10. Reporting Responsibilities**

10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit or where action or improvement is needed.

10.3 The Committee shall make a statement in the Annual Report concerning its activities. Furthermore, details of the membership of the Committee, the number of Committee meetings held and attendance over the course of the year require disclosure in the Annual Report.

### **11 Other Matters**

The Committee shall:

11.1 Have authority to investigate any matters within its terms of reference and to be supplied with access to sufficient resource to carry out its duties and full access to information.

11.2 Give due consideration to relevant laws and regulations, the provisions of the Association of Investment Companies Code of Corporate Governance and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.

11.3 Periodically review its performance and keep these terms of reference under regular review.

### **12. Authority**

The Committee is authorised to:

12.1 Seek any information it requires from any employee of the Manager in order to perform its duties.

12.2 Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so.

(Amended 18 July 2017)