

THE HENDERSON SMALLER COMPANIES INVESTMENT TRUST PLC

(the “Company”)

Terms of Reference of the Management Engagement Committee

1. Constitution

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 Chairman of the Committee. The Chairman of the Committee shall be appointed by the Board. The Committee shall have a minimum of three members.

All members of the Committee shall be independent non-executive directors. A quorum shall be any two members of the Committee present in person.

2. Conduct of Meetings

Meetings shall be held at least once a year; normally the Committee will meet shortly before the Company's year end. 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. The Company Secretary shall act as Secretary to the Committee.

The Chairman 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; and
- (ii) obtain independent professional advice.

4. Duties

- (i) To review, at least annually, the terms of the Management Agreement between the Company and the Investment Manager and the Custodian to ensure that they are competitive and appropriate to the Company's requirements.
- (ii) To negotiate terms with the Investment Manager and the Custodian.
- (iii) To consider each year whether the continuing appointment of the Investment Manager on the terms agreed is in the interests of the Company's shareholders as a whole and, if so, the reasons for this opinion, and to review the draft statement to this effect required by the Listing Rules to be included in the Company's annual report.
- (iv) Consider the merit of obtaining on a periodic basis, an independent appraisal of the Manager's services.
- (v) To monitor and evaluate the performance of third-party service providers at least annually.
- (vi) assess the company's service providers in their role as stakeholders and whether there is an appropriate level of engagement with them.
- (vii) To make recommendations to the Board as to any required changes.
- (viii) To fulfil their duty under section 172 of the Companies Act 2006, each individual director must act in the way he/she considers, in good faith, would be most likely to promote the success of the

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Company for the benefit of its shareholders as a whole and in doing so, have regard to a number of broader matters including:

- (a) the likely consequences of any decision in the long-term;
- (b) the need to foster the Company’s business relationships with suppliers, customers and others;
- (c) the impact of the Company’s operations on the community and the environment;
- (d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (e) the need to act fairly between members of the Company.