

## **The Scottish Oriental Smaller Companies Trust plc**

### **Management Engagement Committee**

#### **Terms of Reference**

A Management Engagement Committee consisting solely of Directors independent of the Manager shall be established to conduct an annual review of both the performance of, and contractual arrangements with, the Manager. The decisions and rationale of this Committee are to be described in the Annual Report.

#### **1. Constitution and Membership**

- 1.1** The Board resolves to establish a Committee of the Board to be known as the Management Engagement Committee (the “Committee”).
- 1.2** Unless otherwise determined by the Board, the members of the Committee shall be all such persons who, for the time being, are appointed as directors of the Company and are independent of the Manager. The Board will also appoint the Committee Chairman and in the absence of the Chairman the remaining members present shall elect one of their numbers to chair the meeting. Representatives of the Manager shall be invited to attend meetings as appropriate. Any member of the Board who is not a member of the Committee shall have the right of attendance, subject to approval of the chairman of the Committee.

#### **2. Meetings**

- 2.1** The quorum for meetings of the Committee is two members.
- 2.2** The Committee shall meet at least once each year. Any two members may requisition a meeting of the Committee.

#### **3. Duties**

The duties of the Committee are as follows:

- 3.1** To reasonably satisfy itself that agreements setting out arrangements with the Manager are fair and that the terms remain competitive and in the interests of shareholders.
- 3.2** To monitor and evaluate the performance of the Manager.
- 3.3** To consider the merit of obtaining, on a regular basis, an independent appraisal of the Manager’s services.
- 3.4** To consider the continuing appointment or replacement of the Manager and the level of management fees and notice period and make recommendations to the Board thereon. The Committee should give due regard to the competitive position of the Company against the peer group.

#### **4. Authority**

- 4.1** The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from the Manager and the Company Secretary.
- 4.2** The Committee is authorised to obtain, at the Company’s expense, independent professional advice on any matter it believes necessary.