

British Empire Trust plc
Management Engagement Committee – Terms of Reference

Background

These terms of reference have been produced to accord with the relevant Principles of The AIC Code of Corporate Governance published in July 2016 (Principles 15 and 18). The Financial Reporting Council has confirmed that AIC Member companies who report against the AIC Code of Corporate Governance and who follow the AIC's Corporate Governance Guide for Investment Companies will be meeting their obligations in relation to the UK Corporate Governance Code and Listing Rule 9.8.6.

Composition of the Committee

The Committee shall be comprised of three or more independent Directors.
The Chairman of the Board shall act as the Committee Chairman.

Meetings

The Committee will meet at least once each year and at such other times as the Chairman of the Committee shall require.

A quorum shall be any two members including the Chairman of the Committee, or the Chairman's nominated delegate.

Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee not less than three working days prior to the date of the meeting.

The Company Secretary shall act as Secretary to the Committee.

The Chairman of the Committee will report to the Board on the Committee's decisions and recommendations.

Attendance

The Committee may invite non-independent Directors to attend and may request representatives of the third party service providers to the Company or any other relevant person to attend meetings but such invitees have no right of attendance.

Authority

The Committee is authorised to:

- seek any information it reasonably requires from a representative of any third party service provider in order to perform its duties
- request a representative of a third party service provider to attend any meeting of the Committee
- obtain at the Company's expense outside legal or other professional advice on any matters within its terms of reference
- have timely and unrestricted access to relevant documents relating to the affairs of the Company.

AIC Code Principle 15

The board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self managed company).

The Committee shall:

- Monitor and evaluate the fund manager's investment performance and, if necessary, provide appropriate guidance.
- Consider the merit of obtaining, on a regular basis, an independent appraisal of the manager's services.
- Regularly review the continued retention of the manager's services.
- Review the level and method of remuneration and the notice period. Due weight should be given to the competitive position of the Company against its peer group, including an analysis of all relevant costs and ongoing charges.
- Consider whether the annual fee should be based on gross assets, net assets or market capitalisation.
- Require the manager to provide appropriate analyses of risk and ensure that a sound system of risk management and internal control is maintained to safeguard shareholders' investment and the Company's assets.

The AIC has produced a paper entitled "Evaluation of the Manager: A Paper for Non-Executive Directors of Investment Companies on meeting the requirements of the Listing Rules" which is available on the AIC's website at www.theaic.co.uk/technical.

AIC Code Principle 18

The board should monitor and evaluate other service providers.

The Committee shall regularly review all other non-investment management services provided to the Company (including but not limited to those of the Custodian, Depository, Stockbroker, Share Registrars, Fund Administrator and Company Secretary) to ensure that they comply with the terms of the relevant service agreement with the Company and that such terms follow good industry practice, are competitive and are in the best interests of shareholders. The Committee shall report accordingly in the Company's Annual Report.