

**SMITHSON INVESTMENT TRUST PLC**

**(the "Company")**

**MANAGEMENT ENGAGEMENT COMMITTEE - TERMS OF REFERENCE**

**CONSTITUTION**

- 1.** The Management Committee (the "Committee") shall consist of a minimum of two members of the board of the Company (the "Board") who shall be appointed by the Board in consultation with the Chairman of the Committee provided that membership of the Committee shall be confined to non-executive directors who are independent of the fund manager (currently Fundsmith LLP) (the "Fund Manager").
- 2.** The Chairman of the Committee, who shall be an independent non-executive director, shall be appointed by the Board which shall determine the period for which he/she shall hold office. In the absence of the Committee Chairman and/or an appointed deputy at any meeting of the Committee, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board may be a member of, and chair, the Committee provided he/she is independent of the Fund Manager.
- 3.** Only members of the Committee have the right to attend Committee meetings. However, others may be invited to attend meetings of the Committee on a regular basis and other non-members (including representatives of the Fund Manager) may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 4.** A representative of the company secretary or its nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 5.** The quorum for meetings of the Committee shall be any two members.
- 6.** The Committee shall meet at least once each year and at such other times as the Chairman of the Committee or other Committee members shall require.

**ROLE**

- 7.** The Committee shall be known as the Management Engagement Committee. The Committee shall have two principal functions being:
  - 7.1** to review annually the compliance by the Fund Manager with the Company's investment policy as established by the Board and with the fund management agreement entered into between the Company and the Fund Manager from time to time (the "**Management Agreement**"); and
  - 7.2** to review annually the performance of the Fund Manager and any other key service providers to the Company.

8. For the avoidance of doubt, the Committee will not review the performance of the Company's auditor.
9. Other service providers
- 9.1 **The Committee shall:**
  - 9.1.1 monitor compliance by providers of other services to the Company with the terms of their respective agreement from time to time;
  - 9.1.2 review and consider the appointment and remuneration of providers of services to the Company; and
  - 9.1.3 consider any points of conflict which may arise between the providers of services to the Company.
- 9.2 **Reporting responsibilities**
  - 9.2.1 All proceedings of the Committee shall be reported formally to the Board by the Committee Chairman.
  - 9.2.2 The Committee shall produce:
    - (a) a disclosure statement to be included in the Company's annual report about its activities; and
    - (b) any statements regarding the Fund Manager, its remuneration and any other terms of its appointment which are required to be included in the Company's annual report or as otherwise required by the Board.
  - 9.2.3 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.
10. The Company Secretary (or its delegate) or such other person as the Board may determine from time to time shall be the secretary of the Committee.
11. The Chairman of the Committee shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee and its activities and responsibilities.
12. All members of the Committee shall have access to sufficient resources in order to carry out its duties, including access to the advice and services of the secretary of the Committee with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.
13. In the event that the Committee or any member of the Committee requires access to independent professional advice in connection with his duties, a request may be made to the Chairman of the Committee.

## **AUTHORITY**

### **14. THE COMMITTEE IS AUTHORISED TO:**

- 14.1** seek any information it requires from any member of the Board and/or any director or employee of the Fund Manager in order to perform its duties;
- 14.2** investigate and review any matter within its terms of reference and consider any matter the Committee deems relevant to the discharge of its duties; and
- 14.3** obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so within its terms of reference.