

# **CHARTER EUROPEAN TRUST plc**

## **Terms of Reference for the Management Engagement Committee**

### **1. Constitution**

The Management Engagement Committee was established as a Committee of the Board by a resolution of the Board on 26th June 2002.

### **2. Membership**

a) The Committee shall be appointed by the Board from amongst the directors not employed or formerly employed by RCM (UK) Limited ("RCM UK") ("the Manager") or any associated company within the Allianz Group ("independent directors") and shall consist of not less than three members. A quorum shall be two members.

b) The Chairman of the Committee shall be appointed by the Board.

### **3. Attendance at Meetings**

a) Other Board members shall also have the right of attendance, although at least once a year the Committee shall have the right, if it so decides, to meet with the external auditors without the directors employed or formerly employed by the Manager or any associated company within the Allianz Group present.

b) The Company Secretary shall be the Secretary of the Committee.

### **4. Frequency of Meetings**

a) Meetings shall be held not less than once a year.

b) Where there are matters within the remit of the Committee additional meetings may be convened before the Board Meeting in question.

### **5. Authority**

The Committee shall consider any matters relating to the Terms of Appointment of the Manager of the Company that it deems desirable and 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.

### **6. Duties**

The duties of the Committee shall be:-

a) to review the performance of the Manager;

b) to carry out an annual review of the terms of the Management Agreement;

c) to review the level of the management fee and the length of the management contract and make recommendations to the Board;

d) to consider other topics, as defined by the Board (e.g. Chairman's remuneration).

### **7. Reporting Procedures**

- a) The Secretary shall circulate the Minutes of meetings of the Committee to all members of the Board.

Revised on 30<sup>th</sup> January 2007

## **CHARTER EUROPEAN TRUST plc**

### **Terms of Reference for the Audit Committee**

#### **1. Constitution**

The Audit Committee was established as a Committee of the Board by a resolution of the Board on 26th June 2002.

#### **2. Membership**

a) The Committee shall be appointed by the Board from amongst the directors not employed or formerly employed by RCM (UK) Limited ("RCM UK") ("the Managers") or any associated company within the Allianz Group ("independent directors") and shall consist of not less than three members. A quorum shall be two members.

b) The Chairman of the Committee shall be appointed by the Board.

#### **3. Attendance at Meetings**

a) Other Board members shall also have the right of attendance although at least once a year the Committee shall meet with the external auditors without the directors employed or formerly employed by the Managers or any associated company within the Allianz Group ("non-independent directors") present.

b) The Company Secretary shall be the Secretary of the Committee.

#### **4. Frequency of Meetings**

c) Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

#### **5. Authority**

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 Managers.

#### **6. Duties**

The duties of the Committee shall be:-

a) to consider the appointment of the external auditor and the audit fee and report to the Board.

b) to discuss with the auditors the nature and scope of the audit;

c) to review annual financial statements before submission to the Board, focusing particularly on:-

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- i) satisfying themselves that the valuation of the unquoted investments has been properly checked
  - ii) the rationale, where relevant, for the ownership of shares in the management company, or investment in any enterprise managed by the Managers
  - iii) any changes in accounting policies and practices
  - iv) significant adjustments resulting from the audit
  - v) the going concern assumption
  - vi) compliance with accounting standards
  - vii) compliance with stock exchange and legal requirements.
- d) to receive an annual report from the company's auditors and consider the management letter and have the opportunity to discuss or question the auditors or discuss any matters they wish to raise without the Managers present;
- e) to review the Company's statement on internal control systems prior to endorsement by the Board;
- f) to receive a report from the Managers each year confirming that the Managers have conducted the company's affairs in compliance with the Client Agreement Letter;
- g) to received a report from the Managers on any untoward events or formal complaints recorded in connection with any Savings Scheme or similar products in which the company participates;
- h) to consider other topics, as defined by the Board.

## **7. Reporting Procedures**

- b) The Secretary shall circulate the Minutes of meetings of the Committee to all members of the Board.

## **CHARTER EUROPEAN TRUST plc**

### **Terms of Reference for the Nomination Committee**

#### **1. Constitution**

The Nomination Committee was established as a Committee of the Board by a resolution of the Board on 26th November 2003.

#### **2. Membership**

a) The Committee shall be appointed by the Board from amongst the directors not employed or formerly employed by RCM (UK) Limited ("RCM UK") ("the Managers") or any associated company within the Allianz Group ("independent directors") and shall consist of not less than three members. A quorum shall be two members, of whom at least one must be a non-executive director.

b) The Chairman of the Committee shall be appointed by the Board.

#### **3. Attendance at Meetings**

a) Other Board members shall also have the right of attendance.

b) The Company Secretary shall be the Secretary of the Committee.

#### **4. Frequency of Meetings**

d) Meetings shall be held not less than once a year.

#### **5. Authority**

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 Managers in order to perform its duties. The Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

#### **6. Duties**

The duties of the Committee shall be:-

i) to review regularly the structure, size and composition of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;

j) to prepare a description of the role and capabilities required for a particular appointment;

k) to be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

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- l) to satisfy itself with regard to succession planning, that the processes and plans are in place with regard to both Board and senior appointments;
- m) to assess and articulate the time needed to fulfil the role of Chairman, senior independent director and non executive director, and undertake an annual performance evaluation to ensure that all the members of the Board have devoted sufficient time to their duties;
- n) [to ensure on appointment that a candidate has sufficient time to undertake the role and review his/her commitments, ensuring that if he/she is an executive of another company this will be his/her sole non-executive appointment; and in the event that a candidate for Chairman is being considered take note that he/she can not be a Chairman of more than one FTSE 100 company or equivalent;]
- o) to ensure that the Secretary on behalf of the Board has formally written to any appointees, detailing the role and time commitments and proposing an induction plan produced in conjunction with the Chairman.

The Committee shall also make recommendations to the Board:

- (i) with regard to the Chairman having assessed every three years whether the present incumbent shall continue in post, taking into account the needs of continuity versus freshness of approach;
- (ii) as regards the re-appointment of any non-executive director at the conclusion of his or her specified term of office; especially when they have concluded their second term;
- (iii) for the continuation (or not) in service of any director who has reached the age of [70];
- (iv) concerning the re-election by shareholders of any director under the “retirement by rotation” provisions in the Company’s Articles of Association;
- (v) concerning any matters relating to the continuation in office as a director of any director at any time;
- (vi) concerning the appointment of any director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of a) all the non-executive directors regarding the position of Chief Executive; or b) all the directors regarding the position of Chairman.
- (vii) detailing items that should be published in the Company’s Annual Report relating to the activities of the Committee; and
- (viii) with regard to the membership and chairmanship of the Audit Committee.

## **7. Reporting Procedures**

- c) The Secretary shall circulate the Minutes of meetings of the Committee to all members of the Board.

## **CHARTER EUROPEAN TRUST plc**

### **SCHEDULE OF MATTERS TO BE RESERVED FOR THE APPROVAL OF THE BOARD**

#### **Companies Act requirements**

1. Approval of interim and final financial statements. \*
2. Approval of interim dividends and recommendation of the final dividend. \*
3. Approval of any significant change in accounting policies or practices. \*
4. Appointment or removal of company secretary. \*
5. Remuneration of auditors (where, as is usual, shareholders have delegated this power to the board) and recommendations for appointment or removal of auditors. \*

#### **Stock Exchange and UKLA**

6. Approval of all circulars and listing particulars (approval of routine documents such as periodic circulars re scrip dividend procedures or exercise of conversion rights might perhaps be delegated to a committee). \*
7. Approval of press releases concerning matters decided by the board. \*

#### **Management**

8. Approval of the trust's investment policy, including risk parameters.
9. Changes relating to the trust's capital structure or its status as plc.
10. Appointment or removal of Investment Managers.

#### **Board membership and board committees**

11. Board appointments and removals. \*
12. Terms of reference and membership of board committees. \*
13. Terms and conditions of directors' appointments. \*

#### **Miscellaneous**

14. Gearing policy and currency hedging policy.
15. Policy levels on share buybacks.
16. Material contracts of the company in the ordinary course of business e.g. bank borrowing and acquisition or disposal of fixed assets.
17. Contracts of the company not in the ordinary course of business e.g. loans & repayments; foreign currency transactions not involving the day to day management and settlement of investments.
18. Treasury policies.
19. Formulation of policy regarding charitable donations.
20. Political donations.
21. Prosecution, defence or settlement of litigation (being material to the interests of the company).
22. Internal control arrangements.
23. Directors' & Officers' liability insurance.
24. Any other general corporate governance issues.

\* these items are not considered suitable for delegation to a committee of the board e.g. because of Companies Act requirements or because, under the recommendations of the Combined Code, they are the responsibility of e.g. an audit, nomination or remuneration committees with the final decision on the matter required to be taken by the whole board.