

# HENDERSON FAR EAST INCOME LIMITED

## Terms of Reference of the Nomination and Remuneration Committee

### Constitution

The Committee is constituted by the Board of Directors and assists the Board in meeting its responsibilities for ensuring that the Board retains an appropriate balance of skills, experience and diversity, has a formal rigorous and transparent approach to the appointment of directors and maintains an effective framework for succession planning.

The Committee is responsible for making recommendations to the Board regarding the appropriate level of fees for directors.

### 1 Membership

1.1 Members of the Committee shall be appointed by the Board and shall be made up of at least three members, the majority of whom should be independent non-executive directors.

1.2 Only members of the Committee have the right to attend Committee meetings. Other individuals may be invited to attend for all or part of any meeting, as and when appropriate.

1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the majority of the Committee members remain independent.

1.4 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent non-executive director. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

### 2 Secretary

The Company Secretary and its nominee shall act as the Secretary of the Committee.

### 3 Quorum

The quorum necessary for the transaction of business shall be two, both of whom must be independent non-executive directors.

### 4 Frequency of meetings

The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require or as a member of the Committee shall request.

## **5 Notice of meetings**

- 5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and any supporting papers, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, not later than five working days before the date of the meeting, unless all agree to a shorter timescale, provided that the Chairman may instruct the Secretary not to forward such notice, agenda and papers to any person if in his absolute discretion he considers that to do so would not be in the best interests of the Company or its shareholders.

## **6 Minutes of meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, provided that the Chairman may instruct the Secretary not to forward the minutes to any person if in his absolute discretion he considers that to do so would not be in the best interests of the Company or its shareholders.

## **7 Duties**

The Committee shall:

### Board composition

- 7.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board and make recommendations to the Board with regard to any changes;
- 7.2 Keep under review the Company's leadership needs, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- 7.3 Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board;
- 7.4 To develop, if appropriate, and periodically review any objectives which may be established for the implementation of diversity on the Board and monitor progress toward the achievement of those objectives;

### Appointment of directors

- 7.5 Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- 7.6 Before making an appointment, evaluate the balance of skills, knowledge, experience and diversity on the Board, and in light of this evaluation prepare a description of the

role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:

- 7.6.1 use open advertising or the services of external advisers to facilitate the search;
  - 7.6.2 consider candidates from a wide range of backgrounds; and
  - 7.6.3 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- 7.7 Consider the process to be followed in making appointments, including the disclosure of a candidate's other significant time commitments and business interests which might result in a conflict of interest;
- 7.8 Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
- 7.9 Ensure that, within a reasonable time following a director's appointment to the Board, that the director receives an appropriate programme of training and induction;

#### Independence and time commitment

- 7.10 Review on an annual basis the time required from each non-executive director and whether each director continues to devote sufficient time to their role when taking account of their other commitments;
- 7.11 Review at least annually the independence of the non-executive directors; and
- 7.12 Review at least annually the Directors' Conflicts of Interests register, making recommendations to the Board where these may require renewal;

#### Directors' remuneration

- 7.13 Determine the Company's Remuneration Policy with a view to promoting the long-term and sustainable success of the Company;
- 7.14 Regularly review the Company's Remuneration Policy to ensure it remains appropriate and relevant;
- 7.15 Appoint any remuneration consultant or authorize the purchase of reports, surveys or information it deems necessary at the expense of the Company;
- 7.16 Review the level of fees paid to the Company's directors, making an appropriate recommendation to the Board where changes may be required.

#### The Committee shall also make recommendations to the Board concerning:

- 7.17 Succession plans for directors and, in particular, for the key role of the Chairman;
- 7.18 The outcomes of their review of the evaluation of the performance of the Board, each individual director and the Chairman;
- 7.19 The membership of the Audit Committee, in consultation with the Chair of that Committee;
- 7.20 The re-appointment and re-election, including termination of service, of any non-

executive director at the conclusion of their specified term to the Board in the light of the knowledge, skills, experience and diversity required and the best interests of the Company and its shareholders.

## **8 Reporting Responsibilities**

- 8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

## **9 Other**

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **10 Authority**

- 10.1 The Committee is authorised to seek any information it requires of the Manager and key service providers to the Company in order to perform its duties.
- 10.2 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.

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