

SHIRES SMALLER COMPANIES PLC
MANAGEMENT ENGAGEMENT COMMITTEE
TERMS OF REFERENCE

Constitution

1. The Board hereby resolves to establish a Committee of the Board to be known as the Management Engagement Committee.

Membership

2. The Committee shall be appointed by the Board from among the Non-Executive Directors of the Company and shall consist of not less than 3 members. A quorum shall be 2 members.
3. The Chairman of the Committee shall be appointed by the Board.

Attendance at Meetings

4. Any Board Member shall have the right of attendance along with any other persons the Committee deems necessary to invite.
5. The Company Secretary shall be the Secretary of the Committee.

Frequency of Meetings

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

Authority

7. The Committee is authorised by the Board to undertake any activity within its duties outlined at paragraph 9 below.
8. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

9. The Duties of the Committee shall be:
 - (a) To review the terms of the agreements with the Managers and Secretaries including, but not limited to, the management fee.
 - (b) To review the performance of the Managers in relation to the achievement of the Company's objectives.

Reporting Procedures

10. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.