

ELECTRIC & GENERAL INVESTMENT TRUST PLC

REMUNERATION AND MANAGEMENT ENGAGEMENT COMMITTEE: TERMS OF REFERENCE

Approved on 12 February 2009

Membership

- The Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, and shall comprise all the non-executive directors of the Company for the time being, the majority of whom shall be independent.
- The Chairman of the Committee for the time being shall be Mr Gerry Aherne or such other director as the Board of directors shall elect from their number from time to time. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting. The Chairman of the Board shall not be the Chairman of the Committee.
- The Secretary of the Company or their nominee shall act as Secretary of the Committee.
- Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods, provided the director remains independent.

Meetings

- The Committee shall meet as and when required and no less than once a year.
- A meeting of the Committee shall be called at three business days notice.
- Business shall not be transacted at any meeting of the Committee unless a quorum is present. The quorum for meetings shall be any two members of the Committee.
- The Secretary or its nominee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance and the existence of any conflicts of interest.
- Minutes of Committee meetings shall be tabled at Board meetings for information purposes.
- Non-committee members including representatives of the Investment Manager and non-independent directors may be invited by the Committee to attend any of its meetings but may not vote.
- The Chairman of the Committee shall attend the AGM prepared to respond to any shareholder questions on the committee's activities.

Authority

The Committee is authorised to:

- seek any information it requires from any employee of the Company's service providers in

order to perform its duties; and

- obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

Mandate and reporting responsibilities

The Committee shall:

- agree with the Board the policy and level of remuneration of the Company's non-executive directors. No director shall be involved in any decisions as to their own remuneration.
- determine such policy taking into account all factors which it deems necessary. The objective of such policy shall be to ensure that directors are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company, taking into account the non-executive nature of the role.
- obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.
- review the ongoing appropriateness and the level of remuneration of Directors;
- review industry remuneration trends and assess any appropriate change in the Company's remuneration levels, taking into account the Company's own performance;
- agree the policy for authorising claims for expenses incurred in carrying out the Company's business;
- ensure that all provisions regarding disclosure of remuneration as set out in the Directors' Remuneration Report Regulations 2002 and the Combined Code are fulfilled; and
- review the remuneration of the Company's third party service providers to ensure the fees paid are reasonable for the services received.

The Committee shall:

- routinely review the terms of engagement and performance of the Investment Manager and make recommendations to the Board in respect of:
 - Investment performance:
 - Performance of gross/net assets
 - Debt management
 - Maintenance of agreed policy and risk profile
 - Consistency of overall strategy
 - Company's benchmark
 - Marketing performance
 - Communication/Company support:
 - Contribution to Board meetings
 - Awareness of the investment trust sector
 - Appropriate support to the Board
 - Monitoring of internal risks and controls

- Interaction with other third party service providers
- ☞ routinely review the terms of engagement and performance of all other third party service providers to the Company including the Investment Administrator, the Company Secretary, the Share Registrars, legal advisers and the Custodian, to ensure that they are competitive and sensible to shareholders.
- ☞ The Committee shall make recommendations to the Board on its findings in respect of both remuneration and performance matters.

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.

Membership (as at 12 February 2009)

- ☞ Gerry Aherne - Chairman
- ☞ Lindsay Bury
- ☞ John Pocock
- ☞ Jonathan Ruffer