

**Henderson Global Investors
Sustainable & Responsible Investment Advisory Committee
(SRI AdCom)**

**Terms of Reference
As of March 2008**

1. Mission & Purpose

The purpose of the Henderson Sustainable and Responsible Investment (SRI) Advisory Committee (AdCom) is to support the SRI team in its aspiration to be a global leader in SRI funds. This support is provided in two main ways. By:

- Providing strategic advice to the team, acting as a sounding board and offering a source of information and new ideas, and;
- Helping to ensure the accountability of the team in its activities and conduct to its stakeholders.

Essentially, the Committee should be comprised of individuals who care about the success of the SRI funds. The SRI team will actively seek guidance from the Committee as and when necessary and appropriate and will respond to input provided by the Committee or its individual members on their own initiative. *The Committee's role is solely advisory, the SRI team retains full responsibility for making all decisions regarding the funds.*"

2. Scope

The Committee's primary focus of attention is on the SRI funds, both retail and institutional (see Appendix 1 for the full list of SRI funds). More specifically, the Committee will be on the sustainability and CR research & engagement aspects of the SRI team's activities.

The Committee will be kept informed on the progress of the SRI team's wider activities e.g. fund performance, business development, as well as on the progress of Henderson's wider Responsible Investment policy along with HHG's own CR initiatives. However, the Committee will have no formal mandate covering these items.

3. Responsibilities

The Committee will provide strategic advice and accountability functions to the SRI Research & Engagement team in a number of ways, including:

- *At a strategic level, advising Henderson on critical trends in areas such as environment, social, business ethics and corporate governance issues and how these impact on its SRI fund proposition, notably around sustainability solutions (Industries of the Future) and corporate responsibility.*
- *On a regular basis as appropriate, reviewing the SRI funds in terms of:*
 - *SRI fund criteria, including any changes or emerging challenges*
 - *The SRI research process, both in terms of sustainability themes and company analysis*
 - *Compliance of the funds with their criteria, including divestments*
 - *Engagement policy, activities and effectiveness*
 - *Voting policy and practices for SRI funds*
- *Advising on the SRI team's annual Research & Engagement action plan and priorities for specific action*

- *Providing guidance on a case by case basis, where the team is facing particular dilemmas concerning the suitability of a stock for the SRI funds, for example, due to:*
 - *Mergers, acquisitions or divestments which call into question a company's acceptability;*
 - *Lack of consensus within the team*
 - *Unforeseen events which call into question the rationale for holding a stock.*
- *Advising on the SRI team's engagement work with companies and policy-makers*
- *Providing feedback to team reports*
- *Advising on the SRI team's communication with clients, the public and the media*

The Committee can at all times raise issues on its own initiative. In addition, the SRI team may organise expert events to discuss specific topics to which Committee members may be invited.

4. Membership

Membership of the Committee is on an individual and personal capacity. The composition of the Committee should be diverse and balanced to reflect the many interests and perspectives that have an influence on the future of SRI - such as consumers, finance, sustainability, civil society, public policy, media and business. In addition, members of the Committee will be expected to demonstrate experience, expertise and skills in a number of key areas. This mix of capabilities is illustrated in Annex 2. Given the nature of Henderson's SRI business, Committee members have a sound understanding of trends in the UK, along with a global perspective.

The committee should comprise of no less than three members, and no more than five. Membership of the Committee will be on a renewable fixed term basis (currently one year), in accordance with a contract with Henderson Global Investors.

It is important that the Committee has a continuity of membership to enable it to be most effective in supporting the SRI team. When members wish to stand down from the Committee, they should provide the SRI team with six months notice to prevent unnecessary disruption of the work of the Committee and to facilitate the effective selection of alternative candidates.

In the event the SRI team does not intend to renew a member's contract, the same notice period will be observed and the member and Committee informed, unless there are exceptional circumstances as indicated in advance. For instance, for 2008, the SRI team has already indicated that one of the existing three member's contract will not be renewed, as it intends to explore a new replacement three member for the future terms, in line with good governance practices. At this stage, the team has not made any decisions as to who that may be. In the interest of transparency, in all instances of non-renewal, a record of the reasons for non-renewal will be maintained.

As and when there are vacancies on the Committee, the SRI team and Chair of the AdCom will determine the procedure for recruiting new members. Suggestions for Committee membership may come from the existing members as well as the SRI team, and where ever possible, attempts should be made to invite potential candidates to apply through open notification of the vacancy. To ensure sound integration of the Committee and a shared level of understanding of the issues that have influence on Henderson's SRI, the SRI team will seek to organise an induction process for all new members, enlisting the assistance of the existing Committee members as appropriate.

All members must keep each other and the SRI team informed of their involvement and/or membership of organisations where this may lead to a potential conflict of interest, or where it is appropriate and necessary for the Committee and SRI team to be aware of the association.

All members must ensure that unless otherwise stated, indicated or authorised, matters discussed by the Committee and SRI team remain confidential to these parties.

Membership of the Committee will be communicated publicly in a number of ways such as on the SRI team's internet site and literature.

5. Ways of Working

Governance

A Chair will be elected from within the Committee by its members for a renewable one-year term.

To facilitate learning and better working, at the end of year term, the Committee should formally review its priorities, activities and process, and make recommendations for changes as necessary and appropriate. A summary of this review should be communicated to the SRI team.

Meetings

The normal practice is for the Committee to meet formally with the SRI Team at least two times in each twelve month term. Committee members will be expected to attend all these meetings. Failure by the member to attend the meetings and/or provide ad-hoc input on a regular basis may result in the Chair of the Committee reviewing with the Head of SRI Funds, whether the member in question is capable of discharging their responsibilities effectively. The dates for the meetings for the year will be determined in advance to facilitate maximum attendance.

Representation from the SRI team will include as a minimum the Head of SRI Research, and the AdCom Co-ordinator on a continuous basis, as well as other team members as necessary and appropriate. Again, depending on the agenda, other Henderson individuals, such as Henderson's Head of Equities may attend these meetings.

The meetings will take place at Henderson Global Investors, and will last for approximately half a day minimum, to one whole day maximum, as deemed appropriate and necessary. The members will have an opportunity to discuss agenda items in a pre-meeting breakfast meeting on the morning of the meeting and members should try to attend these whenever possible.

The meetings will be chaired by the Chair of the AdCom.

Indicative standing agenda items for the meetings include:

- Approval of agenda;
- Approval of notes of previous meeting;
- Action points from previous meeting;
- Discussion items
 - Topic x
 - Topic y
 - General update: routine company research conducted; routine engagement activities
- Standing items
 - Update on financial performance
- AOB
 - AdCom intelligence
 - Updates on SRI business, Henderson business as appropriate

The agenda format will be kept under review.

In advance of each meeting, the team will prepare material for the agenda items for discussion, some of which are for information only although during the meeting, the AdCom members may arise questions as appropriate. The team will outline key questions for consideration on the matters tabled, which the AdCom members will be expected to have feedback and comments on at the meeting. Any proposals for additional discussion items will be discussed and agreed between the team and the AdCom Chair.

Papers for meetings will be prepared for each meeting by the SRI team, with input from the Committee as necessary, and despatched to members, two-weekends in advance to provide sufficient time for members to digest the material. It is the responsibility of the Committee member to ensure they are sufficiently informed prior to the meeting.

Meeting notes with action points will be distributed by the SRI team post meeting.

Expert events

To ensure that Henderson continues to receive inputs on wider sustainability and corporate responsibility issues, it will organise expert meetings on specific topics on a case-by-case basis as part of its annual work programme. Committee members may be asked for their input in the content of such events where appropriate, and will be informed of these events and an invitation extended to them. Where appropriate, individual Committee members may be invited to chair or otherwise participate in these events.

Ad-hoc interactions

Ad-hoc communication and interactions between Committee members and the SRI team are encouraged and will usually occur via e-mail. Where advice and commentary is sought by the SRI team, the Committee will be given a reasonable time period in which to respond.

SRI AdCom activity updates

The team believes it is good practice for the Committee to report publicly on its activities and interactions with the team over the year. As such, there will be an annual AdCom commentary publicly available in some form (as standard alone document, or as a section with the team's annual report or newsletters, which details this information. At the request of the Committee, the team drafts this commentary for the members to approve prior to publication.

The team may also request the members of the Committee to provide input into team newsletters and other publications e.g. as a guest author.

6. Remuneration

Committee members will receive a service fee for carrying out their responsibilities. The precise terms pertaining to this fee will be contained in a contract signed by both the Committee Member and Henderson Global Investors.

In addition, Henderson Global Investors will reimburse reasonable claims for expenses incurred in the execution of the AdCom's tasks.

APPENDIX 1

SRI Funds within the Committee's remit as at March 2008

(Institutional SRI funds are not shown)

Any amendments to this list will be communicated to members of the Advisory Committee in writing.

SRI Funds	Client	Type	Asset Allocation	Investment Geography
AMP Sustainable Futures Fund: International (Australia)	Retail	Growth	Equities	Global
Henderson Industries of the Future (formerly Ethical) Fund	Retail	Growth	Equities	Global
Henderson (formerly NPI) Global Care Growth	Retail	Growth	Equities	Global
Henderson (formerly NPI) Global Care Managed	Retail	Balanced	Equities & bonds	International
Henderson (formerly NPI) Global Care UK Income	Retail	Income	Equities & bonds	UK

As of 31st December 2007, SRI assets under management totalled £869 million.

APPENDIX 2:

SRI AdCom Membership: Indicative Competencies

Depending on the interests/perspectives the members are intended to reflect, the following indicative competencies are either an essential or preferred competence:

Knowledge/expertise:

- Members with strong insight and a special understanding of global sustainability trends – both social and environmental - to aid with the Industries of the Future themes
- Members with practical knowledge of corporate responsibility trends, particularly as they impact upon different business activities of both large and small UK businesses
- Members with practical knowledge and understanding of the business and financial environment in which SRI operates
- Members with practical knowledge and experience of the issues of concern to individual retail investors as well as institutional SRI investors, particularly those in the UK
- Members with an ability to aid and guide the Henderson SRI team through the social, ethical and environmental dilemmas involved in SRI
- Members reflecting the diversity of the SRI funds' clientele and stakeholders

Personal skills/qualities:

- High level of integrity;
- Ability to make good judgement;
- Ability to resolve issues and take action;
- Ability to ask questions to satisfy themselves that process for SRI investment is being followed;
- Ability to be objective in undertaking supervision of process for SRI investment.
- Experience of committee membership.

Other:

- No conflicts of interest (professional/personal)