

HENDERSON DIVERSIFIED INCOME TRUST PLC

Terms of Reference of the Management Engagement Committee

Adopted on 22 February 2017

1. Membership

- 1.1 The committee shall comprise at least two directors. A majority of the members of the committee shall be independent non-executive directors.
- 1.2 Only members of the committee have the right to attend committee meetings. However, other individuals such as external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the committee are made by the board.
- 1.4 The board shall appoint the committee chairman who should be either the chairman of the board or an independent non-executive director. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the board.

2. Secretary

- 2.1 The company secretary or his or her nominee shall act as the secretary of the committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members.

4. Frequency of meetings

- 4.1 The committee shall meet at least once a year and otherwise as required.

5. Notice of meetings

- 5.1 Meetings of the committee shall be called by the secretary of the committee at the request of the committee chairman.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

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 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless in the opinion of the committee chairman it would be inappropriate to do so.

7. Annual general meeting

- 7.1 The committee chairman should attend the annual general meeting to answer any shareholder questions on the committee's activities.

8. Duties

The committee shall:

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- 8.1 review, at least annually, the terms of the Investment Management Agreement, to ensure they are competitive and in the interests of shareholders, and make recommendations to the Board on any variation to the terms which it considers necessary;
- 8.2 consider whether the appointment of the Investment Manager continues to be in the interests of shareholders;
- 8.3 negotiate terms with the Investment Manager;
- 8.4 review, at least annually, the performance of the Company's other service providers in meeting their obligations under their respective agreements, making recommendations on any variation to the terms which it considers necessary;
- 8.5 consider the appointment and remuneration of the Company's service providers, considering alternative suppliers where necessary.
- 8.6 consider any points of conflict which may arise between the providers of services to the Company.

9. Reporting responsibilities

- 9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting and attend the annual general meeting to answer any shareholder questions on the Committee's activities;
- 9.2 The Committee shall make a statement in the Annual Report concerning its activities;
- 9.3 The Committee shall keep these terms of reference under regular review.

10. Other matters

The committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members
- 10.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate
- 10.4 arrange for periodic reviews of its own performance and, at least annually, review its 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.

11. Authority

- 11.1 The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.