

HENDERSON EUROPEAN FOCUS TRUST PLC

Terms of Reference of the Audit Committee

1. Constitution

The Committee is constituted by the Board of Directors with the purpose of assisting the Board in meeting its responsibilities for the integrity of the Company's financial reporting including the effectiveness of the internal control and risk management systems and for monitoring the effectiveness and objectivity of the external auditors.

2. Membership

- 2.1. The Committee shall be appointed by the Board and comprise a Chairman and at least two other directors.
- 2.2. All members of the Committee shall, before appointment, have been determined by the Board to be independent non-executive directors. At least one member of the Audit Committee should have recent and appropriate professional qualifications or relevant financial experience, and the Committee as a whole should have competence relevant to the sector in which the Company operates.
- 2.3. The Board shall appoint the Committee Chairman. The Chairman of the Board may not be a member of the Committee. In the absence of the Committee Chairman, the remaining members present shall elect one of their number present to chair the meeting.
- 2.4. Only members of the Committee have the right to attend meetings, but the Committee may invite others, including but not limited to any director, officer or employee of the Manager or any person whose advice is sought, to attend all or part of any meeting if it thinks it is appropriate or necessary.
- 2.5. The Company Secretary or their nominee shall act as the Secretary of the Committee. The Secretary shall minute the proceedings and resolutions of all meetings including recording the names of those present and in attendance, and the existence of any conflicts of interest. Minutes of the meetings shall be circulated promptly to all members.

3. Meetings

- 3.1. The Committee shall meet at least twice a year and at such other times as the Committee Chairman shall require. Meetings will be arranged to coincide with the publication of the Company's financial statements and can be requested by the external auditors or by the Manager's heads of compliance and internal audit.
- 3.2. The quorum necessary for the transaction of business shall be two. A duly convened meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.3. The Committee shall meet with the external auditors at least annually without the presence of staff from the Manager.
- 3.4. Meetings will be convened by the Secretary at the request of any member thereof or at the request of the external auditor, or the Manager's heads of compliance or internal audit, if they consider it necessary.

- 3.5. The Manager's head of compliance and internal audit shall have the right of access to the Committee Chairman.

4. Duties

The Committee is responsible for:

4.1. Financial reporting

- 4.1.1. monitoring the integrity of the financial statements of the Company, including its annual and half-yearly reports, statements of results and any other formal announcements relating to its financial performance;
- 4.1.2. reviewing the appropriateness of the current accounting policies, decisions taken regarding areas of judgement, the long-term viability and going concern statements and compliance with the relevant accounting standards and any proposed changes;
- 4.1.3. reviewing and providing advice to the Board as to whether, to the best of the Committee's belief, the Annual Report, taken as a whole, is fair, balanced and understandable;

4.2. Internal Control and Risk Assessment

- 4.2.1. keeping under review the framework and effectiveness of the system of internal control and risk management, including the Company's risk map, limits and restrictions and the control reporting for the Company's key third-party contractors;
- 4.2.2. reviewing and approving the statements to be included in any financial reporting concerning the effectiveness of internal controls and risk management;

4.3. External Audit

- 4.3.1. making recommendations to the Board as to the appointment, re-appointment and removal of the Company's external auditor, investigating any matter leading to their resignation and overseeing the selection process for a new auditor where required;
- 4.3.2. approving the terms of engagement in respect of the statutory audit, developing and implementing policy on engaging the external auditor for non-audit services and approving in advance the fees for both audit and non-audit services;
- 4.3.3. approving the nature and scope of the audit with the external auditor before the audit commences and reviewing the findings of the audit, including the review of the performance calculation in accordance with the management agreement;
- 4.3.4. reviewing and monitoring the external auditor's independence and objectivity;
- 4.3.5. assessing the performance of the external auditor, monitoring the effectiveness of the audit process and reviewing their quality control procedures and steps taken to respond to regulatory, professional and other changes;
- 4.3.6. reviewing the management representation letters requested by the external auditor;

4.4. Internal Audit

- 4.4.1. reviewing reports relevant to the Company from the Manager's heads of compliance and internal audit;

4.5. Other

- 4.5.1. reviewing the Company's anti-bribery policy and considering similar procedures in place with the Company's third-party contractors;
- 4.5.2. reviewing the Manager's arrangements for raising concerns in confidence about possible wrongdoing in financial reporting and other matters (whistleblowing); and
- 4.5.3. reviewing the business continuity plans in place at the Manager.

5. Reporting responsibilities

- 5.1. The Committee Chairman will report formally 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.

The Committee shall:

- 5.2. make a statement in the Annual Report concerning its activities; and
- 5.3. keep these terms of reference under regular review, making them available to explain its role and the authority delegated to it by the Board.

6. Authority

The Committee is authorised to:

- 6.1. seek any information it requires from employees of the Manager, as appropriate, in order to perform its duties; and
- 6.2. obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

(Adopted 24 November 2016; amended 18 May 2017 and 29 November 2018)