

HENDERSON EUROTRUST PLC

Terms of Reference for the Audit Committee (the '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 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 Committee should have recent and appropriate professional qualifications or relevant financial experience and with competence in accounting and/or auditing.
- 2.3 The Board shall appoint the Committee Chairman. The Chairman of the Board may be a member but not Chair 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.

3. Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee.

4. Quorum

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

5. Frequency of Meetings

- 5.1 The Committee shall meet at least twice a year and at such other times as the Committee Chairman shall require. Meetings shall be arranged to coincide with the publication of the Company's financial statements.
- 5.2 The Manager's head of compliance and internal audit shall have the right of access to the Committee Chairman outside of formal meetings.
- 5.3 The Committee shall meet with the external auditors at least annually without the presence of an officer or employee of the Manager.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member thereof or at the request of the external auditors, or the Manager's heads of compliance or internal audit, if they consider it necessary.
- 6.2 Unless otherwise agreed by the Committee, 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 and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to the Committee members at the same time.
- 6.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

7. Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of the Committee meetings shall be agreed with the Committee Chairman and then circulated to all members of the Committee, unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- 7.3 Draft minutes will be included in the next set of Board papers for the Board's review.

8. Annual General Meeting

The Committee Chairman should attend the annual general meeting to answer shareholder questions.

9. Duties

The Committee is responsible for:

9.1 Financial Reporting

- 9.1.1 monitoring the integrity of the financial statements of the Company, including its annual and half-yearly reports, and any formal announcements relating to its financial performance, reviewing and reporting to the Board any significant financial reporting issues and judgements contained having regard to matters communicated to it by the auditor;
- 9.1.2 reviewing and challenging where necessary:
- the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
 - the methods used to account for significant or unusual transactions where different approaches are possible;
 - whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

- the clarity of disclosure in the Company's financial statements and the context in which statements are made;
- all material information presented with the financial statements, such as the Chairman's Statement, the Portfolio Review, the Strategic Report, the Company's Remuneration Policy, the Directors' Remuneration Report and the Corporate Governance Statement (insofar as it relates to the audit and risk management);
- the Company's statement on internal control systems, prior to endorsement by the Board, and the policies and process for identifying and assessing business risks and the management of those risks by the Company and the other narrative statements contained in the annual and half-yearly reports;
- the inclusion of details of any significant issues which the Committee considered in relation to the financial statements and how these were addressed;
- the Company's Remuneration Policy which shall be subject to a binding shareholder vote; and
- the viability statement made by the Company at the year end and making a recommendation to the Board;

9.1.3 reviewing and making a recommendation to the Board on the going concern of the Company at the year end and half-year end;

9.2 Narrative Reporting

9.2.1 where requested by the Board, reviewing the content of the annual report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;

9.3 Internal Controls and Risk Management Systems

9.3.1 keeping under review the framework and effectiveness of the internal control and risk management systems, including the Company's risk map, limits and restrictions and the control reporting for the Company's key third party contractors;

9.3.2 monitoring and reviewing the effectiveness of the Manager's compliance with the risk profile and tolerance acceptable to the Company and set by the Board in delivering the business strategy;

9.3.3 receiving reports at each meeting from the Manager regarding identification of all principal operational, financial, reputational and regulatory risks and uncertainties relating to the Company and the evaluation, monitoring and mitigation of those risks;

9.3.4 monitoring and reviewing the effectiveness of the Manager's internal audit, compliance and business risk function in the context of the Company's overall risk management system;

9.3.5 reviewing promptly all reports on the Company from the internal auditors;

9.3.6 reviewing and approving the statements to be included in any financial reporting concerning the effectiveness of internal controls and risk management;

9.4 Compliance, Whistleblowing and Fraud

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

9.5 Internal Audit

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

9.6 External Audit

- 9.6.1 considering and making recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 9.6.2 developing and overseeing the selection procedure for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- 9.6.3 investigating any matter leading to the resignation of an external auditor and deciding whether any action is required;
- 9.6.4 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;
- 9.6.5 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;
- 9.6.6 reviewing and monitoring the external auditors' independence, effectiveness and objectivity;
- 9.6.7 assessing the qualifications, expertise, resources and 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; and
- 9.6.8 reviewing the representation letters requested by the external auditor;

10. Reporting Responsibilities

- 10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting.

The Committee shall:

- 10.2 make a statement in the annual report concerning its activities to include:

- a summary of the role of the Committee;
 - the names and qualifications of all members of the Committee during the period;
 - a report on the way the Committee has discharged its responsibilities; and
 - the explanations provided for in paragraph 9.1.1 above;
- 10.3 keep these terms of reference under regular review, making them available to explain its role and the authority delegated to it by the Board.

11. Other Matters

The Committee shall:

- 11.1 have authority to investigate any matters within its terms of reference and to be supplied with access to sufficient resource to carry out its duties and full access to information;
- 11.2 give due consideration to relevant laws and regulations, the provisions of the Association of Investment Companies Code of Corporate Governance and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;
- 11.3 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.

12. Authority

The Committee is authorised to:

- 12.1 seek any information it requires from any employee of the Manager in order to perform its duties; and
- 12.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so.

(Amended 18 July 2017)