

# HENDERSON DIVERSIFIED INCOME TRUST PLC

## Schedule of Matters Reserved

adopted by the Board of Directors  
on 3 September 2019

<b>1.</b>	<b>Strategy and Management</b>
1.1	Responsibility for the overall leadership and management of the Company and setting the Company's values and standards.
1.2	Review of investment performance and associated matters such as gearing, asset allocation, attribution analysis, marketing/investor relations, peer group information and industry issues.
1.3	Consider the company's investment policy and its investment objectives as well as the principal risks associated with pursuing the investment strategy.
1.4	Consider share price performance and net asset value performance.
1.5	Assess the basis on which the Company generates and preserves value over the long-term and consider and address opportunities and risks to the future success of the business, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy.
1.6	Assess and monitor its own culture, including its policies, practices and behaviour to ensure it is aligned with the Company's purpose, values and strategy.
1.7	Appointment and review of the terms of appointment of the Investment Manager.
1.8	Annual review of the performance and continuing appointment of the Investment Manager.
1.9	Assess at least annually the Company's third-party suppliers in their role as stakeholders and whether the board has appropriate engagement with them
1.10	Oversight of the Company's operations ensuring: <ul style="list-style-type: none"><li>• competent and prudent management;</li><li>• sound planning;</li><li>• an adequate system of internal control;</li><li>• adequate accounting and other records; and</li><li>• compliance with statutory and regulatory obligations.</li></ul>
1.11	Review of the Company's performance in the light of stated objectives and ensuring that any necessary corrective action is taken.
1.12	Regular review of the schedule of investment limits and restrictions in order to ensure compliance with regulations.
1.13	Review of reports submitted by the Investment Manager, in particular valuations, transactions and revenue forecasts.
1.14	Amendment of the Company's stated investment policy, any such amendment to be approved by Shareholders.
1.15	Regular review of gearing levels and bank borrowing facilities.
<b>2.</b>	<b>Structure and Capital</b>
2.1	Approval of changes relating to the Company's status as an investment trust Company or its capital structure, including any reduction of share capital, the authorisation of share issues and share buy backs and the use of treasury shares.
<b>3.</b>	<b>Financial reporting and controls</b>
3.1	Consider the linkage between the principal risks in the strategic report, the company's risk map, the viability statement and disclosures made in the s172 (1) statement when reviewing the annual report
3.2	Approval of the half-yearly report and announcement.
3.3	Approval of the annual report and accounts, including the strategic report, report of the directors', corporate governance statement, report of the audit committee and directors' remuneration report.
3.4	Announcement of interim dividend and/or recommendation of final dividend (if applicable).
3.5	Approval of any significant changes in accounting policies or practices.

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<b>4.</b>	<b>Internal Controls</b>
	Ensuring maintenance of a sound system of internal control and risk management including:
4.1	monitoring the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls
4.2	approving procedures for the detection of fraud and the prevention of bribery
4.3	considering the Company's third-party service providers policies and procedures in respect of BA10 and the policies and procedures in place to prevent facilitation of tax evasion in accordance with CFA17
<b>5.</b>	<b>Contracts</b>
5.1	Contracts which are material strategically or by reason of size, entered into by the Company in the ordinary course of business.
5.2	Contracts of the Company not in the ordinary course of business e.g. long-term debt facility.
5.3	Major investments including the acquisition or disposal of more than 3% in the voting shares of any Company or the making of any takeover offer.
<b>6.</b>	<b>Communication</b>
	Ensuring that the board and its committees have appropriate and relevant information when deciding which judgments to delegate to the Manager
6.1	Ensuring a satisfactory dialogue with Shareholders.
6.2	Approval of resolutions and corresponding documentation to be put forward to Shareholders at general meeting.
6.3	Approval of all circulars, prospectuses, listing particulars and regulatory announcements other than the daily net asset value announcement.
6.4	When 20 per cent or more of votes have been cast against the board recommendation for a resolution, the Company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the board has taken and any actions or resolutions now proposed.
<b>7.</b>	<b>Board membership and other appointments</b>
7.1	Changes to the structure, size and composition of the Board, following recommendations from the Nominations committee.
7.2	Appointments to the Board, following recommendations by the Nominations committee.
7.3	Selection of the Chairman of the Board and approve the Role and policy on the tenure of the Chairman for publication on the Company's website.
7.4	Appoint the Senior Independent Director and approve the Role of the Senior Independent Director for publication on the Company's website.
7.5	Membership and chairmanship of board committees following recommendations from the nominations committee.
7.6	Annual re-election of directors by the shareholders
7.7	Appointment or removal of the Company Secretary.
7.8	Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting
<b>8.</b>	<b>Remuneration</b>
8.1	Determining the remuneration policy for the directors to be put to shareholders for approval every four years.
8.2	Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.

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<b>9.</b>	<b>Delegation of Authority</b>
9.1	Establishing board committees and approving their terms of reference, and approving material changes thereto.
9.2	Receiving reports from board committees on their activities.
<b>10.</b>	<b>Corporate Governance Matters</b>
10.1	Undertaking a formal annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.
10.2	Determining the independence of non-executive directors in light of their character, judgment and relationships.
10.3	Review of the Company's overall corporate governance arrangements.
10.4	Identify and manage directors' conflicts of interest and ensure that the influence of third parties does not compromise or override independent judgement.
10.5	Understand the views of the Company's other key stakeholders and consider s172 in board discussions and decision-making. Keep engagement mechanisms under review so that they remain effective.
<b>11.</b>	<b>Other Matters</b>
11.1	Any decision likely to have a material impact on the Company from any perspective, including, but not limited to, financial, operational, strategic or reputational risk.
11.2	This schedule of matters reserved for board decisions.

### Sources:

AIC Code	The Code of Corporate Governance issued by the Association of Investment Companies, February 2019
Articles of Association	The Company's Articles of Association adopted by special resolution on 23 February 2017
BA10	Bribery Act 2010
CA06	Companies Act 2006
CFA17	Criminal Finances Act 2017
DTR	Disclosure Guidance and Transparency Rules
IMA	Investment Management Agreement
LR	Listing Rules
Manager	Janus Henderson Investors/Henderson Investment Funds Limited

*Matters which the board considers suitable for delegation are contained in the terms of reference of its committees.*