

HENDERSON DIVERSIFIED INCOME TRUST PLC

Policy on the Provision of Non-Audit Services by the Auditor

1. Purpose

The purpose of this policy is to ensure the independence of the Company's external auditor and to avoid any real or perceived conflict of interest. The external auditor should be independent in both fact and appearance.

This policy incorporates by reference the applicable ethical guidance, which is in place and may be amended from time to time, regarding the provision of non-audit services by the external audit firm.

2. Audit services

The key service provided by the external auditor is the statutory audit of the Company's financial statements. The external auditor is accountable to the Audit Committee in this respect. Accordingly, the lead audit partner, together with other key members of the audit team, has unfettered access to the Audit Committee Chairman.

The external auditor will maintain a quality control system that provides reasonable assurance that its independence will not be impaired. The external auditor will report annually to the Audit Committee on all aspects concerning independence, including possible conflicts with this policy, if any. The external auditor will confirm its independence in writing at least annually.

The audit partner will be rotated in accordance with the regulatory requirements in force at the time.

3. Appointment of the external auditor

The Audit Committee will assess the qualification, expertise and resources of the auditors annually. Subject to satisfactory performance and recommendation of the Audit Committee, the Board will recommend the re-appointment of the auditors to shareholders at the Annual General Meeting. If the Audit Committee does not recommend the incumbent firm or the regulations require rotation, a tender process will be carried out the Committee.

4. Prohibited services

The auditor will not be engaged to provide the following services:

- a. tax and tax compliance services (provided they have no direct effect on, or are immaterial to, the audited financial statements);
- b. management functions or decision-making processes;
- c. services linked to financing, capital structure and allocation, and investment strategy of the audited entity (assurance services, including provision of comfort letters on prospectuses, will still be permitted);
- d. promoting, dealing in or underwriting shares in the Company;
- e. legal or expert services unrelated to their audit function;
- f. bookkeeping or other services related to the accounting records or financial statements;
- g. payroll administration services;
- h. designing and implementing internal controls or risk management procedures or financial information technology systems;
- i. valuation services (provided they have no direct effect on, or are immaterial to, the audited financial statements);
- j. internal audit services;
- k. human resource services relating to management, structuring of the organisation or cost control, recruitment or remuneration services; and
- l. any other service that the Audit Committee determines is not permissible.

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5. Permissible non-audit services

The Company wishes to have available to it the best provider of professional services where it is necessary to engage external advisers. It would therefore not wish to debar its external auditor from providing such services so long as they are not prohibited by code or regulation, or where they do not do not appear to affect the independence and objectivity of the external auditor.

The provision of non-audit services should be restricted to services linked to the audit itself, or those required by law or regulation. In addition, the Audit Committee will, in reviewing the audit firms' provision of non-audit services consider, and document where necessary, the following:

- a. whether the service has a direct or material effect on the audited financial statements;
- b. whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit services;
- c. whether there are safeguards in place to eliminate or reduce to an acceptable level any threat to objectivity and independence in the conduct of the audit resulting from the provision of such services by the external auditor;
- d. the nature of the non-audit services;
- e. the fees incurred, or to be incurred, for non-audit services both for the individual services and in aggregate, relative to the audit fee; and
- f. the criteria which govern the compensation of the individuals performing the audit.

Such services should be approved in advance by the Audit Committee, or Audit Committee Chairman, following an assessment of the threats to independence and the safeguards in place to mitigate or eliminate those threats.

The cost of non-audit services should not exceed 70% of the average of the fees paid in the last three consecutive financial years for the statutory audit.

6. Hiring

As an investment trust, the Company has no employees.

7. Responsibilities

The Audit Committee will keep this policy under regular review.

(Adopted on 11 December 2017. Last reviewed and updated 25 June 2021.)