HENDERSON HIGH INCOME TRUST PLC

Terms of Reference of the Audit and Risk Committee

Adopted on 1 February 2020 and amended on 10 September 2020, 17 November 2020, 20 September 2022, 20 March 2024, 29 November 2024 and 18 March 2026

1. Membership

1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations & Remuneration Committee in consultation with the Chairman of the Audit & Risk Committee. The Committee shall be made up of at least two members.

1.2 All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Company Chairman may be a member of, but not chair, the Committee provided (s)he was independent on appointment as Chairman. If the Chairman of the Board is a member of the Audit & Risk Committee, the Board should explain in the Annual Report why it believes this is appropriate. The Board should satisfy itself that at least one member has recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which the Company operates.

1.3 Unless otherwise determined by the Board, a director shall be deemed to be 'independent' for the purposes of these terms of reference if (s)he would be deemed to be 'independent' under provision 13 of the AIC Code of Corporate Governance.

1.4 Only members of the Committee have the right to attend Committee meetings. However, the external auditor will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate.

1.5 The Board shall appoint the Committee Chairman. 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.

1.6 Members must declare any conflicts of interest or potential conflicts of interest at the start of each meeting.

2. Secretary

2.1 The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

2.2 The Company Secretary will ensure that the Committee has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

3. Quorum

3.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee 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.

4. Frequency of meetings

4.1 The Committee shall meet at least twice a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

4.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the external audit lead partner and key personnel employed by the Manager.

5. Notice of meetings

5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of the external audit lead partner if they consider it necessary.

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 decisions of all Committee meetings, including recording 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 it would be inappropriate to do so in the opinion of the Committee Chairman.

7. Engagement with shareholders

7.1 The Chairman of the Committee shall attend the annual general meeting and answer any shareholder questions on the Committee's activities.

8. Duties

8.1 To fulfil the duty under section 172 of the Companies Act 2006, each individual director must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and in doing so, have regard to a number of broader matters including:

(a) the likely consequences of any decision in the long-term;
(b) the need to foster the Company's business relationships with suppliers, customers and others;
(c) the impact of the Company's operations on the community and the environment;
(d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(e) the need to act fairly between members of the Company.

8.2 Committee members should have regard to these matters when considering the business of the Committee.

8.3 The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the group as a whole, as appropriate.

8.4 **Risk appetite, tolerance and strategy**

The Committee shall:

8.4.1 Advise the Board on the Company's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives.

The Committee should seek assurance on the risks the Company identifies as those to which the business may be exposed. The risks will be specific to the Company's circumstances but are likely to include many of the following:

- Threats to the business model or future performance
- Operational risk
- Transactional risk
- Capital
- Insolvency
- Market risk
- Liquidity
- Counterparty risk
- Conduct risk
- Material litigation
- Reputational risk
- Environmental, Social and Governance (ESG) issues
- Ethical codes
- IT operations, including cyber risk
- Health and safety
- Pandemic risk
- Business continuity plans
- Duties under the Companies Act 2006

Other risks specific to the Company's sector and its operations need to be identified and may, for example, include:

- Regulatory and legal risks
- Investment risk
- Insurance risk
- Credit limits
- Regulatory stress testing
- Risk exposures and limits
- Asset impairments
- Risk trends, concentrations and correlations
- Research and development
- Terrorism

8.4.2 Advise the Board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.

8.5 Financial Reporting

The Committee shall:

8.5.1 The Committee shall consider the linkage between the principal risks and emerging risks in the strategic report, the risk map, the viability statement and disclosures made in the s172(1) statement when reviewing the Annual Report.

8.5.2 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half yearly reports, and any other formal announcements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.

8.5.3 The Committee shall review the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half year reports and related formal statements and challenge 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 adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
- the clarity and completeness of disclosures 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 Directors' Remuneration Report and the Corporate Governance Statement (insofar as it relates to the audit and risk management);
- the Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the UK Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules sourcebook; and
- 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, including the viability statement; and
- where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

8.6 Narrative reporting

The Committee shall carry out the following duties to assist the Board in fulfilling its reporting responsibilities in the annual report.

8.6.1 review the content of the annual report and accounts and advise the Board on whether, taken as a whole, the information presented is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

8.6.2 the Committee should also advise the Board on whether the annual report and accounts informs the Board's statement in the annual report on these matters; and

8.6.3 include details of any significant issues which the Committee considered in relation to the financial statements and how these were addressed.

8.7 Internal Controls and Risk Management Systems

The Committee shall oversee and seek suitable assurance regarding:

8.7.1 establishing and maintaining an effective risk management and internal control framework and ensure that its effectiveness is reviewed at least annually, covering all material controls, including financial, operational, reporting and compliance, with any significant findings reported to the Board;

8.7.2 advise the Board on the Company's overall risk appetite, tolerance and strategy, ensuring that the principal and emerging risks identified are aligned with the Company's business model and long-term strategic objectives;

8.7.3 Review the Manager's and the Company's other key third-party suppliers' annual assurance reports on the effectiveness of the internal controls in place at the respective organisations and discuss these with representatives from the Manager's Risk team when required to ensure any appropriate follow up action is undertaken.

8.7.4 Keep under review the Company's risk map and the Company's procedures to manage or mitigate principal risks and to identify emerging risks, to assist in the Board's assessment of principal and emerging risks.

8.7.5 Evaluate the Company's principal risks, to be taken into account by the Board when assessing the Company's prospects.

8.7.6 Review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

8.7.7 Monitor and review the remit and effectiveness of the Manager's Internal Audit, Compliance, Risk, Information Security and Business Resilience functions as they pertain to the Company's risk management and internal control framework; review annual internal control assurance reports from the Manager and the Company's other key third-party service providers, discuss any significant findings with the Manager's risk function as needed, and ensure that any required follow-up actions are undertaken;

8.7.8 Meet representatives of the Manager's Compliance, Risk and Internal Audit teams, at the half-year and full-year stage and if appropriate, without the Fund Manager being present, to discuss their remit and any issues arising.

8.7.9 Meet representatives of the Manager's Information Security and Business Resilience teams at least annually and if appropriate, without the Fund Manager being present, to discuss their remit and any issues arising.

8.8 External Audit

The Committee shall:

8.8.1 Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor.

8.8.2 A review of the Audit provision is to be undertaken at least every ten years. The Committee shall develop and oversee the tender and selection process for new auditors.

8.8.3 If an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.

8.8.4 Oversee the relationship with the external auditor, following the FRC's Audit Committees and the External Audit: Minimum Standard ("Minimum Standard"), including (but not limited to):

- approval of their remuneration, whether for audit or non-audit services, and ensuring that the level of fees is sufficient to enable an adequate audit to be carried out;
- approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- ensure the external auditor has full access to key personnel and records;
- invite challenge by the external auditor, giving due consideration to points raised and making changes to financial statements in response, where appropriate;
- assess annually the external auditor's independence, effectiveness and objectivity taking into account relevant law, regulation, the Ethical Standard and other professional requirements and the relationship with the auditor as a whole, including the provision of any non-audit services
- develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the auditor, including prior approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required, and assessment of whether non-audit services have a direct or material effect on the audited

financial statements. The policy should include consideration of the following matters:

- threats to the independence and objectivity of the external auditor and any safeguards in place;
- the nature of the non-audit services;
- whether the external audit firm is the most suitable supplier;
- the fees for non-audit services; and
- the criteria governing compensation.

- monitor the auditor's processes for maintaining independence, its compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

- assessing annually the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the external audit process which shall include a report from the external auditor on their own internal quality procedures and consideration of the audit firm's annual transparency reports, where available;

- investigating the issues giving rise to any resignation and considering what action is required;

- considering the need to include the risk of the withdrawal of their auditor from the market in their risk evaluation and planning;

- meeting regularly with the external auditors and at least once a year, without representatives of the manager being present, to discuss the auditors' remit and any issues arising from the audit; and

- review the FRC's annual quality inspection report on the auditor and discuss the report with the auditor to obtain an understanding of how any issues identified are being addressed.

8.8.5 Review the annual audit plan and ensure that it is consistent with the scope of the audit engagement (after prior review by the Committee Chairman).

8.8.6 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

- a discussion of any major issues which arose during the audit;

- the auditor's explanation of how the risks to audit quality were addressed;

- any accounting and audit judgements;

- the auditor's view of their interactions with the Manager;

- levels of errors identified during the audit;

- the effectiveness of the audit process; and

- evaluating risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee.

8.8.7 The Committee shall also:

- review any representation letter(s) requested by the external auditor before they are signed by the Board;
- review the Manager's letter and Manager's response to the auditor's findings and recommendations; and
- implement the Board's policy on the engagement of the auditors to supply non-audit services, taking into account any relevant ethical guidance on the matter.

8.8.8 At the end of the annual audit cycle, the Audit & Risk Committee should assess the effectiveness of the audit process and satisfy itself that the quality of the audit is of a sufficiently high standard, supported by evidence, and be able to justify how the Audit & Risk Committee arrived at its conclusion, taking into consideration any relevant UK professional and regulatory requirements. In the course of doing so, the Audit & Risk Committee should:

- review whether the auditor has met the agreed audit plan and understand the reasons for any changes, including changes in perceived audit risks and the work undertaken by the external auditors to address those risks;
- consider the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgements identified and in responding to questions from the Audit & Risk Committee, and in their commentary where appropriate on the systems of internal control; and
- obtain feedback about the conduct of the audit from key people of the Manager involved.

8.9 Compliance, whistleblowing and fraud

The Committee shall:

- review the adequacy and security of the Manager's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- review the Manager's procedures for detecting fraud;
- monitor and review the Manager's processes, assurance, reporting protocols, systems and controls for the prevention of bribery and receive reports on non-compliance, including all matters in relation to the UK Bribery Act 2010, the Criminal Finances Act 2017, the Modern Slavery Act 2015 and the sanctions element of the Economic Crime Act 2022;

- monitor and review the confirmations from the Company's third-party suppliers of their adherence to the UK Bribery Act 2010, the Criminal Finances Act 2017,the Modern Slavery Act 2015 and the sanctions element of the Economic Crime Act 2022; and

- It is recognised that additional "off-cycle" reviews may be necessary following major changes for the Company e.g. changes in law or changes of investment policy.

Reporting responsibilities

9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on the contents of its discussion, recommendations and actions to be taken and shall also formally report to the Board on how it has discharged its duties and responsibilities.

This report shall include:

- the significant issues that it considered in relation to the financial statements (required under paragraph 8.5.2) and how these were addressed;

- its assessment of the independence and effectiveness of the external audit process (required under paragraph 8.8.4), the approach taken to the appointment or reappointment of the external auditor, length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and

- any other issues on which the Board has requested the Committee's opinion.

9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.

9.3 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should describe the work of the Committee, how it has discharged its responsibilities under its terms of reference and the activities it has undertaken to meet the requirements of the Minimum Standard, including:

- an explanation of how the Committee has assessed the independence and effectiveness of the external audit process (required under paragraph 8.6.10), the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans;

- the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor;

- if a regulatory inspection of the quality of the Company's audit has taken place, information about the findings of that review, together with any remedial action the auditor is taking in the light of these findings;

- if the auditor provides non-audit services, an explanation as to how auditor independence and objectivity are safeguarded;
- how effective oversight over the auditor has been achieved throughout the year; and
- if a tender has taken place within the year, an explanation of the criteria used to make the selection and the process followed.
- and all other information requirements set out in the Code.

9.4 In compiling the reports referred to in 9.1 and 9.3, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.

10 Communication with Shareholders

10.1 The terms of reference of the Audit & Risk Committee, including its role and the authority delegated to it by the Board, should be made available. A separate section in the annual report should describe the work of the Committee in discharging those responsibilities.

10.2 The Audit & Risk Committee section should include, inter alia:

- a summary of the role of the Audit & Risk Committee;
- the names and qualifications of all members of the Audit & Risk Committee during the period;
- the number of Audit & Risk Committee meetings; and
- a report on the way the Audit & Risk Committee has discharged its responsibilities.

10.3 The Chairman of the Audit & Risk Committee should be present at the AGM to answer questions, through the Chairman of the Board, on the report on the Audit & Risk Committee's activities and matters within the scope of the Audit & Risk Committee's responsibilities.

11 Other matters

The Committee shall:

11.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;

11.2 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;

11.3 give due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code and published guidance, the AIC Code of Corporate Governance, the requirements of the FCA's UK Listing Rules, Prospectus Regulation Rules and Disclosure, Guidance and Transparency Rules Sourcebook and any other applicable rules, as appropriate;

11.4 be responsible for oversight of the coordination of the external auditor;

11.5 oversee any investigation of activities which are within its terms of reference;

11.6 work and liaise as necessary with all other Board Committees;

11.7 arrange for periodic reviews of its own performance; and

11.8 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 request the attendance of and/or seek any information it requires from employees of the Manager or BNP Paribas Securities Services, as appropriate, in order to perform its duties;

12.2 delegate any matter or matters to another Committee or person(s) as it deems appropriate;

12.3 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference.

12.4 publish in the Company's Annual Report, details of any issues that cannot be resolved between the Committee and the Board.

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

(Adopted on 14 March 2017 and updated on 23 March 2021)

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 and Risk Committee in this respect. Accordingly, the lead audit partner, together with other key members of the audit team, has unfettered access to the Audit and Risk Committee Chairman.

The external auditor will maintain a quality control system that provides reasonable assurance that its independence will not be impaired. They will report annually to the Audit and Risk Committee on all aspects concerning independence, including possible conflicts with this policy, if any. They will confirm their 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 and Risk Committee will assess the qualification, expertise and resources of the auditors annually. Subject to satisfactory performance and recommendation of the Audit and Risk Committee, the Board will recommend the re-appointment of the auditors to shareholders at the Annual General Meeting. If the Audit and Risk Committee does not recommend the incumbent firm or the regulations require rotation, a tender process will be carried out by 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 and Risk Committee determines is not permissible.

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 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 and Risk 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 and Risk Committee, or Audit and Risk 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 and Risk Committee will keep this policy under regular review.