

# HENDERSON INTERNATIONAL INCOME TRUST PLC

## Terms of Reference for the Nominations & Remuneration Committee

### 1. Constitution

The committee is constituted by the board of directors and advises the board on the composition of the board and its committees, in making appointments to the board taking account of diversity and ensuring suitable succession plans are in place for directors. It also has responsibility for setting the remuneration policy for the non-executive directors, including the chairman of the board, the chair of the audit committee and the senior independent director.

### 2. Membership

2.1 Members of the committee shall be appointed by the board and it shall be made up of at least three non-executive directors of the Company, all of whom shall be independent of the manager.

2.2 Only members of the committee have the right to attend committee meetings. However, other individuals such as other directors, representatives of the manager and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

2.3 The board shall appoint the committee chairman who should be either the chairman of the board or an independent non-executive director. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of their numbers to chair the meeting. The chairman of the board shall not chair the committee when it is dealing with the matter of succession to the chairmanship, the performance of the chairman or the chairman's remuneration.

### 3. Secretary

3.1 The company secretary or their nominee shall act as the secretary of the committee.

### 4. Quorum

4.1 The quorum necessary for the transaction of business shall be two independent non-executive directors. 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.

### 5. Frequency of meetings

5.1 The committee shall meet at least annually and at such other times as the chairman of the committee shall require.

### 6. Notice of meetings

6.1 Meetings of the committee shall be convened by the secretary of the committee at the request of the chairman of the committee.

6.2 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 and any other person required to attend no later than five working days before the date of the meeting.

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## 7. Minutes of meetings

- 7.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 7.2 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 in the opinion of the committee chairman it would be inappropriate to do so.

## 8. Annual general meeting

- 8.1 The chairman of the committee shall attend the Annual General Meeting and shall be prepared to respond to any shareholder questions on the committee's activities.

## 9. Duties

- 9.1 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.

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

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

- 9.3 The committee shall undertake the following:

### 9.3.1 **Board and committee composition**

- a) regularly review the structure, size and composition of the board and its committees taking account of gender, social and ethnic backgrounds as well as cognitive and personal strengths in order to make recommendations to the board with regard to any changes;
- b) on an annual basis, undertake a formal evaluation of each director's performance, as well as the performance and function of the board as a whole and the board committees, taking into account the balance of skills, experience, independence and knowledge of the Company in the board as well as the board's diversity, how the board works together as a unit and any other functions relevant to its effectiveness. The review should be based on open discussion to assess the strengths and weaknesses of the board and its committees.

The senior independent director, or one of the other independent directors, as agreed by the committee members, shall take the lead in the annual evaluation of the performance of the chairman of the board;

- c) advise the board on any matters relating to the continuation in office of any directors, including the suspension or termination of any director;

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- d) periodically review the terms of appointment of directors;
- e) regularly consider the need to appoint a senior independent director; and
- f) develop, if appropriate, and periodically review any formal objectives which may be established for the implementation of diversity on the board and monitor progress toward the achievement of those objectives;
- g) regularly review the independence of the directors and report annually to the board on its evaluation of each directors' independence;
- h) make recommendations to the board on the reasons for determining that a director is to be regarded as independent and, when relevant, notwithstanding that the director has served for more than nine years from the date of their first election;
- i) make recommendations to the board on the reasons for determining that a director is to be regarded as independent notwithstanding the existence of any relationships or circumstances which may appear relevant to the board's deliberations; and
- j) make recommendations to the board about the policy on the tenure of the chairman of the board, to be disclosed in the Annual Report; a clear rationale for the expected tenure should be provided, and the policy should explain how this is consistent with the need for regular refreshment and diversity.

### 9.3.2 ***Appointment of directors***

- a) be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise;
- b) before an appointment is made by the board, evaluate the balance of skills, knowledge, experience and diversity on the board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the committee shall:
  - use open advertising or the services of external advisers to facilitate the search if deemed appropriate to do so;
  - consider candidates from a wide range of backgrounds;
  - consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, social and ethnic backgrounds as well as cognitive and personal strengths;
  - take care that appointees have sufficient time available to devote to the position; and
- c) ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

### 9.3.3 ***Succession planning***

- a) keep under review the leadership needs of the Company, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- b) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;

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- c) formulate plans for succession for directors and in particular for the key role of chairman;
- d) give full consideration to succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the board in the future;
- e) consider the membership and, where appropriate, chairmanship of the other board committees;
- f) consider the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required and make recommendations to the board; and
- g) consider the re-election by shareholders of any director having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required and make recommendations to the board.

### 9.3.4 **Remuneration**

- a) set the remuneration policy for the non-executive directors including the chairman of the board, the chair of the audit committee and the senior independent director (subject to the remuneration policy being approved by the shareholders at every third annual general meeting or if there are any material changes proposed);
- b) in determining the remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Code of Corporate Governance and the Association of Investment Companies' ("AIC") Corporate Governance Code;
- c) the objective of such a policy should be to attract, retain and motivate non-executive directors of the quality required to manage the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
- d) review the ongoing appropriateness and relevance of the remuneration policy at least annually;
- e) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;
- f) recommend and monitor the level of remuneration for the non-executive directors;
- g) agree the policy for authorising claims for expenses for the non-executive directors (including whether to gross up or pay net taxable benefits); and
- h) work and liaise as necessary with all other board committees.

## 10 **Reporting responsibilities**

- 10.1 The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

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10.3 The committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

### **11 Other matters**

11.1 The committee shall:

11.1.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

11.1.2 be provided with appropriate, timely training, both in the form of an induction programme for new members and on an ongoing basis for all members as and when required;

11.1.3 give due consideration to the laws and regulations, the provisions of the AIC Code of Corporate Governance, the requirements of the FCA's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate; and

11.1.4 at least annually review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the board for approval.

### **12 Authority**

12.1 The committee shall have authority to:

12.1.1 seek information it requires from employees of Henderson Administration Limited, as appropriate, in order to perform its duties; and

12.1.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.