

# HENDERSON OPPORTUNITIES TRUST PLC

## Terms of Reference of the Audit Committee

### Conflicts Of Interest

Prior to the commencement of a meeting all Committee Members are required to declare any known or potential conflicts of interest which involve them including any new appointments (not just for listed companies) that could lead to a conflict, or potential conflict, of interests.

### Constitution

- The Audit Committee (the 'Committee') is appointed as a Committee of the Board in accordance with the Articles of Association of the Company.
- Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee and in consultation with the Chairman of the Committee.
- The Chairman of the Committee shall be appointed by the Board.
- The Chairman of the Board may not be a member of the Committee but may be invited to attend Committee meetings by the Committee Chairman.
- In the absence of the Committee Chairman, the remaining members present shall elect one of their number present to chair the meeting.
- The Committee shall have a minimum of three members.
- All members of the Committee shall be independent non-executive directors, at least one of whom should have recent and relevant financial experience.
- A quorum shall be any two members of the Committee present in person.

### Conduct of Meetings

- Meetings shall be held at least twice a year, normally immediately preceding the Board meetings at which the financial statements for the year end and half year are reviewed and, additionally, to review the effectiveness of the Company's system of internal control.
- Only members of the Committee have the specific right to attend meetings.
- The auditors will be invited to attend meetings, on a regular basis and at least once a year. Others, including directors of the Company who are not members of the Committee and officers and employees of the Manager, may be invited to attend meetings.
- The Company Secretary shall act as Secretary to the Committee.
- The Chairman of the Committee shall attend the Annual General Meeting of the Company so as to be available to respond to questions about the Committee's work.

### Authority

The Committee is authorised to investigate any matters it deems appropriate including, but not limited to, those referred to within its terms of reference and to:

- (i) have access to all relevant information of the Company;
- (ii) obtain independent professional advice; and

- (iii) request the attendance of officers and employees of the Manager competent to discuss financial accounting, internal controls or other matters within the Committee's Terms of Reference at meetings.

## **Duties**

The Committee shall assist all directors in discharging their duties and legal responsibilities in respect of the annual report and accounts; the periodic financial reports required under the Disclosure Guidance and Transparency Rules; any interim statements to shareholders; the Company's internal control and risk management procedures; and the working relationship with the auditors.

The Committee shall report to the Board with recommendations as appropriate on:

### **Financial Statements (year end - 31 October / half year - 30 April)**

The annual and half year financial reports (including the preliminary results, if the Board chooses to issue preliminary results), focusing particularly on:

- (i) The integrity of the financial statements and any formal announcements relating to the financial performance and reviewing significant financial reporting judgements contained in them;  
*(annually December & June)*
- (ii) The appropriateness of current accounting policies and any changes proposed thereto;  
*(annually December & June)*
- (iii) Major judgmental areas including the Company's unquoted investments, with particular regard to the values attributed thereto;  
*(annually December & June)*
- (iv) Chairman's Statement and Fund Manager's Report;
- (v) 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-year reports;
- (vi) The need to ensure that 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;
- (vii) Reviewing and making recommendation to the Board on the viability statement made by the Company at the year end; and
- (viii) Reviewing and making recommendation to the Board on the going concern statement made by the Company at the year end and half year.

### **Audit and Auditors**

- (i) the report of the auditors, the nature and scope of the audit and any adjustments, problems or reservations identified during the audit;  
*(annually December & if engaged for half year, June)*
- (ii) the relationship with the auditors including their engagement, resignation or dismissal, fee proposals, and audit planning;  
*(annually June)*
- (iii) monitoring the independence and objectivity of the auditors;  
*(annually June)*
- (iv) developing and implementing a policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account relevant regulations and ethical guidance, and reporting to the board on any improvement or action required

- (v) reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- (vi) conducting the tender process and making recommendations to the Board;

*Corporate Governance (ongoing, including year end and half year end)*

- (i) the Strategic Report, the Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Directors' Responsibility Statement;  
*(annually December)*
- (ii) key control risks;  
*(annually September & when required)*
- (iii) the appropriateness of the content of the schedule of Investment Limits and Restrictions;  
*(annually)*
- (iv) the Risk Map;  
*(annually September & when required)*
- (v) the Internal Controls Reports issued by the Manager, the Manager's Permitted Agent (BNP Paribas Securities Services), the Company's custodian (HSBC Bank plc), and the Company's other suppliers, as appropriate.  
*(annually June)*

**Internal Controls and Risk Management Systems**

The Committee shall:

- (i) Keep under review the effectiveness of the Company's internal controls and risk management systems; and
- (ii) Review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

**Internal Audit**

The Committee shall:

- (i) Monitor and review the effectiveness of the Manager's internal audit, compliance and business risk function in the context of the Company's overall risk management system;
- (ii) Review promptly all reports on the Company from the internal auditors;
- (iii) Review from time to time whether a function equivalent to an internal audit is required.  
*(annually September)*

**Compliance, Whistleblowing and Fraud**

The Committee shall:

- (i) review the Manager's arrangements for raising concerns in confidence about possible wrongdoing in financial reporting and other matters (whistleblowing);
- (ii) review the Manager's, and receive assurances in relation to third party contractors, procedures for detecting fraud;
- (iii) review the Company's anti-bribery policy and receive assurances in relation to third party contractors policies; and
- (iv) review the business continuity plans in place at the Manager.

## **Reporting Responsibilities**

The Committee Chairman shall report formally to the Board on how it has discharged its responsibilities after each meeting.

The Committee shall:

- (i) 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 the Financial Statements section (i) above;
- (ii) keep these terms of reference under regular review, making them available to explain its role and the authority delegated to it by the Board.

## **Other Issues**

Such matters as the Committee considers should be brought to the attention of the Board.