

Henderson Group plc
Audit Committee
Terms of Reference

1. Committee Purpose

- 1.1 The Audit Committee (“AC”) is a Committee of the Board of Henderson Group plc (“Board”) which will assist the Board to discharge its corporate governance responsibilities in relation to:
- The relationship with the external auditors;
 - The reliability and appropriateness of disclosures in the financial statements and external financial communication; and
 - The maintenance of an effective framework of business risk management including compliance, internal controls and the assurance provided by internal audit.

2. Duties and Scope

External Auditors

- 2.1 The AC will recommend to the Board the appointment, termination and fees of external auditors for Henderson Group plc (“the Company”) and its subsidiaries (together “the Group”) and all member entities of the Group, noting that the appointment, re-appointment or removal of external auditors will be put to shareholders for approval as required by legislation.
- 2.2 The AC will approve the terms and scope of the external audit engagement and is to be satisfied with the effectiveness of the audit processes including the degree of the interaction with management and in particular, Internal Audit and Risk Management and Compliance functions within the Group.
- 2.3 The AC will annually review and is to be satisfied with the independence and objectivity of the external auditors.
- 2.4 The AC will meet privately with the external auditor at least annually.
- 2.5 The AC will develop and implement policy on the engagement of the external auditor to supply non-audit services and report to the Board with recommendations for actions to be taken. Any proposed costs for non-audit services above £100,000 in any year will be referred to the Chairman of the AC for approval.

Financial Statements

- 2.6 The AC will approve the accounting and tax policies and principles applied to the Group and be satisfied with their appropriateness.
- 2.7 The AC is to be satisfied that there are processes in place to produce externally communicated financial information that is accurate and reliable, and compliant with all relevant regulations and legislation including the ASX and FSA’s listing rules.
- 2.8 The AC is to be satisfied that management jointly with the external auditors and, if necessary, the General Counsel, have adequately reviewed any litigation, claim or other contingency, write-offs, provisions, and changes in accounting policy and methodology which could have a material impact upon financial statements of the Group.
- 2.9 The AC will recommend the adoption by the Henderson Group Board of the relevant financial reports and statements.

Risk Management / Internal Controls

- 2.10 The AC is to be satisfied that there is an effective business risk management framework in place regarding the Group, including, but not limited to:

- Management of operational events that could prevent the business from achieving its objectives or realising opportunities.
 - Compliance with legal and regulatory obligations; and
 - Accuracy of financial records and reporting.
- 2.11 The AC is to be satisfied that the business is effectively monitoring and acting upon its business risks (including compliance and internal controls) to ensure:
- the effective and efficient operation of all significant business processes;
 - current and emerging key risks are identified and effectively managed; and
 - significant breaches of legal, compliance and internal control matters are being reported and acted upon (through the controlled entities' management line, Committees of controlled entities and ultimately to the AC).
- 2.12 The AC is to be satisfied with the management of key operational risks facing the business including the effectiveness of internal controls and will monitor the implementation of key recommendations and management action plans.
- 2.13 The AC will review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The AC will ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

Internal Audit

- 2.14 The AC will:
- review the activities and structure of Internal Audit and the effectiveness of the Internal Audit function and approve the Internal Audit Charter;
 - review and concur in the appointment, replacement or dismissal of the Head of Internal Audit;
 - review the annual Internal Audit plan, budget and resourcing; and
 - review significant findings of Internal Audit and the management action plans.
- 2.15 The AC will meet privately with the Head of Internal Audit at least annually.

3. Composition and Chair

- 3.1 The AC will be composed of at least three independent Non-Executive Directors. No Executive Directors will serve on the AC.
- 3.2 Appointments, rotations and resignations will be decided by the Board.
- 3.3 The Chairman of the AC shall be a Non-Executive Director of the Board (other than the Chairman of the Board).
- 3.4 The Office of the Company Secretary will provide secretarial services to the AC.
- 3.5 The Chief Financial Officer will provide executive support to the AC.

4. Committee Procedures

- 4.1 The AC shall meet on a quarterly basis or more frequently if required, and will be convened and conducted on the same principles as those that apply to the Board.
- 4.2 Quorum - a meeting of the AC shall be taken to be convened if at least two Members are present.
- 4.3 A meeting may be held by the AC Members communicating with each other by any technological means by which they are able simultaneously to hear each other and participate in discussion. The minutes of the meeting shall record the method by which the meeting was conducted.
- 4.4 The AC may deal with matters requiring a decision by way of Written Resolution. Such resolutions will be deemed to have been passed when all Members at that time in the UK have signed the Written Resolution.
- 4.5 The AC may invite members of management or others to attend meetings from time to time.
- 4.6 The AC will review its terms of reference annually.
- 4.7 The AC will report to the Board on its activities.