

BLACKROCK NORTH AMERICAN INCOME TRUST PLC

(the "Company")

AUDIT & MANAGEMENT ENGAGEMENT COMMITTEE

Terms of Reference

(as adopted on 24 June 2020)

1. DEFINITIONS

Reference to the "Committee" shall mean the Audit & Management Engagement Committee.

Reference to the "Board" shall mean the board of directors of the Company.

Reference to the "investment manager" shall mean BlackRock Investment Management (UK) Limited.

Reference to the "manager" shall mean BlackRock Fund Managers Limited (the Company's Alternative Investment Fund Manager with effect from 2 July 2014). The investment manager continues to act as the Company's Investment Manager under a delegation agreement with the manager.

2. MEMBERSHIP

- 2.1 The Committee shall be made up of at least three members. Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Committee. The Board shall satisfy itself that at least one member of the Committee has competence in accounting and/or auditing and that the Committee as a whole has competence relevant to the sector in which the Company operates.
- 2.2 All members of the Committee shall be independent non-executive directors.
- 2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals (if not members of the Committee) such as representatives of the manager and/or the investment manager may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.4 The external auditors, as appropriate, will be invited to attend meetings of the Committee on a regular basis.

- 2.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 2.6 The Board shall appoint the Committee Chairman who shall be 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 themselves to chair the meeting.

3. SECRETARY

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

4. QUORUM

The quorum necessary for the transaction of business shall be two Committee 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.

5. FREQUENCY OF MEETINGS

The Committee shall meet at least twice a year at appropriate times in the Company's reporting and audit cycle and otherwise as required. 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 and the external audit lead.

6. NOTICE OF MEETINGS

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members. The external audit lead partner or the manager may request a meeting if they consider it necessary.
- 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, 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.

7. MINUTES

- 7.1 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all members of the Board unless it would be inappropriate to do so.

8. ANNUAL GENERAL MEETING

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

9. DUTIES

- 9.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings (if any) and the group as a whole (if a group is in existence), as appropriate.

9.2 Management engagement

- 9.2.1 The management engagement terms shall be discussed by the Committee annually, prior to the annual results announcement being released.

- 9.2.2 The Committee shall:

9.2.2.1 reasonably satisfy itself that the management contract is fair and that the terms remain competitive and sensible for shareholders;

9.2.2.2 reasonably satisfy itself that systems put in place by the manager and/or the investment manager in respect of the Company are adequate to meet relevant legal and regulatory requirements;

9.2.2.3 reasonably satisfy itself that matters of compliance are under proper review. The Committee shall have direct access to the manager and /or investment manager's compliance officer, and shall receive a report from the manager each year confirming that the management company has conducted the Company's affairs in compliance with the regulations applying to it;

- 9.2.2.4 consider whether the continuing appointment of the manager on the terms of the management contract is in the interests of shareholders as a whole, and make recommendations to the Board thereon together with a statement of the reasons for their view;
- 9.2.2.5 consider the appointment or re-appointment of the manager and the level of management fees and make recommendations to the Board thereon; and
- 9.2.2.6 review with the manager and/ or investment manager any material issues arising from their work that the manager and/or investment manager wishes to bring to the attention of the Committee, whether privately or otherwise.

9.2.3 The Committee shall be responsible for:

- 9.2.3.1 considering and making recommendations to the Board regarding the appointment of third party service providers; and
- 9.2.3.2 ensuring that third party service providers comply with the terms of their respective service agreements with the Company and that the provisions of such agreements follow industry practice, remain competitive and are in the best interests of shareholders.

9.3 Financial reporting

9.3.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary announcements and any other formal statements relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgments which they contain having regard to matters communicated to it by the auditor.

9.3.2 In particular, the Committee shall review and challenge where necessary:

- 9.3.2.1 the application of, and any changes to, significant accounting policies;
- 9.3.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
- 9.3.2.3 whether the Company has adopted appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor on the financial statements;

9.3.2.4 the clarity and completeness of disclosures in the Company's financial reports and the context in which statements are made including, without limitation, the going concern assumption to be made by the Board and the assumptions made in assessing the longer term viability of the Company and the appropriateness of the time period over which the assessment is made; and

9.3.2.5 all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and risk management.

9.3.3 Where requested by the Board, the Committee shall review the content and advise the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the UK Corporate Governance Code.

9.3.4 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.

9.3.5 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 Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.

9.4 Internal Controls and Risk Management Systems

9.4.1 The Committee shall as appropriate given the nature of the Company:

9.4.1.1 keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems; and

9.4.1.2 review and approve the statements to be included in the annual report concerning internal controls, risk management and the viability statement.

9.5 Compliance, Whistleblowing and Fraud

9.5.1 The Committee shall as appropriate given the nature of the Company:

9.5.1.1 review the adequacy and security of the Company's arrangements for its employees, if any, 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;

- 9.5.1.2 review the Company's procedures for detecting fraud;
- 9.5.1.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 9.5.1.4 review regular reports from the manager's money laundering reporting officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls;
- 9.5.1.5 review regular reports from the manager's compliance officer and keep under review the adequacy and effectiveness of the manager's compliance function;
- 9.5.1.6 review semi-annual reports from the manager on its activities as AIFM; a representative of the manager will attend meetings on request; and
- 9.5.1.7 review semi-annual reports from the depositary on its activities; a representative of the depositary will attend meetings on request.

9.6 Internal audit

- 9.6.1 If the Company does not have an internal audit function, the Committee shall consider annually whether there should be one and make a recommendation to the Board accordingly. The reasons for the absence of such a function should be explained in the relevant section of the Company's annual report.

9.7 External audit

- 9.7.1 The Committee shall:
 - 9.7.1.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor; develop and oversee the selection process for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process; and if an auditor resigns investigate the issues leading to this and decide whether any action is required;

- 9.7.1.2 oversee the relationship with the external auditor including (but not limited to):
 - 9.7.1.2.1 approving their remuneration, whether fees for audit or audit related services and ensure that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - 9.7.1.2.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 9.7.1.2.3 assessing annually their independence and objectivity taking into account relevant UK law, regulation, ethical standards and other professional requirements and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any audit related services;
 - 9.7.1.2.4 satisfying itself that there are no relationships between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
 - 9.7.1.2.5 monitoring the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other ethical and professional requirements, including the guidance on the rotation of audit partner and staff, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and assessing these in the context of relevant legal, professional and regulatory requirements, guidance and ethical standards;
 - 9.7.1.2.6 assessing annually their qualifications, expertise and resources, and independence of the 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
 - 9.7.1.2.7 evaluating the risks to the quality and effectiveness of the financial reporting process in the light of the auditor's communications with the Committee.
- 9.7.1.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 9.7.1.4 discuss with the auditor the factors that could affect audit quality and review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

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

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

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

9.7.1.5.3 key accounting and audit judgements;

9.7.1.5.4 levels of errors identified during the audit; and

9.7.1.5.5 the effectiveness of the audit, including an assessment of the audit quality, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

9.7.2 The Committee shall also:

9.7.2.1 review any representation letter(s) requested by the external auditor before they are signed by management;

review the management letter and management's response to the auditor's findings and recommendations; and develop and implement a policy on the supply of audit related services by the external auditor to avoid any threat to auditor objectivity and independence, including approval of audit related services by the Committee and specifying the types of audit related services to be pre-approved, and assessment of whether audit related services have a direct or material effect on the audited financial statements. A copy of the policy is attached as Appendix 1.

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 and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include the significant issues that it considered in relation to the financial statements and how these were addressed; its assessment of the effectiveness of the external audit process, 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; and any other issues on which the Board has requested the Committee's opinion.

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.

- 10.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; the significant issues that the Committee considered in relation to the financial statements and how these were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the UK Corporate Governance Code.
- 10.4 In compiling the reports referred to above, 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.

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's secretary for 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 applicable laws and regulations including the requirements of the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules and the provisions of the UK Corporate Governance Code and the Association of Investment Companies' Code of Corporate Governance as such apply to the Company from time to time;
- 11.4 be responsible for co-ordination of the internal, if any, and external auditors;
- 11.5 oversee any investigation of activities which are within its terms of reference; and
- 11.6 arrange for periodic reviews of its own performance and, 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:

- 12.1 to seek any information it requires from any director or employee of the manager, investment manager or secretary and administrator in order to perform its duties;
- 12.2 to obtain, at the Company's expense, outside legal, accounting or other professional advice on any matter it believes it is necessary to do so;
- 12.3 to call any employee or officer of the Company or manager and/ or investment manager to be questioned at a meeting of the Committee as and when required;
- 12.4 to have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

13. TERMS OF REFERENCE

These terms of reference shall be published on the Manager's website.

APPENDIX I

REVISED ETHICAL STANDARD (DECEMBER 2019) AUDIT COMMITTEE PRE-APPROVAL POLICY

Statement of Principle

The Audit Committee (the “Committee”) of the Board of Directors is required to pre-approve the audit and audit related services performed by the independent statutory auditor or any of its affiliates (collectively, the “Audit Firm”) in order to ensure that the provision of such services do not impair the independence of the Audit Firm.

The term of any pre-approval is 12 months from the date of pre-approval, unless the Committee specifically provides for a different period. Periodically, the Committee may review and revise this Policy.

Permitted Audit Related Services for Public Interest Entities

As per paragraph 5.40 of the Revised Ethical Standard, an audit firm carrying out statutory audits of public interest entities and, where the audit firm belongs to a network, any member of such network, shall not provide to the audited entity, to its UK parent undertaking or to its worldwide controlled undertakings, services other than those set out in Exhibit I and II, subject to the approval of the audit committee after it has properly assessed threats to independence and the safeguards applied in accordance with this Ethical Standard.

Pre-Approval

This Policy establishes two different approaches to pre-approving audit and non-audit services. Proposed services may either (1) require the specific pre-approval of the Committee (“Specific Pre-Approval”) or (2) be pre-approved without consideration of specific case-by-case services (“General Pre-Approval”). Unless a type of service has received General Pre-Approval pursuant to this policy, it will require Specific Pre-Approval by the Committee.

Audit Services

The Committee has provided General Pre-approval of all annual Audit Service engagement terms and fees as listed in Exhibit I.

Audit-Related Services

For permissible Audit-Related Services listed in Exhibit II, Specific Pre-approval should be sought from the Committee.

The Committee may approve the provision of the services referred to in Exhibit II, provided that the following requirements are complied with:

- a) they have no direct or have immaterial effect, separately or in the aggregate on the audited financial statements;
- b) the estimation of the effect on the audited financial statements is comprehensively documented and explained in the additional report to the Committee; and
- c) the principles of independence laid down in Directive 2006/43/EC are complied with by the Audit Firm.

Tax Compliance and Advisory Services

The Audit Firm does not provide any such services to the Company therefore no approvals are required.

Prohibited Non-Audit Services

A list of prohibited non-audit services which are subject to outright prohibition in Regulation 80 of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (SI 2019/177) is attached to this policy as Exhibit III.

Delegation

In the intervals between the scheduled meetings of the Committee, the Committee delegates authority under this Policy to the Chairman of the Committee (the "Chairman") to pre-approve Audit and Audit Related Services. The Chairman shall report any pre-approval decisions under this Policy to the Committee at its next scheduled meeting. The Committee can modify, at its discretion, the pre-approval originally granted by the Chairman.

This modification can be to the form or the nature of services pre-approved, the level of fees approved, or both.

The Committee expects pre-approval of Audit and Audit Related services by the Chairman pursuant to this delegated authority to be the exception rather than the rule and may modify or withdraw this delegated authority at any time. The Committee does not delegate its responsibilities to pre-approve services performed by the Audit Firm to management.

EXHIBIT I

A – Audit Services

1. Annual audit of financial statements (including quarterly or semi-annual reviews, if applicable) and other procedures required to be performed to be able to form an opinion on the PIEs financial statements.
2. Consultation by management as to accounting or disclosure treatment of transactions or events and/or the potential impact of final or proposed rules, standards, or interpretations by regulators or standard setting bodies.

EXHIBIT II

B – Audit-Related Services

Services required by law or regulation and exempt from the non-audit services cap

- Reporting required by a competent authority or regulator under law or regulation for example;
 - Reporting to a regulator on client assets;
 - in relation to entities regulated under the Financial Services and Markets Act 2000 (FSMA), reports under s166 and s340 of FSMA;
 - Reporting to a regulator on regulatory financial statements;
 - Reporting on a Solvency and Financial Condition Report under Solvency II.

- In the case of a controlled undertaking incorporated and based in a third country, reporting required by law or regulation in that jurisdiction where the auditor is permitted to undertake that *engagement*;
- Reporting on internal financial controls when required by law or regulation;
- Reporting on the iXBRL tagging of financial statements in accordance with the European Single Electronic Format for annual financial reports;
- Reports, required by or supplied to competent authorities / regulators supervising the *audited entity*, where the authority / regulator has either specified the auditor to provide the service or identified to the entity that the auditor would be an appropriate choice for service provider;
- Services which support the entity in fulfilling an obligation required by UK law or regulation, including listing requirements where: the provision of such services is time critical; the subject matter of the engagement is price sensitive; and an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service, and where the nature of the service would not compromise independence;

Services subject to the non-audit services cap

- Reviews of interim financial information; and providing verification of interim profits not otherwise required by law or regulation;
- Where not otherwise required by law or regulation, non-audit and additional services, as defined in this Ethical Standard provided as auditor of the entity, or as *reporting accountant*, in relation to information of the *audited entity* for which it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor is relevant to the service, and where the nature of the service would not compromise independence;

- Extended audit or assurance work that is authorised by those charged with governance performed on financial or performance information and/or financial or operational controls, in an *entity relevant to an engagement* or a third-party service provider, where this work is closely linked with the audit work;
- Additional assurance work or agreed upon procedures, authorised by those charged with governance performed on material included within or referenced from the annual report of an *entity relevant to an engagement*;
- Reporting on government grants;
- Reporting on covenant or loan agreements, which require independent verification, and other reporting to third parties with whom the *entity relevant to an engagement* has a business relationship in accordance with Appendix C of this Ethical Standard;
- Services which have been the subject of an application to the Competent Authority in accordance with Regulation 79 of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (SI 2019/177);
- Generic subscriptions providing factual updates of changes to applicable law, regulation or accounting and auditing standards.

Where such services are provided, they shall not include any elements of those services subject to outright prohibition in Regulation 80 of The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (SI 2019/177) (as set out in EXHIBIT III). The prohibitions in this Regulation have been amended to require an extended cooling in period for services linked to an audit entity's internal audit function. No other non-audit or additional services shall be provided to the *audited entity*, its UK parent undertaking and its worldwide controlled undertakings by the *audit firm* or any member of the firm's network.

EXHIBIT III

Prohibited Non-Audit Services for Public Interest Entities

An audit firm carrying out the statutory audit of a public interest entity, or any member of the network to which the audit firm belongs, shall not directly or indirectly provide to the audited entity, to its UK or EU parent undertaking or to its controlled undertakings any prohibited non-audit services in:

- a) the period between the beginning of the period audited and the issuing of the audit report; and
- b) the financial year (or period if longer than one year) immediately preceding the period referred to in point (a) in relation to the services listed in points (e) and (h) of the second subparagraph.

For these purposes, prohibited non-audit services shall mean:

- (a) tax services relating to:
 - (i) preparation of tax forms;
 - (ii) payroll tax;
 - (iii) customs duties;
 - (iv) identification of public subsidies and tax incentives unless support from the audit firm in respect of such services is required by law;
 - (v) support regarding tax inspections by tax authorities unless support from the audit firm in respect of such inspections is required by law;
 - (vi) calculation of direct and indirect tax and deferred tax;
 - (vii) provision of tax advice;
- (b) services that involve playing any part in the management or decision making of the audited entity;
- (c) bookkeeping and preparing accounting records and financial statements;
- (d) payroll services;
- (e) designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;
- (f) valuation services, including valuations performed in connection with actuarial services or litigation support services;
- (g) legal services, with respect to:
 - (i) the provision of general counsel;
 - (ii) negotiating on behalf of the *audited entity*; and
 - (iii) acting in an advocacy role in the resolution of litigation;

- (h) services related to the audited entity's internal audit function;
- (i) services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
- (j) promoting, dealing in, or underwriting shares in the audited entity;
- (k) human resources services, with respect to:
 - (i) management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the *statutory audit*, where such services involve:
 - searching for or seeking out candidates for such position; or
 - undertaking reference checks of candidates for such positions;
 - (ii) structuring the organisation design; and
 - (iii) cost control.