

Schroder Income Growth Fund plc

Terms of Reference

For the Management Engagement Committee

Role

1. The function of the Management Engagement Committee (the "Committee") is to ensure that the Company's investment manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support.

Membership

2. The Committee shall be appointed by the Board and shall consist of not less than three members all of which shall be non-executive Directors of the Company.
3. The Chair of the Committee shall be appointed by the Board.
4. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.
5. Membership of the Committee shall be reviewed by the Board from time to time.
6. The Committee may invite such persons as it deems appropriate to attend meetings.
7. The Board may fill vacancies in the Committee by appointment from amongst the Board.

Quorum

8. A quorum shall be two members, both of whom must be independent.
9. Members may participate in a meeting of the Committee by means of a telephone or other communication equipment.

Company Secretary

10. The Company Secretary, or their nominee, shall be 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 the issues. The Company Secretary, or their nominee, shall attend all meetings of the Committee.
11. The Committee shall have access to the services of the Company Secretary on all Committee matters, including: assisting the Committee Chair in planning the Committee's work, drafting meeting agendas, maintaining minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

Frequency of Meetings

12. The Committee shall meet at least annually and otherwise as required.

Notice of Meetings

13. Meetings of the Committee shall be convened by the Company Secretary at the request of any of its members.
14. Unless otherwise agreed by the Committee, 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 generally no later than seven working days before the date of the meeting. The Company Secretary or his or her nominee shall ensure that supporting information and papers shall be sent to Committee members and other attendees as appropriate at the same time.
15. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

Minutes of Meetings

16. The Company Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
17. The Company Secretary shall ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.
18. Draft minutes of Committee meetings shall be agreed with the Chair of the Committee and then the Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Annual General Meeting

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

Authority

20. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to employ the services of such advisers as it deems necessary to fulfil its responsibilities, and to invite such persons as it considers appropriate to attend its meetings and to participate in its discussions.

Duties

21. The duties of the Committee shall be:
 - (a) to review the terms of the alternative investment fund managers agreement between the Company and Schroder Unit Trusts Limited, and to ensure that the terms are competitive, fair and reasonable for shareholders, conform with market and industry practice and comply with regulatory requirements;
 - (b) to review the performance of the investment manager to ensure that the manager remains suitable to manage the portfolio and that the continued appointment of the investment manager is in the best interests of shareholders;

- (c) reasonably satisfy itself that systems put in place by the alternative investment fund manager and the investment manager in respect of the Company are adequate to meet relevant legal and regulatory requirements;
- (d) where relevant, consider nominations by the alternative investment fund manager and investment manager for replacements of key executives of the alternative investment fund manager and investment manager, if, prior to the termination of the relevant agreement, such key executives should become incapacitated or shall retire, resign or otherwise cease to provide the relevant services to the Company;
- (e) consider and review the level and method of remuneration of the alternative investment fund manager pursuant to the terms of the alternative investment fund management agreement and the investment manager pursuant to the terms of the tripartite investment management agreement, including the methodology of calculation of the respective annual management fee and any performance fee (which shall include a comparison of fees payable as compared to the Company's peer group management arrangements). The review of any performance fee arrangements shall seek to ensure that the methodology does not encourage excessive risk and that it rewards demonstrably superior performance by the alternative investment fund manager and/or investment manager in managing the portfolio against the stated investment objective when compared to a suitable benchmark or peer group;
- (f) to review the adequacy of administrative and company secretarial services provided to the Company;
- (g) to review and make recommendations on any proposed amendment or material breach of the management contract;
- (h) to review and make recommendations on the terms of appointment and remuneration of other service providers to the Company
- (i) to monitor compliance and review the performance and services provided by other service providers to the Company with the terms of their respective agreements from time to time and;
- (j) consider the appointment, re-appointment or termination of appointment (as applicable) of the alternative investment fund manager and investment manager and the level of fees and make recommendations to the Board thereon.

Reporting Responsibilities

- 22. The Chair shall report formally to the Board on the Committee's 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 any issues on which the Board has requested the Committee's opinion.
- 23. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 24. The Committee shall compile a report on its activities, including its membership and frequency of and attendance at its meetings, to be included in the Company's annual report. The report should include all information requirements set out in the AIC Code of Corporate Governance (the "Code")

Other Matters

The Committee shall:

25. Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required.
26. 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.
27. Give due consideration to all relevant laws and regulations, the provisions of the AIC Code and published guidelines or recommendations and any other applicable rules, as appropriate.
28. 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.

Date of approval

July 2023

Date of next review

July 2024