

ABERDEEN DIVERSIFIED INCOME AND GROWTH TRUST PLC

MANAGEMENT ENGAGEMENT COMMITTEE

Terms of Reference

Adopted on 15 September 2022

Constitution

The Board resolves to establish a Committee of the Board to be known as the Management Engagement Committee.

Membership

The Committee shall be appointed by the Board and should consist solely of independent non-executive directors of the Company. A quorum shall be two members.

The Chairman of the Committee shall be appointed by the Board.

Meetings

The Committee shall meet at least once a year.

The Company Secretary shall be appointed as Secretary of the Committee.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee is authorised to obtain outside legal or other independent professional advice where necessary.

Duties

The AIC Code states that the role of the Management Engagement Committee is to review the performance of, and contractual arrangements with, the investment manager. The duties of the Committee shall be: to review the terms of the agreements between the Company and those third parties appointed as the Company's Alternative Investment Funds Manager ("AIFM" or the "Manager") and Investment Manager; to ensure that the terms of such agreements are competitive, in accordance with industry practice and in the best interests of the Company's shareholders;

More specifically, the Management Engagement Committee may be expected to:

- monitor and evaluate the manager's investment performance;
- consider the merit of obtaining an independent appraisal of the manager's services;
- review the performance fee structure to ensure that it does not encourage excessive risk and that it rewards demonstrable superior performance;
- investigate any breaches of agreed investment limits and any deviation from the agreed investment policy and strategy;
- review the standard of any administrative services or company secretarial services provided under the terms of the management contract against agreed service measures, as appropriate;
- evaluate the level and effectiveness of any marketing support provided by the management company for the company, either directly or through generic products, whether under the terms of the management contract or simply as part of a non-contractual obligation or understanding;

- assess the level of fees charged by the management company and how these fees compare with those charged to peer group companies;
- compare the notice period on the management contract with industry norms;
- prepare a disclosure statement regarding the continuing appointment of the investment manager on the terms agreed;
- consider any other issues on the appointment of the manager.

Reporting Procedures

Management Engagement Committee papers to include: Management Agreement together with associated side letters, detailed peer group performance, annual management fee and breakdown of ongoing charges together with peer group figures.

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board at the next Board meeting following a Committee Meeting.