

**TERMS OF REFERENCE
OF THE AUDIT COMMITTEE (THE "COMMITTEE")
OF THE BOARD OF DIRECTORS (THE "BOARD")
OF DUNEDIN INCOME GROWTH INVESTMENT TRUST PLC (THE "COMPANY")**

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| 1 MEMBERSHIP |
| 1.1 The Committee shall be made up of at least 3 members. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. |
| 1.2 All members of the Committee shall be independent non-executive Directors of the Company, at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Committee as a whole shall have competence relevant to the investment trust sector. The Chairman of the Board should not be a member of the Committee. |
| 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as employees of the Manager, may be invited to attend all or part of any meeting as and when appropriate and necessary. |
| 1.4 The auditor will be invited to attend meetings of the Committee on a regular basis. |
| 1.5 The Board shall appoint the Chairman of the Committee who shall be an independent non-executive Director. In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. |
| 2 COMPANY SECRETARY |
| 2.1 The Company Secretary or their nominee shall act as 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 issues. |
| 3 QUORUM |
| 3.1 The quorum necessary for the transaction of business shall be 2 members preferably at least one of these members should have the relevant experience. 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. |
| 4 FREQUENCY OF MEETINGS |
| 4.1 The Committee shall meet at least two times in each year at appropriate times in the reporting and audit cycle and otherwise as required. |
| 5 NOTICE OF MEETINGS |
| 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of the auditor if they consider it necessary. |
| 5.2 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 4 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. |
| 6 MINUTES |
| 6.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance. |
| 6.2 Draft Minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once agreed, Minutes should be circulated to all members of the Board, unless it would be inappropriate to do so, in the opinion of the Chairman of the Committee. |

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| 7 ANNUAL GENERAL MEETINGS |
| 7.1 The Chairman of the Committee shall attend the Annual General Meeting to answer shareholder questions on the Committee's activities. |
| 8 DUTIES |
| The Committee should carry out the duties below for the Company: |
| 8.1 Financial Reporting |
| 8.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor. [^] |
| 8.1.2 In particular, the Committee shall review and challenge where necessary: |
| o the consistency of, and any changes to, accounting policies on a year on year basis across the Company; |
| o the methods used to account for significant or unusual transactions where different approaches are possible; |
| o whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the auditor; |
| o the basis of the going concern assumption; |
| o the Company's annual viability statement; |
| o the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made; and |
| o all material information presented with the financial statements, such as the strategic report and the corporate governance statements (relating to the audit and to risk management). |
| 8.1.3 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. |
| 8.2 Narrative Reporting |
| Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. |
| 8.3 Internal Controls and Risk Management Systems |
| The Committee shall: |
| 8.3.1 keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems; and |
| 8.3.2 review and approve the statements to be included in the annual report concerning internal controls and risk management. |
| 8.3.3 advise the Board on the Company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment; and |
| 8.3.4 oversee and advise the Board on the current risk exposures of the Company and future risk strategy. |
| 8.3.5 In relation to risk assessment: |
| o maintain a robust assessment of the risks facing the Company, in particular the Company's risk registers; |
| o keep under review the Company's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used; |
| o review regularly and approve the parameters used in these measures and the methodology adopted; |
| o set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance; |
| 8.3.6 review the Company's capability to identify and manage new risk types; |

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| 8.3.7 | before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the Company, and taking independent external advice where appropriate and available; and |
| 8.3.8 | review reports on any material breaches of risk limits and the adequacy of proposed action. |
| 8.4 Compliance, Whistleblowing and Fraud | |
| The Committee shall: | |
| 8.4.1 | review the adequacy and security of the Company's arrangements in place for the Manager's employees 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; |
| 8.4.2 | review the Manager's procedures for detecting fraud; and |
| 8.4.3 | review the Manager's systems and controls for the prevention of bribery and receive reports on non-compliance. |
| 8.5 Internal Audit | |
| The Committee shall: | |
| 8.5.1 | monitor and review the effectiveness of the Manager's internal audit function in the context of the Company's overall risk management system; |
| 8.5.2 | consider the adequacy of the Manager's internal audit function; |
| 8.5.3 | review and assess the Manager's annual internal audit plan, which forms part of the six-monthly Risk and Internal Controls Report; |
| 8.5.4 | review biannual reports on the Company from the Manager's internal audit and compliance function; |
| 8.5.5 | review and monitor the Manager's responsiveness to the findings and recommendations of the internal audit function; and |
| 8.5.6 | meet the Manager's head of internal audit at least once a year. The head of the Manager's internal audit function shall be given the right of direct access to the Chairman of the Board and Chairman of the Committee. |
| 8.6 External Audit | |
| The Committee shall: | |
| 8.6.1 | Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required; |
| 8.6.2 | Consider at least once every ten years if the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process. |
| 8.6.3 | Oversee the relationship with the auditor including (but not limited to): |
| | <ul style="list-style-type: none"> o approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an effective and high quality audit to be conducted; o approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit; o assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services; o satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence objectivity; |

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| <ul style="list-style-type: none"> o monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; |
| <ul style="list-style-type: none"> o assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process which shall include a report from the auditor on their own internal quality procedures;^o and |
| <ul style="list-style-type: none"> o evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation. |
| <p>8.6.4 Communicate regularly with the auditor including once at the planning stage before the audit (Chairman) and once after the audit (whole committee) at the reporting stage. The Committee shall meet the auditor at least once a year, without the Manager being present, to discuss their remit and any issues arising from the audit.</p> |
| <p>8.6.5 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; and</p> |
| <p>8.6.6 Review the findings of the audit with the auditor. This shall include but not be limited to, the following:</p> |
| <ul style="list-style-type: none"> o a discussion of any major issues which arose during the audit; |
| <ul style="list-style-type: none"> o any accounting and audit judgements; |
| <ul style="list-style-type: none"> o levels of errors identified during the audit and |
| <ul style="list-style-type: none"> o the effectiveness of the audit process. |
| <p>The Committee shall also:</p> |
| <p>8.6.7 review any representation letter(s) requested by the auditor before it (they) are signed by the Board;</p> |
| <p>8.6.8 review the auditor's audit highlights memorandum letter and their findings and recommendations; and</p> |
| <p>8.6.9 develop and implement a policy on the supply of non-audit services by the auditor, to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.</p> |
| <p>9 REPORTING RESPONSIBILITIES</p> |
| <p>9.1 The Chairman of the Committee 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:</p> |
| <p>9.1.1 the significant issues that it considered in relation to the financial statements (8.1.1[^]) and how these were addressed;</p> |
| <p>9.1.2 its assessment of the effectiveness of the external audit process (8.6^o) and its recommendation on the appointment or reappointment of the auditor; and</p> |
| <p>9.1.3 any other issues on which the Board has requested the Committee's opinion.</p> |
| <p>9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.</p> |
| <p>9.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report. The report should include:</p> |
| <p>9.3.1 the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor;</p> |
| <p>9.3.2 an explanation of how the Committee has addressed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and</p> |
| <p>9.3.3 all other information requirements set out in the Code.</p> |
| <p>9.4 In compiling the reports referred to in 9.1 and 9.3, 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</p> |

the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

10 OTHER MATTERS

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- 10.2 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.
- 10.3 Give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.
- 10.4 Oversee any investigation of activities which are within its terms of reference.
- 10.5 Work and liaise as necessary with all Board committees.
- 10.6 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.

11 AUTHORITY

The Committee is authorised::

- 11.1 To seek any information it requires from any employee of the Manager in order to perform its duties.
- 11.2 To obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so.
- 11.3 To call any representative of the Manager to be questioned at a meeting of the Committee as and when required.
- 11.4 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.

Last reviewed 21 March 2019