

Perpetual Income and Growth Investment Trust plc (‘the Company’)

Terms of Reference of the Audit (& Risk) Committee (‘the Committee’)

1. Objective

The Committee shall support the Board in fulfilling its oversight responsibilities. It shall review and challenge, where necessary: the financial reporting process; the effectiveness of the Manager’s, Company Secretary’s and other service providers’ internal controls and risk management systems so far as they pertain to the Company; the management of risks to the Company; the external audit process; the Company’s process for monitoring compliance with laws and regulations; and its own terms of reference. For service providers other than the Manager, the Committee shall also review the adequacy of the overall services provided.

2. Authority

- 2.1 The Board authorises the Committee, within the scope of its responsibilities, to seek any information it requires from any employee of Invesco Fund Managers Limited and Invesco Asset Management Limited (the ‘Manager’ and ‘Company Secretary’) and the Manager’s Compliance and Internal Audit function and any other relevant person within the Invesco Group, as well as any external parties including the external auditor, corporate broker, registrar, lawyers, investment advisers, depositary, custodian and other third party suppliers.
- 2.2 The Committee is authorised to obtain, at the Company’s expense, outside legal or other professional advice on any matters within its terms of reference, up to a level of £10,000 on any subject or issue without Board approval.
- 2.3 The Committee is authorised to call any employee of the Manager or Company Secretary to be questioned at a meeting of the Committee as and when required. The Committee may invite such other persons to attend its meetings as it deems necessary.

3. Organisation

Membership

- 3.1 Members of the Audit Committee shall be appointed by the Board, and its membership shall comprise at least three independent non-executive Directors, of which at least one should have recent and relevant financial experience and at least one must have competence in accounting or auditing, or both. So long as members continue to be independent, the Committee shall not have a policy of tenure. The Audit Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 3.2 The Chairman of the Board may attend Audit Committee meetings by invitation, but may not be a member.
- 3.3 The Chairman of the Committee, on the recommendation of the Board will be appointed by the Board from time to time. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members shall elect one of themselves to Chair the meeting.
- 3.4 A quorum for any meeting will be two 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.

- 3.5 The Company Secretary or their nominee shall act as the Secretary of the Committee.
- 3.6 The Committee should have access to the services of the Company Secretary on all Committee matters including:
- a) assisting the Chairman in planning the Committee's work;
 - b) drawing up Committee meeting agendas;
 - c) maintenance of minutes;
 - d) drafting of material about its activities for the annual financial report;
 - e) collection and distribution of information; and
 - f) necessary practical support.

Administration of Meetings

- 3.7 Only members of the Committee have the right to attend Committee meetings, however, representatives of the external auditor, the depositary and the Manager's compliance and internal audit functions will be invited to make presentations to the Committee as appropriate.
- 3.8 The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.
- 3.9 Meetings of the Committee shall be summoned by the Company Secretary of the Company at the request of any of its members or at the request of the external auditor or the Manager's internal auditor if they consider it necessary. 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 and any other person required to attend, no later than five working days before the meeting.
- 3.10 The Company Secretary shall ascertain the existence of any conflicts of interest and minute them accordingly.
- 3.11 The Manager and Company Secretary shall ensure that the Committee is kept properly informed, and should take the initiative in supplying information in a timely manner to enable full and proper consideration to be given to the issues.
- 3.12 The Company Secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance. Minutes of Committee meetings shall be circulated to all Directors within ten working days.
- 3.13 The Chairman of the Committee should attend the Annual General Meeting (in his or her absence at least one other member of the Audit Committee should attend) and be prepared to respond to shareholder questions on the Committee's activities.

4. Roles and Responsibilities

Financial Reporting

The Committee shall:

- 4.1 Monitor the integrity of the financial statements of the Company and challenge, where necessary, the actions and judgements of the Manager and Company Secretary, in relation to the Company's financial statements; including its annual and half-yearly reports, results announcements and any other formal announcement relating to its financial performance.
- 4.2 In carrying out 4.1 above, particular attention shall be paid to:
- a) critical accounting policies and practices and any changes in them;
 - b) decisions requiring a significant element of judgement;
 - c) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
 - d) the methods used to account for significant or unusual transactions where different approaches are possible;

- e) whether the Company has complied with applicable accounting standards and made appropriate judgements, taking into account the views of the external auditor;
 - f) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - g) the clarity of disclosures in the Company's financial reports and the context in which statements are made;
 - h) all material information presented within the financial statements;
 - i) the going concern assumption; and
 - j) compliance with stock exchange and other legal and regulatory requirements.
- 4.3 Meet with the Manager, Company Secretary and the external auditor to review the financial statements and the results of the audit.

Internal Controls and Risk Management Systems

The Committee shall:

- 4.4 Monitor and challenge, where necessary, the adequacy and effectiveness of the Manager's and Company Secretary's internal controls and risk management systems and those of other service providers through review of their service organisation control reports where available;
- 4.5 Review and recommend to the Board an appropriate statement to be included in the annual financial report concerning internal controls and the systems of risk management in place.
- 4.6 Consider how the Manager and Company Secretary ensure the security of computer systems and applications, and maintain contingency plans for processing financial information in the event of a systems breakdown.
- 4.7 Review annually assurance from the Manager, Registrar, Broker and any other third party provider that they have adequate systems and controls for the prevention of bribery and receive any reports on non-compliance in respect of the Company.
- 4.8 Annually review the written Terms of Reference of the Committee.
- 4.9 Regularly review the Company's Risk Control Summary and related Risk Control Matrix, ensuring that all significant risks are identified, the ratings applied are appropriate and that the most significant risks to the Company post mitigation are aligned to the principal risks and uncertainties published in the annual financial report. Also, ensure that these risks are appropriately considered in the drafting of the viability statement in the annual financial report.
- 4.10 Review the adequacy of the Manager's arrangements by which its employees may, in confidence, raise concerns, about possible wrongdoing or improprieties in matters of financial reporting or any other matters. The Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action to be taken.

Internal Audit

The Committee shall:

- 4.11 Review and assess the Manager's and Company Secretary's internal audit programme so far as it relates, directly or indirectly, to the Company, its operations or its support.
- 4.12 Monitor and assess the role and effectiveness of the Manager's and Company Secretary's internal audit function in the overall context of the Company's risk management system.
- 4.13 Be satisfied that the Manager's and Company Secretary's internal audit function is adequately resourced and has appropriate standing within the Invesco Group.
- 4.14 Receive confirmation that the internal auditor has direct access to the Boards of the Manager and the Company.

- 4.15 Receive a report on the results of the internal auditor's work on a periodic basis.
- 4.16 Gain an understanding of whether internal control recommendations made by the internal audit function and the external auditor have been received and discussed on a timely basis and then implemented by the Manager and/or Company Secretary, where appropriate.

External Audit

The Committee shall:

- 4.17 Have primary responsibility for making 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 external auditor. The Committee shall also ensure that the Company is in compliance with the Competition & Markets Authority's Order ('the Order') that FTSE 350 companies must put the external audit contract out to tender at least every ten years.
- 4.18 In accordance with the Order, have primary responsibility for the following matters:
- conducting audit tenders;
 - making a recommendation to the Board on the choice of Auditor;
 - settling the terms of the audit engagement letter;
 - agreeing the audit fee, audit partner and audit scope; and
 - agreeing a policy on 'non-audit' services.
- 4.19 Review and approve the Directors' letters of representation.
- 4.20 Assess the qualification, expertise, resources and the effectiveness, objectivity and independence of the external auditor annually, which shall include a report from the external auditor on their own internal quality procedures, taking into account relevant professional and UK regulatory requirements.
- 4.21 Oversee the relationship with the external auditor, including (but not limited to);
- a) assessing their independence and objectivity annually, taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including non-audit services;
 - b) 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;
 - c) agreeing with the Board a policy on the employment of former employees of the Company's auditor, and monitoring the implementation of this policy;
 - d) seeking appropriate assurances from the auditor on their compliance with relevant ethical and professional guidance; and
 - e) seeking to ensure co-ordination with the activities of the internal audit function.
- 4.22 Review the nature and scope of the audit before the audit commences and review and approve the audit plan, ensuring that it is consistent with the scope of the audit engagement.
- 4.23 Review the findings of the audit with the external auditor, including:
- a) any major issues that arose during the audit;
 - b) key accounting and audit judgements; and
 - c) levels of errors identified during the audit.
- 4.24 Assess, at the end of the audit cycle, the effectiveness of the audit process by:
- a) reviewing whether the external auditor has met the agreed audit plan;
 - b) considering the robustness and perceptiveness of the external auditors in their handling of key accounting and audit judgements identified; and
 - c) obtaining feedback about the conduct of the audit from key people involved.

- 4.25 Develop and administer the Company's policy on non-audit services, taking into account relevant guidance regarding the provision of non-audit services by an external audit firm; and report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
- 4.26 Consider the need to include the risk of the withdrawal of the Company's external auditor from the market in risk evaluation and planning.
- 4.27 Meet regularly with the external auditor, including once at the audit planning stage and once after the audit at the reporting stage. The Committee shall also meet the external auditor at least once a year, without management, to discuss matters relating to the auditor's remit and any issues arising from the audit.
- 4.28 If the external auditor resigns, investigate the issues giving rise to such resignation and consider whether any action is required, ensuring that any statutory or regulatory requirements are complied with.

Reporting Responsibilities

- 4.29 The Audit Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Audit Committee is also required to report to the Board on how it has discharged its responsibilities. The report should include:
 - a) information on any significant issues that the Committee considered in relation to the financial statements and how they were addressed;
 - b) an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor and information on the length of tenure of the current audit firm and when a tender was last conducted; and
 - c) if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded.
- 4.30 Where requested by the Board, the Audit Committee should provide advice 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 position and performance, business model and strategy.

The Committee shall:

- 4.31 Make whatever recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- 4.32 Compile a report to shareholders on its activities to be included in the annual financial report.

Other Responsibilities

The Committee shall:

- 4.33 Have access to sufficient resources in order to carry out its duties;
- 4.34 Give due consideration to laws and regulations, the provisions of the Association of Investment Companies Code of Corporate Governance and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules, and the Disclosure & Transparency Rules as appropriate;
- 4.35 Review the arrangements and service level provided by the Depositary, the Registrar and any other major service provider, with the exception of the Manager. Whilst recognising that the Manager remains responsible for its delegates, also review the service level provided by any third-party appointed by the Manager to provide accounting and administrative services;
- 4.36 Perform other oversight functions as requested by the Board (e.g. consider the way in which the management fee has been calculated and charged);

4.37 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.

Additionally:

4.38 To perform his or her role effectively, each Committee member shall seek to obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business, operations and risks. Committee members should keep themselves adequately informed on matters relevant to their duties. New members should receive an induction briefing.

Approved: May 2019