

Report of the Management Engagement Committee



Andrew Sutch, Chair of the Committee

"The Committee continues to monitor and review the performance of the Investment Adviser and the Company's other third-party service providers ensuring that their terms are competitive, fair and reasonable for Shareholders."

Dear Shareholder,

I am pleased to present to you the Management Engagement Committee Report for the year ended 31 March 2023, which has been approved by both the Management Engagement Committee and the Board.

During the year, we reviewed the performance of and contractual arrangements with the Investment Adviser and the Company's other third-party service providers. Overall, we agreed that the services currently provided by the Company's key service providers continue to be delivered in line with their respective terms of engagement.

Our work for the year ahead will be focussed on the ongoing review of the performance of the Investment Adviser and the Company's other third-party service providers.

Purpose and Aim

Our terms of reference, which are reviewed annually, are set out on the Company's website: <https://www.hipgnosisongs.com/governance/>.

We provide a formal mechanism for the review of the performance of the Investment Adviser and the Company's other advisers and service providers. We carry out this review through consideration of a number of objective and subjective criteria such as the accuracy, quality and timeliness of advice, information and services provided, and through a review of the terms and conditions of the advisers' appointments with the aim of evaluating performance, identifying

any weaknesses and ensuring that their terms are competitive, fair and reasonable for Shareholders.

Membership and Meetings

As at 31 March 2023, the Committee comprised the Chair and the five independent Non-executive Directors of the Company.

Mr Andrew Sutch (Chair of the Committee)

Mr Paul Burger

Ms Sylvia Coleman

Mr Simon Holden

Ms Vania Schlogel (resigned 30 April 2023)

Mr Andrew Wilkinson

We meet at least once a year pursuant to our terms of reference. During the year we met on one occasion, on 28 March 2023. Attendance is disclosed on page 82. A quorum is two members.

Investment Adviser

The Board is responsible for the determination of the Company's Investment Objective and Policy and has overall responsibility for its activities. The Company entered into an Investment Advisory Agreement dated 27 June 2018 with the Investment Adviser pursuant to which the Investment Adviser will source Songs and provide recommendations to the Board on acquisition and disposal strategies to maximise the earnings potential of the Songs in the portfolio through improved placement and coverage of Songs.

The Company is responsible for paying an advisory fee to the Investment Adviser in return for their services, and, subject to the fulfilment of certain conditions, an additional performance fee.

The committee considered the performance of the Investment Adviser throughout the year both in respect of their implementation of the Company's strategy, operational performance and active portfolio management, and engaged with the Investment Adviser to discuss key performance indicators and provide direction regarding information and specific reports required to ensure the Board is well informed and kept up to date.

In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Investment Adviser, in the opinion of the Directors the continuing appointment of the Investment

Adviser on the terms agreed is in the interests of the Shareholders as a whole.

The Company has become aware that it, Merck Mercuriadis and Hipgnosis Song Management are named as defendants in a claim form issued in the High Court. The details have not been particularised, nor has the claim been served. It is assumed that the claim refers to matters before the incorporation of the Company in June 2018, as the claimant is a company which was put into liquidation in February 2018. The Company has taken independent legal advice and will continue to monitor the situation.

Third-Party Service Provider Review

The Company works closely with and has delegated the provision of services to a number of service providers (the Administrator, Company Secretary, brokers and other professional advisers) whose interests are aligned to the success of the Company. The quality and timeliness of their service provision is critical to the success of the Company. We review all material contracts for service quality and value and on an annual basis conduct a detailed review of the performance of key third-party service providers pursuant to their terms of engagement, with the exception of the external auditor as their performance review is conducted by the Audit and Risk Management Committee and is discussed on pages 92-98.

We conducted a service provider evaluation in March 2023, based on a questionnaire which also gave service providers an opportunity to provide feedback to the Company. The evaluation results were used to review the Company's policies and procedures to ensure open lines of communication, operational efficiency and appropriate pricing for services provided.

Each service provider completed the questionnaires outlining how they had fulfilled their responsibilities and detailed their relationship with the Board, the Investment Adviser and other service providers. We reviewed and discussed their responses and communicated our conclusions to the Investment Adviser and requested the Investment Adviser to advise the service providers of areas of the service we believed worked well and of areas we believe could be improved or enhanced.

Overall, we agreed that the services currently provided by the Company's key service providers continued to be delivered in line with their respective terms of engagement and concluded that the services were of a satisfactory level, providing assurance to the Board.

2024 Objectives

It is our intention to continue to oversee the terms and conditions of the advisers' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Shareholders.

Our proposed activities for the year ahead are to:

- review the terms of the Investment Advisory Agreement between the Company and the Investment Adviser, and to ensure that the terms are competitive, fair and reasonable for the Shareholders;
- review the performance of the Investment Adviser including the on-going suitability of the Investment Adviser to manage the assets of the Company, on at least an annual basis;
- review the performance of, and the terms of the Company's arrangements with, other third-party service providers (other than the external auditors), and to ensure that the terms are competitive, fair and reasonable for Shareholders.

On behalf of the Management Engagement Committee,

Andrew Sutch

Chair of the Management Engagement Committee

12 July 2023