

Mobeus Income & Growth VCT plc

Table of compliance with the Corporate Governance Code of the Association of Investment Companies ("the AIC Code")

The table below shows how the Company has complied with the AIC Code throughout the year ended 31 December 2017.

| AIC Code | Principle | Compliance and/or departure from the Code |
|----------|---|---|
| 1 | The Chairman should be independent. | The Board has assessed the independence of the Chairman and concluded that Mr. Boothman met the independence criteria on appointment as re-stated in this section of the AIC Code. The remaining Directors monitor the continuing independence of the Chairman, and inform the Chairman of their discussions. The significant directorships and time commitments of the Chairman and the other Directors are considered by the Board and are disclosed on this website . |
| 2 | A majority of the Board should be independent of the manager. | <p>The Company has a Board of three non-executive Directors.</p> <p>The Board has determined that each of the Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, each individual Director's judgement.</p> <p>The Directors have declared any existing or potential conflicts of interest and these are reviewed and authorised by the Board as appropriate in accordance with the procedures under the Articles of Association and applicable rules and regulations. It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest. No Director currently holds, or has previously held, a direct interest in any of the Company's investee companies.</p> |
| 3 | Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance. | As is common practice among Venture Capital Trusts, the Directors are not appointed for specific terms. The Board has agreed that each Director will retire annually, which is over and above the requirements of the AIC Code, and, if appropriate, seek re-election. A Director's appointment may be terminated on three months' notice being given. For further information please see the Directors' Remuneration Report in the Annual Report . |

| | | |
|---|--|---|
| 4 | The Board should have a policy on tenure, which is disclosed in the annual report. | The Board has considered a policy on tenure and agreed that for a Company of its size and structure, it is not appropriate to insist on a director's period of service being limited to a set number of years or to set an age limit for the retirement of directors. The AIC has specifically stated that investment company boards are perhaps more likely than most to benefit from having at least one Director with considerably longer than nine years' experience. As part of its annual performance review, the Board has come to the conclusion that the length of service, experience and ability of its Directors enhances its performance. It does not believe that the length of service of any of the Directors has a negative effect on their independence and is satisfied with the balance of experience on the current Board. |
| 5 | There should be full disclosure of information about the board. | Full biographical details on each Director are included in the Annual Report and on the Company's website . |
| 6 | The board should aim to have a balance of skills, experience, length of service and knowledge of the Company. | The Board believes that there is a diversity of skill, gender, experience and approach amongst the Board members. Both the Board and Nominations & Remuneration Committee give careful consideration to issues of board balance and diversity when considering board composition and appointments. Details of each Director's experience and background is set out in the Annual Report and on the Company's website . |
| 7 | The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors. | The effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Audit Committee. The Board carried out a performance evaluation review during the year ended 31 December 2017. As part of its review, the Directors considered the performance of each of the Directors and of the Board as a whole in relation to specific areas of their activity. The performance of the Chairman was assessed separately. The Board as a whole discussed the outcome of the performance evaluation, and led by the Chairman, considers and agreed a plan of action to rectify any shortfalls where appropriate. The Board concluded that the performance of the Board, the Chairman and the Directors remained effective. |
| 8 | Directors' remuneration should reflect their duties, responsibilities and the value of their time spent. | The Nominations & Remuneration Committee considers the remuneration of the Directors annually and makes recommendations to the Board. One of the main tenets of the Company's Remuneration Policy is that directors' fees should take account of the workload and responsibilities of each role and the value and amount of time that each Director is required to commit to the Company. For further details, please see the latest Annual Report . |

| | | |
|----|--|---|
| 9 | The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report. | The Nominations and Remuneration Committee is responsible for proposing candidates for appointment to the Board and for overseeing the recruitment process. It is comprised entirely of independent directors. |
| 10 | Directors should be offered relevant training and induction. | New directors are provided with an induction pack and an induction session is arranged in conjunction with the Board, the Investment Adviser and the Administrator. A formal training programme has not been required during the year under review. All of the Directors participate in continuing professional development and regularly attend conferences and workshops relevant to the VCT industry. |
| 11 | The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage. | Principle 11 applies to the launch of new investment companies. It is therefore not applicable to the Company, although the Board participated fully in the production of the fundraising documents published in September 2017. |
| 12 | Boards and managers should operate a supportive, co-operative and open environment. | The Board meets at least quarterly, and meetings are also attended by the Investment Adviser. Both parties are in regular contact between these meetings. The Board and the Investment Adviser aim to work together in a supportive, cooperative and open manner. The Board has overall responsibility for the Company's affairs. The Investment Adviser takes the initiative on most aspects of the Company's operations, under the guidance and formal approval of the Board and the Board has agreed policies with the Investment Adviser covering key operational issues. All investment, divestment and variation decisions are made by the Board having considered formal recommendations from the Investment Adviser. The Board invites senior members of the Investment Adviser to attend and contribute to its annual strategy meetings. |

| | | |
|----|---|--|
| 13 | The primary focus at regular board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues. | The Board considers a report from the Investment Adviser at each of its quarterly meetings which provides information on the performance of each of the investments in the portfolio, recent or forthcoming corporate actions at any of the investee companies and other matters related to the portfolio. The Board monitors the investments made by the Investment Adviser to ensure they are in line with the Company's Investment Policy. The Board also considers peer group performance, asset allocation and wider industry and economic issues in reviewing investment performance and strategy. In addition, the Board monitors financial and other internal controls including maintenance of VCT status and the level of share price discount or premium. The Board has no current plans to undertake any gearing of the Company. |
| 14 | Boards should give sufficient attention to overall strategy. | The Board monitors performance against its agreed strategy on an ongoing basis and reviews its overall strategy at its annual strategy meeting. |
| 15 | The Board should regularly review both the performance of, and contractual arrangements with, the manager | The Board reviews annually, and at other times, as and when necessary, the Investment Adviser's Agreement and the performance of the Investment Adviser. |
| 16 | The Board should agree policies with the manager covering key operational issues. | The Board has agreed that the Investment Adviser takes the initiative on most aspects of the Company's operations, under the guidance and formal approval of the Board. The Board has agreed policies with the Investment Adviser covering key operational issues. |
| 17 | The Board should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it. | A review of the level of share price discount or premium is performed at each Board meeting. The Board approves every buyback of the Company's own shares as it is undertaken. |
| 18 | The Board should monitor and evaluate other service providers. | The Board reviews annually, and at other times as and when necessary, the performance of the other service providers including the auditor, VCT status adviser, solicitors, bankers and registrars. |

| | | |
|----|--|---|
| 19 | <p>The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.</p> | <p>The Board has a duty to promote the success of the Company and to ensure that its obligations to shareholders are met. The Company communicates with shareholders and solicits their views where it is appropriate to do so.</p> <p>The Board approves the circulation of the Half-Year and Annual Report and Financial Statements to shareholders. Shareholders are welcome at annual general meetings of the Company which provide forums for shareholders to ask questions of the Directors and the Investment Adviser and to discuss with them issues affecting the Company. In addition, the Investment Adviser publishes a twice-yearly VCT shareholder newsletter which contains information on the portfolio and recent investment and corporate activity. The Investment Adviser also organises an annual shareholder event, which the Board attends so as to answer any questions, and listen to any views that shareholders may have. The Company has established its own website which is a dedicated section of the Investment Adviser's website.</p> |
| 20 | <p>The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.</p> | <p>The Board reviews and agrees the content of all communications issued on behalf of the Company. It is consulted regarding promotional material which may be issued by the Investment Adviser.</p> |
| 21 | <p>The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.</p> | <p>The Board believes that the Annual Report and Financial Statements have been prepared in order to ensure that the information presented to shareholders is fair, balanced and understandable and complies with the recommendations of the AIC Code. The principal risks faced by the Company are documented in the Strategic Report as part of the Annual Report, and in the Half-Year Report.</p> |

