

## **The Income & Growth VCT plc**

### **SCHEDULE OF MATTERS RESERVED FOR THE APPROVAL OF THE BOARD**

The agenda for each routine meeting of the Board of Directors shall include the following items of business:

- (a) A report from the Investment Committee;
- (b) A report from the Audit Committee (if it has met in the period since the immediately preceding meeting of the Board);
- (c) A written report from Mobeus Equity Partners LLP (“Mobeus”) to include reports on the extent to which each of the investee companies are regarded as qualifying holdings.
- (d) A report from the administrator to include quarterly management accounts, Half-Yearly accounts and annual accounts as appropriate;
- (e) A review of the Company’s compliance with the VCT criteria. Reports to be received from Philip Hare & Associates LLP on the Annual and Half-Yearly Accounts, each of which will include sufficient information to enable the Directors to monitor the Company’s position in respect of VCT status.

#### **Investment proposals**

A formal proposal for each venture capital investment opportunity to be circulated to the full Board.

#### **Schedule of matters reserved for decision by the board**

- 1. **Strategy and management**
  - 1.1 Responsibility for the overall leadership of the Company and setting the company's values and standards.
  - 1.2 Approval of the Company’s strategic aims and objectives.
  - 1.3 Approvals of the annual operating and capital expenditure budgets and any material changes to them.
  - 1.4 Oversight of the Company’s operations ensuring:
    - competent and prudent management;
    - sound planning;
    - maintenance of sound management and internal control systems;
    - adequate accounting and other records; and
    - compliance with statutory and regulatory obligations.
  - 1.5 Review of performance in the light of the Company’s strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 2. **Structure and capital**
  - 2.1 Changes relating to the Company’s capital structure including reduction of capital, share issues, share buy backs (including the use of treasury shares).
  - 2.2 Major changes to the Company’s corporate structure, including, but not limited to acquisitions and disposals of shares which are material relative to the size of the Company (taking into account initial and deferred consideration).
  - 2.4 Any changes to the Company’s listing or its status as a plc.

3. **Financial reporting and controls**
  - 3.1 Approval of the half-year report, interim management statements and any preliminary announcement of the final results.
  - 3.2 Approval of the annual report and accounts (including the corporate governance statement and directors' remuneration report).<sup>4</sup>
  - 3.3 Approval of the dividend policy.
  - 3.4 Declaration of interim dividends and recommendation of the final dividend.
  - 3.5 Approval of any significant changes in accounting policies or practices.
  
4. **Internal controls**
  - 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
    - Approving the Company's policy on risk;
    - Receiving reports on, and reviewing the effectiveness of, the Company's risk and control processes to support its strategy and objectives;
    - Approving procedures for the detection of fraud and the prevention of bribery;
    - Undertaking an annual assessment of these processes; and
    - Approving an appropriate statement for inclusion in the annual report.
  
5. **Investments**
  - 5.1 On the recommendation of the Investment Committee, ratifying all proposals for investment and divestment of the Company's venture capital portfolio.
  - 5.2 Reviewing investment performance and associated matters at each quarterly board meeting including performance of the share price and net asset value.
  
6. **Contracts**
  - 6.1 Approval and monitoring of agreements with service providers;
  - 6.2 Review of the performance of and contractual arrangements with the Manager;
  - 6.3 Approval of contracts which are material strategically or by reason of size, entered into by the Company in the ordinary course of business, for example bank borrowings.
  - 6.4 Approval of contracts of the company not in the ordinary course of business, for example loans and repayments or acquisitions or disposals.
  
7. **Communication**
  - 7.1 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
  - 7.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
  - 7.3 Approval of all circulars, prospectuses and listing particulars.
  - 7.4 Approval of press releases concerning matters decided by the board.
  - 7.5 Approval of marketing and shareholder communication strategies
  - 7.6 Ensuring that full information about the Board is disclosed in the annual report.
  
8. **Board membership and other appointments**
  - 8.1 Changes to the structure, size and composition of the Board, following recommendations from the nomination committee.
  - 8.2 Ensuring adequate succession planning for the Board so as to maintain an appropriate balance of skills and experience within the company and on the Board.
  - 8.3 Appointments to the Board, following recommendations by the nomination committee.
  - 8.4 Selection of the chairman of the Board.
  - 8.5 Appointment of the senior independent director to provide a sounding board for the chairman and to serve as intermediary for the other directors when necessary or appointment of Chairman of the Audit Committee to fulfil this role.

- 8.6 Membership and chairmanship of board committees following recommendations from the Nominations & Remuneration Committee.
  - 8.7 Appointment or removal of the company secretary.
  - 8.8 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the Audit Committee.
9. **Remuneration**
- 9.1 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
10. **Delegation of authority**
- 10.1 Agreeing policies with the manager covering key operational issues.
  - 10.2 Establishing board committees and approving their terms of reference, and approving material changes thereto.
  - 10.3 Receiving reports from board committees on their activities.
11. **Corporate governance matters**
- 11.1 Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.
  - 11.2 Determining the independence of non-executive directors and the Chairman in light of their character, judgment and relationships.
  - 11.3 Considering the balance of interests between shareholders, employees, customers and the community.
  - 11.4 Review of the Company's overall corporate governance arrangements.
  - 11.5 Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole.
  - 11.6 Authorising conflicts of interest where permitted by the Company's articles of association.
11. **Policies**
- 11.1 Approval of policies, including:
    - Code of Conduct;
    - Share dealing code;
    - Bribery prevention policy;
    - Whistleblowing policy ;
    - Tenure;
    - Environment and sustainability policy;
    - Communications policy [including procedures for the release of price-sensitive information];
    - Corporate social responsibility policy; and
    - Charitable donations policy.
12. **Other**
- 12.1 Monitoring the level of the share price discount or premium (if any) and, if desirable, taking action to reduce it.
  - 12.2 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism.
  - 12.3 Approval of Directors and Officers Liability insurance for the Company.12.4  
Any decision likely to have a material impact on the company from any perspective, including, but not limited to, financial, operational, strategic or reputational.
  - 12.5 This schedule of matters reserved for Board decisions.

*Amended in accordance with a Board resolution passed on 14 September 2016.*