

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

### **NOMINATION AND REMUNERATION COMMITTEE**

#### **Terms of Reference**

##### **1. Constitution**

- 1.1 The Board has resolved to establish a committee of the Board to be known as the Nomination and Remuneration Committee (“the Committee”).

##### **2. Membership**

- 2.1 The Committee shall comprise at least two independent non-executive directors so that the majority of the Committee comprises independent non-executive directors.
- 2.2 Members of the Committee shall be appointed by the Board on the recommendation of the Committee.
- 2.3 The Chairman of the Committee shall be appointed by the Board. In the absence of the committee chairman, the remaining members present shall elect one of themselves to chair the meeting.
- 2.4 The Company Chairman may be a member of the Committee provided that (s)he was considered independent on appointment as Chairman but shall not chair the Committee.
- 2.5 Only members of the Committee have the right to attend committee meetings. However, other individuals, such as external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

##### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two members of the Committee.

##### **4. Secretary**

- 4.1 The Company Secretary shall be the secretary of the Committee.
- 4.2 The Company Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

**5. Frequency of Meetings**

- 5.1 Meetings shall be held at least once a year and at such other times as the Chairman may require. The external auditors may request a meeting if they consider one necessary.

**6 Notice of meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee chairman.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, and any other person required to attend no fewer than four working days before the date of the meeting.

**7 Minutes of meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 7.2 Draft minutes of committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

**8 Annual General Meeting**

- 8.1 The Committee Chairman shall attend the annual general meeting to answer shareholder questions on the Committee's activities.

**9. Duties of the Committee- Remuneration**

- 9.1 The Committee shall:
- 9.1.1 have responsibility for setting the remuneration policy for the Board;
  - 9.1.2 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate directors of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders and to industry standard. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals;
  - 9.1.3 review the on-going appropriateness and relevance of the remuneration policy;
  - 9.1.4 monitor the level and structure of remuneration for the non-executive directors;
  - 9.1.6 consider whether additional payments should be made to directors in respect of material time spent in addition to their normal duties as a director of the Company;

- 9.1.7 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the Board;
- 9.1.8 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- 9.1.9 agree the policy for authorising claims for expenses from the Directors.

## 10. **Duties of the Committee - Nomination**

- 10.1 The Committee shall:
  - 10.1.1 regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board and make recommendations to the Board with regard to any changes;
  - 10.1.2 give full consideration to succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in future;
  - 10.1.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
  - 10.1.4 before appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in light of this evaluation prepare a description of the role and capabilities required for a particular appointment;
  - 10.1.5 in identifying suitable candidates, use open advertising or the services of external advisers to facilitate the search, consider candidates from a wide range of backgrounds and consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have sufficient time available to devote to the position;
  - 10.1.6 for the appointment of the Chairman to the Board, prepare a detailed job specification for that appointment, including the time commitment expected;
  - 10.1.7 keep under review the Company's leadership needs, with a view to ensuring its continued ability to compete effectively in the marketplace
  - 10.1.8 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
  - 10.1.9 review annually the time required from directors; performance evaluation should be used to assess whether the directors are spending enough time to fulfil their duties;
  - 10.1.10 recommend a procedure and review the results of the board performance evaluation process that relate to the composition of the board;

- 10.1.11 ensure that on appointment to the Board, directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings. The letter should include a clause requiring the new director to disclose any other business interests that may result in a conflict of interest and any future business interests that could result in a conflict of interest;
- 10.1.12 advise the Board on issues or potential issues arising where a conflict of interest could be foreseen as a result of the outside business activities of Board members, taking particular care when other non-executive directors are advising or supporting the Committee; and
- 10.1.13 regularly review conflict authorisations approved by the Board and implement and monitor a procedure for ensuring that an annual review of each director's conflict authorisations is undertaken as part of their annual performance review (see 10.1.10 above).
- 10.2 The Committee shall also make recommendations to the Board concerning:
  - 10.2.1 formulating plans for succession of directors and in particular the key role of the Chairman;
  - 10.2.2 membership of the Board committees, in consultation with the Chairmen of those committees;
  - 10.2.3 suitable candidates for the role of senior independent director
  - 10.2.4 the re-appointment of any director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required;
  - 10.2.5 the re-election by shareholders of any director under the annual re-election provisions of the Code and the 'retirement by rotation' provisions in the Company's articles of association having due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required; and
  - 10.2.6 any matters relating to the continuation in office of any director at any time.

## 11 **Other matters**

The Committee shall

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 11.2 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;
- 11.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate;
- 11.4 oversee any investigation of activities which are within its terms of reference;

- 11.5 work and liaise as necessary with all other board committees; and
- 11.6 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.

**12. Authority**

- 12.1 The Committee is authorised by the Board to investigate any activity within its terms of reference.
- 12.2 It is authorised to seek any information it requires from any of the service providers and all service providers and advisers are directed to co-operate with any request made by the Committee.
- 12.3 The Committee is authorised by the Board to obtain external legal or other independent professional advice up to a limit of £[5,000] and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 12.4 To 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.

**Publication of these terms of reference**

Copies of these terms of reference shall be made available to shareholders on request and published on the Company's website.