

# Mobeus Income & Growth 4 VCT plc

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2016 ("the AIC Code") for the financial year ended 31 December 2017. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("the UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide the most appropriate information to shareholders.

The AIC Code was endorsed by the Financial Reporting Council (FRC) on 14 July 2016. In adopting the AIC Code, the Company will therefore meet its obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

## Statement of Compliance

This statement has been compiled in accordance with the FCA's Disclosure and Transparency Rule (DTR) 7.2 on Corporate Governance Statements.

The Board considers that the Company has complied with the recommendations of the AIC Code and relevant provisions of the UK Code throughout the year under review. The table below provides further explanations of how the Company has complied with the AIC Code.

As an externally managed VCT, most of the Company's operations are delegated to third parties and the Company has no executive directors, employees or internal operations. The Board has therefore concluded, for the reasons set out in the AIC Guide, that not all the provisions of the UK Code are relevant to the Company. Firstly, as the Company does not employ a chief executive, nor any executive directors, the provisions of the AIC Code relating to the rate of the chief executive and executive director's remuneration are not relevant to the Company. Secondly, the systems and procedures of the Investment Adviser, the provision of VCT monitoring services by Philip Hare & Associates LLP, as well as the size of the Company's operations, give the Board full confidence that an internal audit function is not necessary. The Company has therefore not reported further in respect of these provisions.

AIC Code	Principle	Compliance and/or departure from the Code
1	The Chairman should be independent.	<p>The Board have assessed the independence of the Chairman and concluded that Christopher Moore has continued to meet the independence criteria as set out 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 in the Annual Report.</p> <p>The Board has not appointed a Senior Independent Director, as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive directors. As suggested in the AIC Code, this role can be, and in this instance is, fulfilled by the Chairman of the Audit Committee.</p>
2	A majority of the Board should be independent of the manager.	<p>The Company has a Board of three non-executive directors. The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Helen Sinclair is also a director of The Income &amp; Growth VCT plc, a company that is also advised by Mobeus, and is therefore not considered to be independent of the Investment Adviser. The Board has concluded that Christopher Moore and Andrew Robson were independent of the Investment Adviser throughout the year ended 31 December 2017.</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 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>

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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 and, if appropriate, seek re-election, which is over and above what is required under the AIC Code. A Director's appointment may be terminated on three months' notice being given by the Company. For further information please see the Directors' Remuneration Report in the Annual Report and Accounts.
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 the size and structure of MIG 4, it is not appropriate to insist on a Director's period of service being limited to a set number of years. The AIC Code does not explicitly make recommendations on the overall length of tenure for directors and has stated that it does not believe that there is any evidence that an individual director's lengthy service on a board may compromise his or her independence in the case of investment companies. It 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 the Company's 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. In particular, the Board considers that the Chairman's length of service as a Director of the Company is an asset to the Board.
5	There should be full disclosure of information about the board.	Biographical details on each Director are included in the Annual Report and Accounts 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 believe that there is a diversity of skills, gender, experience and approach amongst the Board members. Both the Board and Nomination and 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 are set out in the Accounts.
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 has carried out a performance evaluation review in respect of the year ended 31 December 2017. As part of their 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, considered 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.

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8	Directors' remuneration should reflect their duties, responsibilities and the value of their time spent.	The Nomination and 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 and the value and amount of time that each Director is required to commit to the Company. For further details, see the Accounts.
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 Nomination and Remuneration Committee is responsible for proposing candidates for appointment to the Board and for overseeing the recruitment process. The Committee comprises a majority of independent directors. No new directors were appointed to the Board during the year under review.
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 and the Investment Adviser. 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 and is therefore not applicable to the Company. However, the Board participated fully in the launch of all fundraisings undertaken by the Company.
12	Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets at least quarterly, which 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, co-operative 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 meeting that it has held since 2012.
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 relating 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.

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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 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	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>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 the Annual General Meeting which provides a forum for shareholders to ask questions of the Directors and the Investment Adviser and to discuss issues affecting the Company with them. 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 to listen to any views that shareholders may have and answer any questions about the Company. The Company has established its own website which is a dedicated section of the Investment Adviser's website.</p>
20	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.	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.
21	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.	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.