

# Perpetual Income & Growth Investment Trust plc

## Schedule of Matters Reserved for the Board

(February 2019)

### Membership

Richard Laing – Chairman  
Alan Giles – Senior Independent Director  
Mike Balfour  
Victoria Cochrane  
Bob Yerbury

#### 1. Objective of the Board

The Board's role is to provide entrepreneurial leadership of the Company within the framework of prudent and effective controls which enables risk to be assessed and managed.

The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews the performance of the investment management company.

The Board sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

All Directors must take decisions objectively and act in accordance with the provisions of the Companies Act 2006 and the general duties of directors specified therein: -

- i) to act within powers;
- ii) to promote the success of the Company;
- iii) to exercise independent judgement;
- iv) to exercise reasonable care, skill and diligence;
- v) to avoid conflicts of interest;
- vi) not to accept benefits from third parties; and
- vii) to declare any interest in a proposed transaction or arrangement.

Non-executive Directors should constructively challenge and help develop proposals on strategy, scrutinise the performance of the investment management company in meeting agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

*(Source: AIC Corporate Governance Guide for Investment Companies)*

Items marked \* are often considered by the whole Board but with the formal decision delegated to a Committee of the Board (set up solely for the purpose). This often allows time for any changes requested at the Board Meeting to be incorporated into the final document before publication.

Registered Office  
Perpetual Park, Perpetual Park Drive,  
Henley-on-Thames, Oxfordshire, RG9 1HH  
Telephone: 020 3753 1000  
Facsimile: 0203 753 0123

Registered in England No 3156676  
An Investment Company under Section 266  
of the Companies Act 1985

## **2. Strategy and Management**

- 2.1 Responsibility for the overall investment management of the Company.
- 2.2 Approval of the Company's investment policy and any material changes, which would be put to shareholders for approval.
- 2.3 Approval of strategy (including considering holding a specific annual strategy meeting separate from the normal agenda items).
- 2.4 Approval of the annual operating budgets and any material changes to them.
- 2.5 Oversight of the Company's operations ensuring:
  - competent and prudent investment and administrative management;
  - sound planning;
  - an adequate system of internal control and risk controls;
  - adequate accounting, investment administration, statutory and other records; and
  - compliance with statutory and regulatory obligations.
- 2.6 Review of performance in the light of the Company's strategy, investment objectives and policy, financials and ensuring that any necessary corrective action is taken.
- 2.7 Extension of the Company's activities into new business or geographic areas.
- 2.8 Appointment or removal of the Investment Managers.
- 2.9 Any decision relating to any liquidation resolution at a general meeting (considering the rules laid down in the Company's Articles of Association).

## **3. Investment Management**

- 3.1 Agreeing a policy with the investment manager regarding voting and corporate governance issues in respect of holdings in the Company's portfolio.
- 3.2 Defining the scope of the investment manager's responsibilities, including the principal operating issues (such as the methodology for performance benchmarking, hedging, gearing, share buy backs and issuance) and agreeing the procedure for the investment manager to report back to the Board.
- 3.3 Identifying any circumstances in which the investment manager should refer to the Board for approval before undertaking transactions (such as dealing in any other investment fund managed by the investment manager or investing in new issues of other closed-end funds managed by others).
- 3.4 Agreeing that the investment manager inform the Board of any conflicts surrounding share trades and votes.
- 3.5 Agreeing a policy on whether the investment manager should be permitted to carry out commission sharing.
- 3.6 Changing the investment policy guidelines laid down for the investment manager.

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#### **4. Structure and Capital**

- 4.1 Changing the Company's capital structure including reduction of capital, share issues, share buy-backs (including the use of treasury shares).
- 4.2 Approving any policies relating to discount management policy, share buy-backs, share issuance.
- 4.3 Changing the Company's corporate structure.
- 4.4 Changing the Company's listing or its status as a plc.

#### **5. Financial Reporting and Controls**

- 5.1 \* Approving the annual financial report, half-yearly report and any preliminary announcement of results.
- 5.2 \* Approving the annual financial report and accounts, (including the Strategic Report, Corporate Governance Statement and director's remuneration report) and the half-yearly financial report.
- 5.3 \* Approving the dividend policy.
- 5.4 \* Declaring any interim dividends and recommendation of any final dividend.
- 5.5 \* Approving any significant changes in accounting policies or practices.
- 5.6 \* Approving any changes to the capital:revenue apportionment of expenses.
- 5.7 Approving any treasury policies (including foreign currency exposure and the use of financial derivatives).
- 5.8 Approving the gearing policy.

#### **6. Internal Controls and Risk Management**

- 6.1 \* Ensuring the maintenance of a sound system of internal control and risk management including:
  - receiving reports on, and monitoring the effectiveness of, the Company's risk and control processes to support its strategy and objectives;
  - undertaking an annual assessment of these processes; and
  - approving an appropriate statement for inclusion in the annual report.

#### **7. Contracts**

- 7.1 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.
- 7.2 Contracts of the Company not in the ordinary course of business, for example loans and repayments; foreign currency transactions; major acquisitions or disposals.

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- 7.3 Major investments (including the acquisition or disposal of interests of more than 5% in the voting shares of any company or the making of any takeover offer).

## **8. Communication**

- 8.1 Approving resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 8.2 \* Approving all circulars and listing particulars (approval of routine documents could be delegated to a committee of the Board).
- 8.3 \* Approving press releases concerning matters decided by the Board.

## **9. Board Membership and other Appointments**

- 9.1 \* Changes to the structure, size and composition of the Board. The Board, at all times, shall comprise at least four non-executive Directors independent of the Company and the Investment Manager and advisers and with sufficient expertise and experience to run the affairs of the Group.
- 9.2 \* Ensuring adequate succession planning for the Board.
- 9.3 \* Appointments to the Board.
- 9.4 \* Selecting of the Chairman of the Board.
- 9.5 \* Appointment of the Senior Independent Director.
- 9.6 \* Membership and Chairmanship of Board committees.
- 9.7 \* Continuation in office of Directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
- 9.8 \* Continuation in office of any Director at any time, including the suspension or termination of service of any executive Director as an employee of the Company, subject to the law.
- 9.9 \* Appointing or removing the Company Secretary.
- 9.10 \* Appointing, reappointing or removing the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee.

## **10. Remuneration**

- 10.1 \* Determining the remuneration of the non-executive Directors, subject to the articles of association and shareholder approval as appropriate.
- 10.2 \* In determining such policy, taking into account all factors which are deemed necessary in order to ensure that members of the Board are provided with appropriate compensation and are, in a fair and responsible manner,

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rewarded for their individual contributions to the long term success of the Company, also taking into account committee memberships.

- 10.3 \* Approving the remuneration policy and report on remuneration for inclusion in the annual financial report.

## **11. Delegation of Authority**

11.1 Approving the terms of reference of Board committees.

11.2 Receiving reports from Board committees on their activities.

## **12. Corporate Governance Matters**

12.1 Undertaking a formal and rigorous review (as and when appropriate) of its own performance, that of its committees and individual Directors, Manager and Company Secretary, taking into account the recommendation of the AIC Code of Corporate Governance that FTSE 350 companies should conduct an externally facilitated evaluation of the performance of the Board at least once every three years.

12.2 Determining the independence of Directors.

12.3 Reviewing the Company's overall corporate governance arrangements.

12.4 Receiving reports on the views of the Company's shareholders.

12.5 Considering the interests of shareholders.

12.6 Considering and authorising (if appropriate) direct or indirect interests of Directors that conflict, or possibly may conflict, with the interests of the Company.

## **13. Policies**

13.1 Approving policies, including:

- PDMR share dealing code
- Directors' appointment policy
- Directors' tenure Policy
- Communications and marketing policy
- Corporate social responsibility policy
- Charitable donations policy
- Investment policy
- Directors' remuneration policy
- Buy-back and issuance policy

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14.1 Making political donations.

14.2 Approving the appointment of the Company's principal professional advisers.

14.3 Prosecution, defence or settlement of litigation.

14.4 Approving overall levels of insurance for the Company including Directors' & Officers' liability insurance (and indemnification of Directors).

14.5 Approving this schedule of matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its Committees.

In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Company.

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