

**ACORN INCOME FUND LIMITED**  
**(the “Company”)**

**TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE**  
**(the “Committee”)**  
**Adopted 5 February 2014**

**1. FUNCTION**

The function of the Committee is to assist the Board by leading the process for Board appointments and making recommendations to the Board.

**2. MEMBERSHIP**

2.1 The members of the Committee shall be appointed by the Board and shall consist of independent, non-executive directors of the Company. A quorum shall be two members.

2.2 The Chairman of the Committee shall be David Warr or failing that be appointed by the Board. The position of the Chairman of the Committee will be reviewed on an annual basis by the Chairman of the Company. The Chairman of the Board may not be appointed as Chairman of the Committee.

2.3 The Company Secretary shall act as the secretary of the Committee and attend all meetings.

2.4 The Board shall regularly review the membership of the Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the Committee and other Board committees.

**3. MEETINGS**

3.1 The Committee shall meet at least once a year and otherwise as required. Where possible, such Committee meetings shall precede a Board meeting or be held at an adjournment of a Board meeting.

3.2 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

**4. AUTHORITY**

4.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to obtain, at the Company’s expense, outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary.

## 5. DUTIES

### 5.1 The duties of the Committee shall be:-

- 5.1.1 to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- 5.1.2 to 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 the skills and expertise needed on the Board in the future;
- 5.1.3 to regularly review the leadership needs of the non-executive directors, to ensure the continued ability of the Board to compete effectively in the marketplace;
- 5.1.4 to keep up to date and fully informed about the strategic issues and commercial changes affecting the company and the market in which it operates;
- 5.1.5 to evaluate the balance of skills, knowledge, experience and diversity on the Board before any appointment is made and be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as they arise;
- 5.1.6 in the light of the above evaluation, prepare a description of the role including time commitment expected and capabilities required for a particular appointment;
- 5.1.7 to use open advertising or the services of external advisers to facilitate the search for a suitable candidate, if deemed appropriate;
- 5.1.8 to consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- 5.1.9 to ensure that prior to the appointment of a director, the proposed appointee discloses any business interests that may result in a conflict of interest and ensure that any appointee report any future business interests that could result in a conflict of interest;
- 5.1.10 to ensure that, on appointment to the Board, non-executive 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;
- 5.1.11 to review the results of the Board's performance evaluation process that relate to the composition of the Board and to review the assessment of

whether the non-executive directors are spending enough time to fulfil their duties.

5.2 The Committee shall make recommendations to the Board concerning:-

- 5.2.1 plans for succession of directors and, in particular, for the key roles of the chairman;
- 5.2.2 membership of the audit, risk and remuneration & management engagement committees in consultation with the chairmen of those committees where deemed appropriate;
- 5.2.3 the re-election by shareholders of directors under the provisions of the AIC Code of Corporate Governance, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 5.2.4 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of a director subject to the provisions of the law and/or any service contract that may be in place; and
- 5.2.5 the appointment of any director to the Board.

5.3 Other matters of the Committee shall be:-

- 5.3.1 to ensure they have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 5.3.2 to be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members; and
- 5.3.3 to 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 for approval.

## 6. **REPORTING RESPONSIBILITIES**

- 6.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matter within its duties and responsibilities.
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Last Reviewed: 11 February 2020  
Last updated: 30 November 2017