

Acorn Income Fund Limited

Tenure and Succession Policy

It is the Board's intention to endeavour to comply with the AIC principles on Board succession and composition.

The Directors recognise the need for regular Board refreshment and diversity for the effective functioning of the Board and also recognise the need to maintain continuity given the size and composition of the Board.

The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and as such these attributes need to be weighed against any advantages that a new appointment may bring. Therefore, to give context, whilst Chair tenure is recommended at a maximum of nine years by the FRC, the Board notes that both the FRC and AIC acknowledge that investment companies are a special case and require more flexibility than normal businesses when determining the appropriate length of time that the Chairperson should serve.

Furthermore, the FRC Code, Provision 19 states that the nine-year period "can be extended for a limited time, particularly in those cases where the Chair was an existing non-executive director on appointment"... "to facilitate effective succession planning and the development of a diverse Board".

The Board has therefore determined that no limit on the overall length of service will be imposed subject to continuing satisfaction that the Board member continues to make a valuable contribution, and is either independent or, if not categorised as independent, is not conflicted. Furthermore, the Board has determined that each Board member should offer themselves for re-election annually at the General Meeting.

However, the Board acknowledges that succession needs to be anticipated in line with effective succession planning. The Nomination Committee will continuously monitor the composition of the Board to maintain an appropriate balance of skills, experience, diversification and to ensure progressive refreshing of the Board. As such, succession planning should be in place on a timely basis for each expected future appointment. Each appointment will be subject to a formal procedure to ensure continuity of skills whilst promoting diversity and effectiveness.

In the event of the requirement of a more urgent appointment, succession planning should be undertaken in as orderly a manner as possible but to ensure no detrimental loss of experience and diversity to the Board as a whole. In this regard some overlap of skills between each board member is essential and will be continuously monitored.

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