

Statement of Corporate Governance for the year ended 30 June 2019

18 September 2019

Murray Income Trust PLC (the "Company") is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, this statement describes how the Company applies the main principles identified in the UK Corporate Governance Code published in April 2016 (the "UK Code") and which applies to the Company's year ended 30 June 2019. The UK Code is available on the Financial Reporting Council's ("the FRC") website: [frc.org.uk](http://frc.org.uk).

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance as published in July 2016 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. The AIC Code and AIC Guide are available on the AIC's website: [theaic.co.uk](http://theaic.co.uk).

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 better information to shareholders.

The Board confirms that, during the year, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.1.1 and D.1.2); and
- the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Guide and UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board notes the content of the new UK Code of Corporate Governance published by the FRC in July 2018 (the "2018 UK Code"), which is applicable for accounting periods beginning on or after 1 January 2019, and the new AIC Code of Corporate Governance published in February 2019 (the "2019 AIC Code"). The Board expects the Company to be compliant with the relevant provisions of the 2018 UK Code and the 2019 AIC Code for the year ending 30 June 2020.

	AIC Code Principle	How the Principles are Applied
<b>THE BOARD</b>		
<b>1</b>	<b>The Chairman should be independent</b>	<p>Neil Rogan has served as a Director since 26 November 2013 and was appointed Chairman on 6 November 2017.</p> <p>Led by the Senior Independent Director, David Woods until 5 November 2018 and Jean Park thereafter, the other Directors formally review the performance of the Chairman each year and are satisfied that Neil Rogan provides appropriate leadership and possesses the relevant skills and experience to fulfil the role of Chairman.</p> <p>The other Directors have reviewed the Chairman's other commitments, as set out in his biography in the Governance</p>

		<p>section of the Annual Report for the year ended 30 June 2019 ("the Annual Report"), and are satisfied that the Chairman remains capable of devoting sufficient time to the effective running of the Company. Other than his appointment as chairman of Invesco Asia Trust PLC in July 2018 and his appointment, after the year ended 30 June 2019, as a director of the Scottish Investment Trust PLC in September 2019, there have been no other significant changes to the Chairman's other commitments since his appointment as Chairman.</p> <p>The UK Code states that a test of independence applies on the appointment of the Chairman. The other Directors are satisfied that Neil Rogan was independent on appointment and continued to remain independent, in their view, during the year ended 30 June 2019, as he has served as a Director for less than nine years and remains free of any relationship, including with the Manager, which could materially interfere with the exercise of his judgement on issues of the Company's strategy, performance, resources and standards of conduct.</p>
2	<b>A majority of the Board should be independent of the Manager</b>	<p>The Board comprised either five or six non-executive Directors throughout the year ended 30 June 2019.</p> <p>The names and biographies of each of the Directors are included in the Governance Section of the Annual Report.</p> <p>The independence of the Directors is reviewed annually with the conclusion that a majority of the Board is independent.</p> <p>There is a procedure for Directors to take independent professional advice, if necessary, at the Company's expense.</p>
3	<b>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</b>	<p>Under the Company's Articles of Association new Directors stand for election at the first Annual General Meeting ("AGM") following their appointment and thereafter all Directors are required to submit themselves for re-election at every third AGM. Notwithstanding this, the Board has agreed that all Directors shall retire and, if eligible, stand for re-election at each AGM.</p> <p>Recommendation for election or re-election at the AGM is based on the continuing effectiveness of each Director. There is an annual performance evaluation.</p> <p>The Nomination Committee has reviewed each Director's other commitments, as set out in their biography in the Governance section of the Annual Report, and are satisfied that each other Director is capable of devoting sufficient time to the effective running of the Company. The continuing independent and objective judgement of the Directors is assessed and confirmed.</p> <p>Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company and</p>

		the other Directors recommend that shareholders support the individual election as a Director of Merryn Somerset Webb and the individual re-election as Directors of each of Neil Rogan, Stephanie Eastment, Jean Park, Donald Cameron and Peter Tait.
4	<b>The Board should have a policy on tenure, which is disclosed in the Annual Report</b>	<p>The Nomination Committee has approved a policy whereby all Directors will retire from the Board no later than the AGM following the ninth anniversary of their appointment.</p> <p>The Board believes that recommendation for re-election should be on an individual basis following a rigorous review which assesses the contribution made by the Director concerned.</p> <p>The Nomination Committee reviews the composition of the Board on an annual basis. As stated above under section 3, all Directors are required to submit themselves for re-election at the first AGM after their appointment, the third AGM after the AGM at which he/she was last elected and then Directors serving longer than nine years are subject to annual re-election but the Board has determined that all Directors shall retire and seek annual re-election.</p>
5	<b>There should be full disclosure of information about the Board</b>	<p>The names and biographies of each of the Directors are shown in the Governance section of the Annual Report and indicate their range of investment, industrial, commercial and professional experience as well as length of service.</p> <p>Detailed information on the Audit Committee, chaired during the year by Jean Park until 5 November 2018 and thereafter by Stephanie Eastment, and comprising all of the Directors, may be found in the Audit Committee's report within the Annual Report.</p> <p>As announced in the 30 June 2018 Annual Report, in line with the revised UK Corporate Governance Code published in July 2018, Mr Rogan ceased to be a member of the Audit Committee with effect from the conclusion of the AGM on 5 November 2018.</p> <p>Brief information on the constitution of the other Committees appointed by the Board (Management Engagement; Nomination; Remuneration) is included within the Directors' Report within the Annual Report while further details are included in the other sections of this statement, where relevant.</p> <p>The terms of reference of the Board Committees, which define the responsibilities and duties of each Committee, are available on the Company's website, or upon request from the Company. The terms of reference for each of the Committees are reviewed and re-assessed by the Board for their adequacy on an ongoing basis.</p>
6	<b>The Board should aim to have a balance of</b>	A list of skills and expertise required by the Board has been agreed by the Board and is kept under review.

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	<b>skills, experience, length of service and knowledge of the Company</b>	<p>Potential new Directors are identified against the requirements of the Company's business and the need to have a balance of skills, experience, independence, diversity, and knowledge of the Company within the Board. Appointments are made on merit, taking into account the benefits of diversity, including gender. However, the Board's overriding priority is to appoint the most appropriate candidates, regardless of gender or other forms of diversity. The Board has therefore not set any measurable targets in relation to the diversity of the Board. The appointments process is overseen by the Nomination Committee.</p> <p>As reported in the Annual Report for the year ended 30 June 2018, Stephanie Eastment was appointed a Director on 2 August 2018, following a search process undertaken by an independent consultancy, Nurole Limited, which has no other connection with either the Company or its Directors.</p> <p>Merryn Somerset Webb was appointed a Director on 7 August 2019, following a search process undertaken by an independent consultancy, Fletcher Jones Ltd, which has no other connection with either the Company or its Directors.</p>
7	<b>The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors</b>	<p>The Board has undertaken a performance evaluation process by means of an annual questionnaire. The Chairman reviews the responses and addresses any matters arising; an evaluation of the Chairman is led by the Senior Independent Director, in the absence of the Chairman, prior to a meeting where the outcome is discussed.</p>
8	<b>Directors' remuneration should reflect their duties, responsibilities and the value of their time spent</b>	<p>Directors' remuneration is determined by the Remuneration Committee, which was chaired by David Woods until 5 November 2018, and thereafter by Jean Park.</p> <p>The Board's policy is that the remuneration of non-executive Directors should be sufficient to attract Directors of the quality required to run the Company successfully. The remuneration should also reflect the nature of the Directors' duties, responsibilities, the value of their time spent and be fair and comparable to that of other investment trusts with a similar size, capital structure and investment objective.</p> <p>Detailed information on the remuneration arrangements for the Directors, including the Remuneration Policy, can be found in the Directors' Remuneration Report in the Annual Report.</p> <p>A resolution seeking approval of the Directors' Remuneration Policy was last put to shareholders at the AGM in 2017 and will be put to shareholders next at the AGM in 2020.</p>

9	<b>The independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the Annual Report</b>	The Nomination Committee, chaired throughout the year by Neil Rogan, consists of all the Directors and is responsible for succession planning and Board appointments. The Committee considers the criteria for future Board appointments and the methods of recruitment, selection and appointment, including whether to engage the services of an external recruitment provider.
10	<b>Directors should be offered relevant training and induction</b>	Newly appointed Directors are provided with a full induction programme by the Manager and this was arranged in August 2019 for Merryn Somerset Webb.  On an ongoing basis, Directors are given key information on the Company's regulatory and statutory requirements as they arise, and every Director is entitled to receive appropriate training as deemed necessary, in consultation with the Chairman.
11	<b>The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage</b>	This principle does not apply to the Company as it is a long established investment company.
<b>BOARD MEETINGS AND RELATIONS WITH THE MANAGER</b>		
12	<b>Boards and Managers should operate in a supportive, co-operative and open environment</b>	<p>There were seven scheduled Board and Strategy meetings during the year, when representatives of the Manager formally reported to the Board, and a record of Directors' attendance is included in the Directors' Report within the Annual Report. There were also four ad hoc Board meetings during the year.</p> <p>The Board meets more frequently when business needs require. Representatives of the Manager and the corporate Company Secretary attend each Board meeting as well as certain committee meetings.</p> <p>The Board maintains regular contact with the Company Secretary and Manager between meetings. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives, who are responsible to the Board:</p> <ul style="list-style-type: none"> <li>• for ensuring that Board procedures are complied with;</li> <li>• under the direction of the Chairman, for ensuring good information flows with the Board and its Committees, as well as facilitating induction and assisting with professional development as required; and</li> <li>• for advising through the Chairman on all corporate governance matters.</li> </ul>

		<p>The Chairman encourages open and constructive debate to foster a supportive and co-operative approach for its own meetings and for those with the Manager. There is a clear division of responsibility between the Chairman, the Directors, the Manager and the Company's other third party service providers. No one individual has unfettered powers of decision.</p>
13	<p><b>The primary focus at regular Board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, investor relations, peer group information and industry issues</b></p>	<p>The Chairman is responsible for leading the Board, ensuring its effectiveness on all aspects of its role, and is responsible for ensuring that all Directors receive accurate, timely and clear information to allow Directors to discharge their responsibilities. Directors are provided with a comprehensive set of papers giving detailed information on the Company's transactions and financial position prior to each meeting.</p> <p>The Board has a schedule of matters reserved to it for decision, and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. These matters include the following:</p> <ul style="list-style-type: none"> <li>• the maintenance of clear investment objectives and risk management policies;</li> <li>• the monitoring of the business activities of the Company, ranging from analysis of investment performance to annual budgeting and quarterly forecasting and variance analysis;</li> <li>• approval of the half-yearly and annual Financial Statements, and approval and recommendation of the interim dividends, and final dividend, respectively;</li> <li>• setting the range of gearing within which the Manager may operate;</li> <li>• major changes relating to the Company's structure, including share buy-backs and share issuance;</li> <li>• Board appointments and removals and the related terms;</li> <li>• appointment and removal of the Manager and the terms and conditions of the management and other agreements relating thereto;</li> <li>• terms of reference and membership of Board Committees; and</li> <li>• Stock Exchange/UK Listing Authority/Financial Conduct Authority – approval of all circulars, prospectuses and listing particulars, and approval of all releases concerning matters decided by the Board.</li> </ul> <p>The Board sets the investment parameters within which the Manager operates. Investment performance and associated matters, such as gearing, asset allocation, investor relations, peer group information and industry issues are agenda items at each Board meeting. Representatives of the Manager attend Board meetings where performance against the Company's investment objectives, portfolio risk and attribution analysis is reviewed.</p>

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14	<b>Boards should give sufficient attention to overall strategy</b>	The Board devotes a separate session each year to review of the Company's strategy, including the means of achieving the investment objective and investment policy, together with the promotional and shareholder communication strategies implemented by the Manager.
15	<b>The Board should regularly review both the performance of, and contractual arrangements with, the Manager.</b>	<p>The Management Engagement Committee, chaired throughout the year ended 30 June 2019 by Neil Rogan, reviews, on an annual basis, the terms and conditions of the Manager's appointment, including an evaluation of performance and fees. The Committee also keeps the resources of the Manager under review, together with the commitment of the Manager to the Company and its investment trust business.</p> <p>The Management Agreement("MA") was entered into in July 2014 after full and proper consideration by the Board of the quality and cost of services offered including the financial control systems in operation in so far as they relate to the affairs of the Company.</p> <p>On 12 September 2017, a side-letter to the MA was agreed between the Company and Manager by which the fees payable by the Company were reduced.</p>
16	<b>The Board should agree policies with the Manager covering key operational issues</b>	<p>The MA includes investment guidelines and sets policies to cover key operational issues. The Board discusses operational matters regularly with the Manager, including corporate governance and voting in respect of portfolio holdings. The Board has delegated discretion to the Manager to exercise voting powers on its behalf but reviews the Manager's policy in this respect.</p> <p>The Board also reviews the financial statements, performance and revenue budgets.</p>
17	<b>Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it</b>	<p>The share price and NAV per share are published to the London Stock Exchange each business day and monitored on the Board's behalf. The Board considers the discount to NAV of the Company's share price at every Board meeting, and more frequently if circumstances demand. The Board may use share repurchases to help address perceived imbalances in the demand for the Company's shares. The Company has taken powers to issue new shares and repurchase shares so that it may take action where necessary. Any issue or repurchase programme is considered by the Board in consultation with the Manager, taking account of:</p> <ul style="list-style-type: none"> <li>• the investment mandate and objective;</li> <li>• the effectiveness of promotion and shareholder communication strategies;</li> <li>• measures of investor sentiment; and</li> <li>• the number and position of comparable trusts in the Company's peer group.</li> </ul>
18	<b>The Board should monitor and evaluate</b>	The Management Engagement Committee conducts an annual review of the performance, terms and conditions of the Company's

	<b>other service providers</b>	<p>main third party suppliers, including the level and structure of fees payable and the length of notice periods, to ensure that they remain competitive and in the best interests of shareholders. The Board assesses their performance based on reports by such third party providers to the Board. The Manager also reports regularly on its evaluation and monitoring of certain third party service providers.</p> <p>The Audit Committee monitors and reviews the auditor's independence, objectivity, effectiveness, resources and qualification.</p>
<b>SHAREHOLDER COMMUNICATIONS</b>		
19	<b>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 view to shareholders</b>	<p>The Directors place a great deal of importance on communication with shareholders.</p> <p>Regular reports are submitted to the Board by the Manager and the Company's broker. A regular dialogue is maintained with the Company's institutional shareholders and private client asset managers. Representatives of the Board and the Manager meet with shareholders, if requested, to understand their issues and concerns which are then discussed at Board meetings. All shareholders are encouraged to attend the AGM where they are given the opportunity to question the Chairman and the Board. The Company operates a dedicated email address which is available via the website (<a href="mailto:murray.income@aberdeenstandard.com">murray.income@aberdeenstandard.com</a>).</p>
20	<b>The Board should normally take responsibility for, and have direct involvement in, the content of communications regarding major corporate issues even if the Manager is asked to act as spokesman</b>	<p>The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Manager) in situations where direct communication is required, and representatives from the Board meet with major shareholders on an annual basis in order to gauge their views.</p> <p>In addition, the Company Secretary only acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board Meeting the Board receives details of any communication from shareholders to which the Chairman responds personally as appropriate.</p>
21	<b>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</b>	<p>The Company's investment objective and investment policy are published in the Annual Report and on its website.</p> <p>The Board agrees a budget with the Manager every year for the Company's participation in the Manager's investment trust promotional programme.</p> <p>The Company aims to provide shareholders with a full understanding of the Company's activities and performance by</p>



	<p>means of informative annual and half yearly reports.</p> <p>The Company's website, <a href="http://murray-income.co.uk">murray-income.co.uk</a>, is maintained by the Manager and provides access to up-to-date information on the Company. It is regularly updated with the Manager's monthly factsheets and enables investors to view the Company's Financial Reports and London Stock Exchange announcements and other information on portfolio assets and performance. A full list of the Company's investments is available on the website for the latest month end, subject to a one month delay.</p> <p>Further details on the Company's principal risks and uncertainties are set out in the Strategic Report in the Annual Report and also included in the Manager's monthly factsheets and in the Company's Pre-Investment Disclosure Document, all of which are available on the Company's website.</p> <p>The Manager publishes a key information document in relation to the Company that is hosted on its website <a href="http://www/invtrusts.co.uk">www/invtrusts.co.uk</a> and is also available via <a href="http://murray-income.co.uk">murray-income.co.uk</a>.</p>
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**Disclosure Guidance & Transparency Rules (DTRs)**

The following further information is disclosed in this statement in accordance with the Companies Act 2016 and DTR 7.2.6:

- the Company's capital structure and voting rights are summarised in the "Capital Structure" section in the Directors' Report within the Annual Report;
- details of the substantial shareholders in the Company are listed in the "Substantial Interests" section in the Directors' Report within the Annual Report;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised above in section 3;
- amendment of the Company's Articles of Association requires a special resolution to be passed by shareholders;
- powers to issue the Company's shares require resolutions to be passed by shareholders (an ordinary resolution to allot shares and a special resolution to disapply pre-emption rights);
- powers to buy back the Company's shares require a special resolution to be passed by shareholders;
- changing the limit on Directors' aggregate remuneration requires an ordinary resolution to be passed by shareholders;
- there are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that might affect its control following a takeover bid; and
- there are no agreements between the Company and its Directors concerning compensation for loss of office.

By order of the Board

**Neil Rogan**

Chairman

1 George Street  
Edinburgh EH2 2LL

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