

**GCP ASSET BACKED INCOME FUND LIMITED  
MATTERS RESERVED FOR THE BOARD**

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## **MATTERS RESERVED FOR THE BOARD**

### **1. Membership**

- 1.1 At least half of the Board, excluding the Chair, should be non-executive Directors whom the Board considers to be independent. The majority of the Board should be independent of the Investment Manager.
- 1.2 Only members of the Board have the right to attend Board meetings. However, other individuals such as representatives of the Investment Manager and external advisers, as appropriate, may be invited to attend for all or part of any meeting as and when appropriate or necessary.

### **2. Quorum**

The quorum necessary for the transaction of business of the Board is as set out in the Company's articles of association.

### **3. Frequency of meetings**

The Board shall meet at least four times a year and otherwise as required.

### **4. Notice of meetings**

- 4.1 Meetings of the Board shall be called by the Secretary at the request of the Chair or any of its members.
- 4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the Board and any other person required to attend no later than ten working days before the date of the meeting unless otherwise agreed by the Chair. An agenda of items to be discussed shall be forwarded to the Chair in the first instance at least ten working days before the date of the meeting unless otherwise agreed by the Chair, then circulated to each member of the Board and any other person required to attend at least five working days before the date of the meeting. Supporting papers shall be sent to Board members and other attendees at the same time.

### **5. Minutes of meetings**

- 5.1 The Secretary shall minute the proceedings and decisions of all meetings of the Board, including recording the names of those present and in attendance.
- 5.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 5.3 Draft minutes of Board meetings shall be circulated to all members of the Board no later than ten working days following the date of the meeting. Once approved, minutes should be tabled to the next available quarterly Board meeting unless it would be inappropriate to do so in the opinion of the Chair.

### **6. Duties**

All matters that have a material impact upon the Company or any of its subsidiaries will be referred to the Board. However, below is a schedule of matters reserved specifically for the decision of the Board.

- 6.1 Stakeholder engagement

NB: Although it is not a requirement for a non-UK company to comply with section 172 of the Companies Act 2006, there are, however, related corporate governance disclosures in the Association of Investment Companies Code of Corporate Governance (the “AIC Code”) which apply to the Company on a comply or explain basis.

- 6.1.1 Seek regular engagement with major shareholders (either directly or through the Company’s service providers) in order to understand their views on the Company’s ESG strategy, governance and performance against the Company’s investment objective and investment policy, including attending the Annual General Meeting to respond to any shareholder questions.
- 6.1.2 Engage with the Company’s key stakeholders (either directly or through the Company’s service providers) to understand and factor into boardroom discussions the potential impact of Board decisions on each stakeholder group and consider their needs and concerns, in accordance with section 172 of the Companies Act 2006.
- 6.1.3 Act in a way the Board considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172 of the Companies Act 2006).
- 6.1.4 Ensure the Company’s ESG strategy aligns with shareholders’ interests and is effectively communicated to shareholders and stakeholders.

## 6.2 Conflicts

- 6.2.1 Deal with conflicts of interests of directors.
- 6.2.2 Identify and manage conflicts of interest, including those relating to significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.
- 6.2.3 Consider any proposed investment where the Investment Manager or any directors, officers or employees of the Investment Manager are directly or indirectly interested in the entity, project or asset to which the investment relates.
- 6.2.4 Consideration and approval of additional external board appointments.

## 6.3 Strategic / Policy Considerations

- 6.3.1 Overall leadership of the Company and setting the values and standards and assessing how the Company preserves them over the long-term.
- 6.3.2 Assess and monitor its own culture, including its policies, practices and behaviour to ensure it is aligned with the Company’s purpose, values and strategy.
- 6.3.3 Investment/business strategy, including the ongoing review of the Company’s investment objectives and investment policy.
- 6.3.4 Specific risk management policies including insurance, hedging, borrowing limits and corporate security.

- 6.3.5 Agreement of codes of ethics and business practices.
- 6.3.6 Avoidance of wrongful and fraudulent trading.
- 6.3.7 Review regular compliance, marketing and investment reports, including investment performance and associated matters such as gearing, asset allocation, attribution analysis, marketing/investor relations, peer group information and industry issues.
- 6.3.8 Define the Company's ESG strategy, oversee the implementation and effectiveness of such strategy and ensure it is integrated with the Company's policies and procedures.
- 6.3.9 Discuss with the Investment Manager the effectiveness of the ESG integrated investment process and ESG policy, provide guidance to the Investment Manager where appropriate and consider and discuss any proposed changes to such process and policy.
- 6.4 Corporate Matters
  - 6.4.1 Approve all shareholder circulars, prospectuses and listing particulars.
  - 6.4.2 Convene general meetings of the Company, including approval of the resolutions and any associated documentation to be put to shareholders at the general meeting.
  - 6.4.3 Recommending to shareholders the approval of alternations to the memorandum and articles of association of the Company.
  - 6.4.4 Making any takeover offer for another company or other companies within the City Code of Takeovers and Merger and considering a response to any such approach to the company.
  - 6.4.5 Agree the procedure for the release of price sensitive information and other Company announcements and to ensure compliance with the Market Abuse Regulation.
- 6.5 Finance
  - 6.5.1 Approving the raising of capital, changes to capital structure and major financing facilities.
  - 6.5.2 Charitable and political donations.
  - 6.5.3 Approval of the Company's dividend policy and determination of interim/special dividends, following recommendation from the Investment Manager.
  - 6.5.4 Approval of operating budgets (for a period of 12 months and beyond) and monitor performance against budget.
  - 6.5.5 Approval of all guarantees given by the Company.
  - 6.5.6 Review and approve the use of derivative instruments.
  - 6.5.7 Consider recommendations from the Investment Manager with respect to treasury policies including foreign currency and interest rate exposure, market risk and liquidity risk.

## 6.6 Alternative Investment Fund Managers Directive

- 6.6.1 Supervision of delegated tasks and management of the risks associated with such delegation.
- 6.6.2 Inquiry, inspection, access and giving instructions to delegates and the ability to exercise those rights in practice.
- 6.6.3 There should be clear division of responsibilities of between the Board and the Manager.

## 6.7 General

- 6.7.1 Allotment, calls and forfeiture of shares.
- 6.7.2 If required, determination, with the assistance of the Investment Manager, of a policy on buy-back shares and holding them in treasury including the criteria for sale from treasury/cancellation.
- 6.7.3 Repurchase of shares.
- 6.7.4 Suspension of NAV determination.
- 6.7.5 Approval of the arrangement of liability insurance for Directors and officers.
- 6.7.6 Monitor press releases, marketing activities and investor relations.
- 6.7.7 Monitor, in consultation with the Company's service providers, rules, regulations, trends and developments relevant to the Company, including those associated with ESG.

## 6.8 Annual Report and Financial Statements

- 6.8.1 Describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy.
- 6.8.2 Ensure inclusion of the Company's investment objective and investment policy in the annual report.
- 6.8.3 In line with best practice, as set out in the AIC Code, describe in the annual report how stakeholder interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making.
- 6.8.4 Identify in the annual report each non-executive director considered to be independent by the Board. Where circumstances which are likely to impair, or could appear to impair, a non-executive director's independence apply, and the Board nonetheless considers that the non-executive director is independent, a clear explanation should be provided.
- 6.8.5 Explain in the annual report the areas of decision making reserved for the Board and those over which the Investment Manager has discretion.

- 6.8.6 State in the annual and half-yearly report whether it is appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the reports.
- 6.8.7 Detail in the annual report the number of meetings of the Board and its committees, and the individual attendance by Directors.
- 6.8.9 Detail and report against the Company's ESG strategy in the annual report.
- 6.9 Committees
- 6.9.1 Delegation of the Board's powers.
- 6.9.2 Establishment of, terms of reference for, membership of, and reporting arrangements for all Board committees, in consultation with the chair of the committees.
- 6.9.3 Consideration and, if appropriate, approval of recommendations from its committees.

## **7. Delegation of Duties**

The Board is responsible to shareholders for the overall management of the Company and may exercise all the powers of the Company subject to the relevant laws, the Company's articles of association and any directions given by special resolution of the shareholders. Some powers have been delegated to Board committees. All resolutions by a committee are recommended to the Board for consideration. Below are the key duties delegated to committees and recommended to the Board. For further information refer to the terms of reference for the committees.

### **7.1 Audit Committee**

- 7.1.1 Approval of the remuneration of the auditors and recommendations for the appointment or removal of the auditors.
- 7.1.2 Approval of annual and half-yearly reports and financial statements and accounting policies.
- 7.1.3 Oversee the relationship with the auditor, including reviewing their audit plan and findings of the audit and assessing the effectiveness of the audit process.
- 7.1.4 Approve any non-audit related services.

### **7.2 Risk Committee**

- 7.2.1 Identify and monitor the risks the Company is exposed to and to consider their likelihood and impact if they were to materialise.
- 7.2.2 Review, in conjunction with the Audit Committee, the effectiveness of the internal controls.
- 7.2.3 Review the risk management framework.

7.2.4 Carry out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity and ability to deliver its strategy. Those risks, together with and principal uncertainties identified, should be described and an explanation on how they are being managed or mitigated should be included in the annual report of the Company.

7.3 Remuneration & Nomination Committee

7.3.1 Board appointments, removals and re-election, for recommendation to shareholders at the Company's annual general meeting.

7.3.2 Appointment of a senior independent director.

7.3.3 Board succession, structure, tenure, training, development and appraisal and committee composition.

7.3.4 Remuneration of the Directors, including the remuneration policy.

7.3.5 Facilitate a formal and rigorous review (at least annually) of the performance of the Board, its committees, the chair and individual directors and review the results of the evaluations.

7.3.6 Facilitate an external board evaluation at least every three years and consider the results of the evaluation.

7.3.7 Annual assessment of the Directors' independence.

7.4 Management Engagement Committee

7.4.1 Appointment and removal of the Company's Investment Manager and other service providers, such as the company secretary, administrator, registrar, valuation agent, receiving agent, depositary, legal advisors, etc.

7.4.2 Monitor and evaluate, at least annually, the performance of the Company's service providers, including the Investment Manager, in accordance with the terms of their engagement.

**8. Other matters**

The Board shall:

8.1 have access to sufficient resources in order to carry out its duties; including access to the Company Secretary and external advisers if required;

8.2 be provided with appropriate timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

8.3 give due consideration to laws and regulations, the provisions of the AIC Corporate Governance Code and the requirements of the UK Financial Conduct Authority ("FCA"), Prospectus and the FCA's Disclosure Guidance and Transparency Rules as appropriate;

8.4 oversee any investigation; and

8.5 review this schedule of matters reserved for the Board to ensure that it is operating at maximum effectiveness.

**9. Authority**

The Board is authorised to:

9.1 seek any information it requires from any Director or adviser of the Company in order to perform its duties;

9.2 obtain, at the Company's expense, outside legal or other professional advice; and

9.3 call any Director or adviser to be questioned at a meeting of the Board as and when required.