

**GCP ASSET BACKED INCOME FUND LIMITED
MANAGEMENT ENGAGEMENT COMMITTEE TERMS OF REFERENCE**

Last update: 22 October 2019

**MANAGEMENT ENGAGEMENT COMMITTEE
TERMS OF REFERENCE**

1. Membership

1.1 The Committee shall be made up of at least two members. Members of the Committee and the Chair of the Committee shall be appointed by the Board on the recommendation of the Remuneration and Nomination Committee. All members of the Committee shall be non-executive directors.

1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as representatives of the Company's investment manager and external advisers, as appropriate, may be invited to attend for all or part of any meeting as and when appropriate and necessary.

2. Secretary

The company secretary or their nominee shall act as the secretary of the Committee.

3. Quorum

The quorum necessary for the transaction of business shall be two members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of meetings

The Committee shall meet at least once a year or more often as required at the discretion of the Committee Chair or a majority of the members.

5. Notice of meetings

5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the Committee 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 of the Committee. An agenda of items to be discussed shall be forwarded to the Chair of the Committee in the first instance at least ten working days before the date of the meeting unless otherwise agreed by the Chair of the Committee, then circulated to each member of the Committee and any other person required to attend at least five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of meetings

6.1 The secretary shall minute the proceedings and decisions of all Committee meetings, including the names of those present and in attendance.

6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee no later than ten working days following the date of the meeting. Once approved, minutes should be tabled at the next available quarterly Board meeting unless it would be inappropriate to do so in the opinion of the Committee Chair.

7. Shareholder engagement

The Committee Chair shall seek engagement with shareholders on matters within the scope of the Committee's responsibilities including attending the Annual General Meeting to respond to any shareholder questions on the Committee's activities.

8. Duties

8.1 The Committee should carry out the duties below for the Company, major subsidiary undertaking (if any) and the group as a whole (if a group is in existence), as appropriate.

8.2 Management engagement

8.2.1 The management engagement terms on which the Company's investment manager is engaged shall be reviewed by the Committee annually, prior to the annual results announcement being released.

8.2.2 The Committee shall:

8.2.2.1 reasonably satisfy itself that the investment manager agreement is fair and that the terms remain competitive and sensible for shareholders;

8.2.2.2 regularly review the composition (including skills, knowledge and experience) of the key executives performing the services on behalf of the investment manager and consider whether the continuing appointment of the investment manager, on the terms of the investment management agreement in the interests of shareholders as a whole, and make recommendations to the Board hereon together with a statement of the reasons for their view;

8.2.2.3 consider nominations by the investment manager for replacements of key executives of the investment manager if, prior to the termination of the investment management agreement, such key executives should die or otherwise become incapacitated or shall retire, resign or otherwise cease to provide the investment management services to the Company;

8.2.2.4 consider the appointment or re-appointment of the investment manager and the level of fees and make recommendations to the Board thereon;

8.2.2.5 review the professional indemnity insurance premium for the investment manager with respect to their activities carried out on behalf of the Company;

8.2.2.6 review with the investment manager any material issues arising from their work that the investment manager wishes to bring to the attention of the Committee, whether privately or otherwise;

8.2.2.7 periodically review the procedures of its service providers to ensure they properly reflect the risk appetite, limits and tolerances set by the Board; and

8.2.2.8 review the services provided by the Company's other service providers and consider whether the continuing appointment of such service providers under the terms of their agreements are in the interests of shareholders as a whole, and make recommendations to the Board hereon together with a statement of the reasons for their view.

9. Reporting responsibilities

9.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 9.3 The Company shall report to the shareholders on its activities in the Company's annual report, including a description of its review of the investment manager and the rationale for their continuing appointment.

10. Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 give due consideration to the applicable laws and regulations including (without limitation), provisions of The Association of Investment Companies Code of Corporate Governance and the requirements of the UK Financial Conduct Authority Prospectus and Disclosure and Transparency Rules and any other applicable laws, as appropriate;
- 10.4 oversee any investigation of activities which are within its terms of reference; and
- 10.5 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.

11. Authority

11.1 The Committee is authorised:

- 11.1.1 to seek any information it requires from any Director or adviser of the Company in order to perform its duties;
- 11.1.2 to obtain, at a reasonable cost and at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- 11.1.3 to call any representative of the investment manager to be questioned at a meeting of the Committee as and when required; and
- 11.1.4 to have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.