

**GCP ASSET BACKED INCOME FUND LIMITED  
REMUNERATION AND NOMINATION COMMITTEE TERMS OF REFERENCE**

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**REMUNERATION AND NOMINATION COMMITTEE  
TERMS OF REFERENCE**

**1. Membership**

1.1 The Committee shall comprise at least (3) three Directors, all of whom shall be independent non-executive Directors.

1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of the meeting, as and when deemed to be appropriate and necessary, and agreed in advance of the meeting by the Committee Chair.

1.4 The Board shall appoint the Committee Chair who should be an independent non-executive Director and have relevant experience and understanding of the Company. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position by the Board. The Chair of the Board may be a member of, but not chair, the Committee if he or she was considered independent on appointment as Chair.

**2. Secretary**

The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

**3. Quorum**

The quorum necessary for the transaction of business shall be two Directors. 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.

The members of the Committee may meet for the despatch of business, adjourn and otherwise regulate meetings as they think fit. Without prejudice to the foregoing, all or any of the members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons so participating in the meeting to hear each other. A member of the Committee so participating shall be deemed to be present in person at the meeting and shall be entitled to fully participate and be counted in the quorum accordingly.

**4. Frequency of meetings**

The Committee shall meet at least once a year and otherwise as required.

**5. Notice of meetings**

5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than 5 (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.

5.3 The notice period set out in 5.2 may be reduced at the sole discretion of the Committee Chair to whatever he/she considers appropriate.

## **6. Minutes of meetings**

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

6.2 Draft minutes of Committee meetings shall be circulated promptly and no later than 10 (ten) working days to all members of the Committee following the meeting. Once approved, minutes should be circulated to all other members of the Board unless, in the opinion of the Committee Chair, it would be inappropriate to do so.

## **7. Annual General Meeting**

The Committee Chair shall attend the Annual General Meeting of the Company to answer any shareholder questions on the Committee's activities.

## **8. Duties**

The Committee should carry out the duties detailed below:

8.1 Have responsibility to determine and agree the policy for the remuneration of the Directors of the Company.

8.2 Review any proposed changes to the remuneration of the Directors of the Company.

8.3 Review the on-going appropriateness and relevance of the remuneration policy.

8.4 To review and consider any additional ad-hoc payments to the Directors in relation to duties undertaken over and above normal business, such as capital raises, etc.

8.5 Give due consideration to laws and regulations, the provisions of the Association of Investment Companies ("AIC") Corporate Governance Code, the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.

8.6 The Committee shall make recommendations to the Board of the Company for approval by shareholders of the Company at the Annual General Meeting of the Company (advisory vote only).

8.7 The Committee shall have full authority to appoint independent professional remuneration advice, such advice should be obtained at least every 3 (three) years.

8.8 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

8.9 Agree the policy for authorising claims for expenses from the Directors.

8.10 Work and liaise as necessary with all other Board committees.

- 8.11 Regularly 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.
- 8.12 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.
- 8.13 Keep under review the leadership needs of the organisation, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- 8.14 Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- 8.15 Be responsible for identifying, and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 8.16 Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
  - 8.16.1 consider open advertising or the services of external advisers to facilitate the search;
  - 8.16.2 consider candidates from a wide range of backgrounds; and
  - 8.16.3 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 to devote to the position.
- 8.17 For the appointment of a Chair, the Committee should prepare a job specification (if required), including the time commitment expected, recognising the need for availability in the event of crisis. A proposed Chair's other significant commitments should be disclosed to the Board before appointment. Any changes to the Chair's commitments should also be reported to the Board as they arise.
- 8.18 Prior to the appointment of a Director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.
- 8.19 Ensure that on appointment to the Board, 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.
- 8.20 Review the results of the Board performance evaluation process that relate to the composition of the Board.

- 8.21 Review annually the time required from non-executive Directors. Performance evaluation should be used to assess whether the non-executive Directors are spending enough time to fulfil their duties.
- 8.22 Make recommendations to the Board concerning:
- 8.22.1 formulating plans for succession for non-executive Directors and, in particular, the role of the Chairperson;
  - 8.22.2 suitable candidates for the role of senior independent Director including the Deputy Chairperson;
  - 8.22.3 the re-election by shareholders of Directors under the annual re-election provisions in the AIC's Corporate Governance Code, having due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected for a term beyond nine years);
  - 8.22.4 the re-appointment of any non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
  - 8.22.5 membership of the Audit and Risk Committee, and any other Board Committees as appropriate, in consultation with the Chairs of those Committees; and
  - 8.22.6 any matters relating to the continuation in office of any Director at any time.

**9. Reporting responsibilities**

- 9.1 The Committee Chair shall report 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 Committee shall produce the following reports for inclusion in the Company's annual report:
- 9.3.1 a report of the company's remuneration policy and ensure each year that it is put to shareholders for approval at the Annual General Meeting of the Company.
  - 9.3.2 a report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used
- 9.4 Where an external search agency has been used or if the Committee has appointed remuneration consultants, it should be identified in the annual report of the Company's and state whether they have any other connection with the Company.

9.5 The report referred to in 9.3.2 above should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

9.6 Through the Chair of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

**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 and external advisers 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 if deemed to be appropriate.

10.3 Give due consideration to laws and regulations, the provisions of the AIC Corporate Governance Code, the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.

10.4 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.

**11. Authority**

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference.