

# **CQS New City High Yield Fund Limited**

## **Audit & Risk Committee**

### **Terms of Reference**

#### **Constitution**

The Board has established a Committee of the Board to be known as the Audit & Risk Committee.

#### **Membership**

The Audit & Risk Committee shall be appointed by the Board from amongst the independent non-executive directors of the Company. It shall consist of not less than three members. The Committee as a whole should have competence relevant to the sector in which the Company operates. At least one member of the Audit & Risk Committee shall have recent and relevant financial experience while the other members shall have appropriate financial expertise. A quorum shall be two members.

The Chairman of the Audit & Risk Committee shall be appointed by the Board, and should be different from the Chairman of the Company.

#### **Meetings**

The Audit & Risk Committee shall meet at least twice a year. The Audit & Risk Committee shall have the opportunity to meet the auditors, without management being present. Other Board members shall have the right of attendance. The auditors may request a meeting if they consider that one is necessary.

The Company Secretary shall be appointed as Secretary of the Committee.

#### **Authority**

The Audit & Risk Committee is authorised by the Board to investigate any activity within its terms of reference. The Audit & Risk Committee is authorised to obtain independent professional advice where necessary.

#### **Duties**

The duties of the Audit & Risk Committee are:

- a) To make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- b) To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- c) To progress and lead the audit tender process when required and recommend external audit firms to the Board for approval.

- d) To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, including reviewing three year average audit/non-audit fee levels and approval of all non-audit work in advance.
- e) To monitor the integrity of the annual and interim financial statements before submission to the Board, and any formal announcements relating to the Company's financial performance, focusing particularly on:
  - i) any changes in accounting policies and practices;
  - ii) major judgmental areas;
  - iii) significant adjustments resulting from audit;
  - iv) the going concern assumption;
  - v) compliance with accounting standards and all relevant statutory requirements;
  - vi) compliance with the UK Listing Authority requirements;
  - vii) ensuring that the annual financial statements are fair, balanced and understandable.
- f) To discuss problems and reservations arising from the interim reviews and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- g) To review reports from the depositary and auditors, including the auditors' report to the Board.
- h) To report on the significant findings of reviews undertaken by the FRC's Corporate Reporting Review and Audit Quality Review teams.
- i) To review the Company's statement on internal control systems prior to endorsement by the Board; and in particular, to review:
  - i) the identified principal and emerging risks of the Company;
  - ii) the procedures for identifying business risks (risk registers) and controlling their impact on the Company;
  - iii) the Company's policies for preventing or detecting fraud, including money laundering;
  - iv) the Company's policies for ensuring that it complies with relevant regulatory and legal requirements;
  - v) the Managers' report on its internal control systems and other service providers on their internal control systems.
- j) To consider annually whether there is a need for an internal audit function specific to the Company.
- k) To consider other topics, as defined by the Board.

## **Reporting Procedures**

The Secretary shall circulate the minutes of meetings of the Audit & Risk Committee to all members of the Board at the next Board Meeting following an Audit & Risk Committee Meeting.

The work of the Audit & Risk Committee in discharging its responsibilities shall be disclosed in the Company's Annual Report.

The Chairman of the Audit & Risk Committee shall attend the AGM and answer questions through the Chairman of the Board, on the Audit & Risk Committee's activities and responsibilities.

**Membership:** W Dorman (Chairman), D A H Baxter, I Cadby, J Newlands, C Hitch

# **CQS New City High Yield Fund Limited**

## **Management Engagement Committee Terms of Reference**

### **Constitution**

The Board has established a Committee of the Board to be known as the Management Engagement Committee.

### **Membership**

The Management Engagement Committee shall be appointed by the Board from all the independent non-executive directors of the Company. A quorum shall be two members.

The Chairman of the Management Engagement Committee shall be appointed by the Board.

### **Meetings**

The Management Engagement Committee shall meet at least once a year.

The Company Secretary shall be appointed as Secretary of the Committee.

### **Authority**

The Management Engagement Committee is authorised by the Board to investigate any activity within its terms of reference. The Management Engagement Committee is authorised to obtain independent professional advice where necessary.

### **Duties**

The duties of the Management Engagement Committee are:

- To consider whether it is in shareholders' best interests that the Investment Manager should continue in its appointment.
- To review the terms and conditions of the Managers' appointment.
- To review the terms and quality of service received from other service providers.

### **Reporting Procedures**

The Company Secretary shall circulate the minutes of meetings of the Management Engagement Committee to all members of the Board.

**Membership:** D Baxter (Chairman), I Cadby, W Dorman, C Hitch, J Newlands

# **CQS New City High Yield Fund Limited**

## **Remuneration Committee Terms of Reference**

### **Constitution**

The Board has established a Committee of the Board to be known as the Remuneration Engagement Committee.

### **Membership**

The Remuneration Committee shall be appointed by the Board from all the independent non-executive directors of the Company. A quorum shall be two members.

The Chairman of the Remuneration Committee shall be appointed by the Board.

### **Meetings**

The Remuneration Committee shall meet at least once a year.

The Company Secretary shall be appointed as Secretary of the Committee.

### **Authority**

The Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference. The Remuneration Committee is authorised to obtain independent professional advice where necessary.

### **Duties**

The duties of the Remuneration Committee are:

- to determine and agree with the Board the framework or broad policy for the remuneration of all directors;
- to liaise with the Nominations Committee to ensure that the remuneration of newly appointed directors is within the Company's overall policy and;
- to review competitor companies and obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations;

### **Reporting Procedures**

The Company Secretary shall circulate the minutes of meetings of the Remuneration Committee to all members of the Board.

The Chairman of the Remuneration Committee, or an appropriate delegated substitute, shall attend the AGM and answer questions through the Chairman of the Board, on the Remuneration Committee's activities and responsibilities.

**Membership:** J Newlands (Chairman), D A H Baxter, I Cadby, W Dorman, C Hitch

**CQS New City High Yield Fund Limited**  
**Nomination Committee – Terms of Reference**

These terms of reference provide major principles of behaviour and protocol and are guided by the provisions contained within The AIC Code of Corporate Governance, February 2019

All listed companies should have a Nomination Committee, which should lead the process for Board appointments and make recommendations to the Board.

The Nomination Committee should consist of a majority of independent non-executive Directors. It may include the Chairman of the Board, but should be chaired by an independent non-executive Director.

The Chairman is the Chairman of the Company.

**Duties**

The committee should:

1. Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
2. Before making an appointment, the Nomination Committee should evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
3. Review annually the time required from a non-executive director. Performance evaluation should be used to assess whether the non-executive Director is spending enough time to fulfill their duties;
4. Consider candidates from a wide range of backgrounds.
5. Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the company and what skills and expertise are needed on the Board in the future;
6. Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regards to any changes;
7. Keep under review the leadership needs of the organization with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;
8. Make a statement in the Annual Report about its activities; the processes used for appointments and explain if external advice or open advertising has not been used; the membership of the Committee, the number of Committee meetings and attendance of members over the course of the year;
9. Make publicly available its terms of reference explaining clearly its role and the authority delegated to it by the Board;
10. Ensure that on appointment to the Board, non-executive 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 of Board meetings.

The Committee should make recommendations to the Board:

1. As regards to plans for succession
2. As regards to the re-appointment of any non-executive Director at the conclusion of their specified term of office;
3. Concerning the re-election by shareholders of any director under the retirement by rotation provisions in the Company's articles of association;
4. Concerning any matters relating to the continuation in office of any Director at any time;

5. Concerning the appointment of any Director to other office (e.g. Chairman of the Audit Committee) the recommendation for which would be considered at a meeting of the Board.

### **Reporting Procedures**

The Company Secretary shall circulate the minutes of meetings of the Nomination Committee to all members of the Board.

The Chairman of the Nomination Committee, or an appropriate delegated substitute, shall attend the AGM and answer questions through the Chairman of the Board, on the Remuneration Committee's activities and responsibilities.

**Membership:** I Cadby (Chairman), D A H Baxter, W Dorman, C Hitch, J Newlands