

## **CQS NEW CITY HIGH YIELD FUND LIMITED**

### **SCHEDULE OF MATTERS RESERVED FOR THE BOARD OF DIRECTORS**

(as adopted on 4 June 2020)

All matters that have a material impact upon CQS New City High Fund Limited (the "**Company**") will be referred to the Board of directors of the Company (the "**Board**"). However, below is a schedule of matters reserved specifically for the decision of the Board or a duly authorised committee thereof. The Board has the authority to obtain outside legal or other independent advice at the expense of the Company.

#### **1. BOARD MEMBERSHIP & BOARD COMMITTEES**

- 1.1 Approval of Board appointments and removals and terms of appointment of the chairman of the Board (the "**Chairman**") and directors of the Company ("**Directors**").
- 1.2 Ensuring adequate Board succession planning, induction, training and development so as to maintain an appropriate balance of skills and experience on the Board, and development and appraisal.
- 1.3 Appointment of a Senior Independent Director.
- 1.4 Discussion and agreement of continuation in office of Directors due to retire at the Annual General Meeting and proposals for their re-election by shareholders of the Company ("**Shareholders**"), in accordance with the Company's articles of incorporation (the "**Articles**") and relevant corporate governance requirements.
- 1.5 Appointment or removal of the Company's investment manager, reporting accountants, sponsor, broker, administrator, registrar, receiving agents and legal counsel.
- 1.6 Review and determination of the remuneration of the Board and agreement of any remuneration policy of the Board subject to recommendation from the Remuneration Committee.
- 1.7 Review and agreement of policy for authorising Directors' expenses.
- 1.8 Delegation of the Board's powers.
- 1.9 Agreement of membership and terms of reference of Board committees.
- 1.10 Receipt of reports of proceedings and decisions of Board committees and approving matters referred to the Board following recommendations by Board committees.
- 1.11 Review and determination of the independence of Directors.
- 1.12 Undertaking of a formal and rigorous annual review of its own performance and that of Board committees and individual Directors.
- 1.13 Approval of directors' and officers' liability insurance.

#### **2. CONFLICTS**

- 2.1 Review of the register of interests for the Directors and authorisation of any conflicts of interests of Directors that may arise on an ongoing basis in accordance with the Articles.

2.2 Review of any conflicts reported to it in relation to the services provided by any investment manager.

### **3. STRATEGIC/POLICY CONSIDERATIONS**

3.1 Overall leadership of the Company and setting of its values and standards.

3.2 Investment/business strategy, including the ongoing review of the Company's investment objective and investment policy and recommending to Shareholders the approval of alterations thereto.

3.3 Approval of risk management policies including, but not limited to, insurance, hedging, borrowing limits and corporate security (following recommendation from the Audit and Risk Committee).

3.4 Agreement of codes of ethics and business practices.

3.5 Receipt and review of regular reports on internal controls processes and management from the Audit and Risk Committee.

3.6 Avoidance of wrongful or fraudulent trading.

3.7 Each instance of delegation of any portfolio management function.

### **4. CORPORATE MATTERS**

4.1 Convening general meetings of the Company.

4.2 Recommending to Shareholders the approval of alterations to the Articles.

4.3 Making any takeover offer for another company or other companies within the City Code of Takeovers and Mergers and considering a response to any such approach to the Company.

### **5. TRANSACTIONS**

5.1 Approval of contracts of the Company, not in the ordinary course of business including entry into/variation/termination of agreements with the Company's investment manager, administrator, registrar and any other material adviser/service provider.

5.2 Approval of the acquisition and/or disposal of assets.

5.3 Approval of actions or transactions where there may be doubt over propriety.

5.4 Approval of disclosure of Directors' interests.

5.5 Approval of transactions with Directors or other related parties.

### **6. FINANCE**

6.1 Approval of the raising of new capital and major financing facilities.

6.2 Approval of treasury policies including foreign currency and interest rate exposure.

6.3 Appointment/re-appointment/proposal of auditor (following appropriate recommendation by the Audit and Risk Committee).

6.4 Approval of the Company's dividend policy, determination of interim dividends/distributions and recommendation of final dividends/distributions if any.

6.5 Approval of the operating budgets.

6.6 Approval of all guarantees given by the Company.

## **7. GOVERNANCE, COMPLIANCE & REGULATORY MATTERS**

7.1 Approval of all Shareholder circulars, prospectuses and listing particulars.

7.2 Approval and issue of the half yearly results, half yearly report, annual results and annual report.

7.3 Ensuring the maintenance of a system of internal controls and risk management, reviewing the Company's overall internal control arrangements (following review and recommendations from the Audit and Risk Committee) including:

7.3.1 approving the Company's risk appetite and principal risk statements;

7.3.2 approving procedures for the detection of fraud, the prevention of bribery and tax evasion; and

7.3.3 approving an appropriate statement relating to risk appetite and internal controls for inclusion in the annual report.

7.4 Agreement of the procedures for the release of inside information and other Company announcements for non-routine and notifiable events and approval of any press releases concerning matters approved by the Board.

7.5 Review of the Company's corporate governance arrangements and annual review of continuing compliance with the AIC Code of Corporate Governance and the Guide to Investment Companies published by the AIC from time to time.

7.6 Approval of all resolutions and any associated documentation to be put forward to Shareholders at a general meeting or annual general meeting.

7.7 Receipt of reports on the views of Shareholders to ensure that they are communicated to the Board as a whole.

7.8 Approval of strategy for communications with Shareholders and direct liaison with Shareholders as required (including resolutions and corresponding documentation to be put forward to Shareholders at general meetings).

## **8. SERVICE PROVIDERS**

8.1 Periodic review and continued approval of the Investment Management Agreement (following recommendations from the Management Engagement Committee).

8.2 Periodic review and continued approval of the administration agreement (which also covers custodian and company secretarial services provided to the Company) (following recommendations from the Management Engagement Committee).

8.3 Periodic review and continued approval of the registrar agreement (following recommendations from the Management Engagement Committee).

8.4 Periodic review and continued approval of other third party service provider agreements.

8.5 Appointment or removal as required of the following third party service providers; the investment manager, the company secretary, the registrar, the receiving agent, the sponsor, the placing agent, the broker, the administrator and/or the auditor.

**9. GENERAL**

- 9.1 Allotment and issuance, calls or forfeiture of shares.
- 9.2 Determination of policy on buy-back of shares and holding them in treasury including the criteria for sale from treasury/cancellation.
- 9.3 Repurchase of shares.
- 9.4 Changes relating to the capital structure of the Company.
- 9.5 Suspension of net asset value determination.
- 9.6 Prosecution, commencement, defence or settlement of litigation or any alternative dispute resolution mechanism.
- 9.7 Approval of the adoption of any electronic voting policy.
- 9.8 Approval of the adoption of any environmental policy.
- 9.9 Approval of this schedule of matters reserved for the Board at least on an annual basis.

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

### **Role of the Chair**

#### A. The Chair is responsible for:

##### **1. Meetings**

- Chairing board and general meetings.
- Running the board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings.
- Setting a board agenda primarily focused on strategy, performance, value creation, culture, stakeholders and accountability, and ensuring that issues relevant to these areas are reserved for board decision. The agenda should take into account the issues and concerns of all board members.
- Shaping the culture in the boardroom.
- Ensuring that there is appropriate delegation of authority from the board to executive management.
- Ensuring that the directors receive accurate, timely and clear information, including that on the company's current performance, to enable the board to take sound decisions, monitor effectively and provide advice to promote the success of the company.
- Managing the board to allow enough time for discussion of complex or contentious issues. The Chair should ensure that directors have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making.

##### **2. Directors**

- Facilitating the effective contribution of non-executive directors and encouraging active engagement by all members of the board.
- Encouraging all board members to engage in board and committee meetings by drawing on their skills, experience and knowledge.

- Fostering relationships based on trust, mutual respect and open communication – both in and outside the boardroom.
- Developing a productive working relationship and ensuring a constructive relationship with the Investment Manager/Adviser.
- Ensuring all directors are aware of and able to discharge their statutory duties.
- Holding meetings with the non-executive directors without the Investment Manager/Adviser present.

### **3. Induction, development and performance evaluation**

- Ensuring that new directors participate in a full, formal and tailored induction programme, facilitated by the company secretary.
- Providing guidance and mentoring to new directors as appropriate;
- Ensuring that the development needs of directors are identified and, with the company secretary having a key role, that these needs are met. The directors should be able to continually update their skills and the knowledge and familiarity with the company required to fulfil their role on the board and its committees.
- Identifying the development needs of the board as a whole to enhance its overall effectiveness as a team.
- Ensuring the performance of the board, its committees and individual directors is evaluated at least once a year and acting on the results of such evaluation by recognising the strengths and addressing the weaknesses of the board.
- Consider having regular externally facilitated board evaluations.

#### **4. Relations with shareholders**

- Ensuring effective communication with shareholders.
- Maintaining sufficient contact with major shareholders where possible to understand their issues and concerns, in particular discussing governance, strategy and remuneration with them.
- Ensuring that the views of shareholders are communicated to the board as a whole so that all directors develop an understanding of their views.

#### **5. AGM**

- Arranging for the chairs of board committees to be available to answer questions at the AGM and for all directors to attend.

#### **B. In addition, the Chair should:**

- Uphold the highest standards of integrity and probity.
- Set the agenda, style and tone of board discussions to promote effective decision making and constructive debate.
- Ensure that adequate time is available for discussion of all agenda items, in particular strategic issues, and that debate is not truncated.
- Ensure that there is a timely flow of accurate, high-quality and clear information.
- Ensure that they are fully informed about all issues on which the board will have to make a decision, through briefings with the company secretary, the Investment Manager and/or other advisers as appropriate.
- Ensure clear structure for, and the effective running of, board committees.
- Ensure effective implementation of board decisions.
- Promote effective relationships and open communication between executive and non-executive directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.

- Build an effective and complementary board, and with the nomination committee, initiate change and plan succession in board appointments (except that of a successor as Chair) subject to board and shareholder approval.
- With the assistance of the company secretary, promote the highest standards of corporate governance, seeking compliance with the UK Corporate Governance Code. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the board and explained to shareholders.
- Ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).
- Ensure the long term sustainability of the business.
- Ensure the continual improvement in quality and calibre of the board.
- Provide coherent leadership of the company, including, representing the company to customers, suppliers, governments, shareholders, financial institutions, the media, the community and the public.

Last reviewed and approved by the board: 4 June 2020



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

### **Role of the Senior Independent Director (“SID”)**

The SID is responsible for:

#### **1. Shareholders**

- Being available to shareholders if they have concerns which contact through the normal channels of the Chair has failed to resolve or for which such contact is inappropriate.

#### **2. Chair**

- Acting as a sounding board for the Chair.
- Providing the Chair with support in the delivery of their objectives.
- Meeting with the non-executive directors at least once a year to appraise the Chair's performance and on such other occasions as are deemed appropriate.
- Taking responsibility for an orderly succession process for the Chair, working closely with the nomination committee.
- Deputise for the Chair when required.

#### **3 Significant issues**

- Working with the Chair, other directors and/or Shareholders, to resolve significant issues.
- Intervening in order to maintain board and company stability, for example when:
  - Shareholders or directors have expressed concerns that are not being addressed by the Chair;
  - The strategy is not supported by the entire board;
  - The relationship between the Chair and the Investment Manager/Adviser is particularly close;
  - Decisions are being made without the approval of the full board;
  - Succession planning is being ignored.

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