

# **CQS Natural Resources Growth & Income plc**

## **Audit Committee**

### **Terms of Reference**

#### **Constitution**

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

#### **Membership**

The Audit 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. At least one member of the Audit Committee shall have recent and relevant financial experience. A quorum shall be two members.

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

#### **Meetings**

The Audit Committee shall meet at least twice a year. The Audit 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 Committee is authorised by the Board to investigate any activity within its terms of reference. The Audit Committee is authorised to obtain outside legal or other independent professional advice where necessary.

#### **Duties**

The duties of the Audit 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 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.
- d) 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 principles, 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.
- e) 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).
- f) To review reports from the auditors, including the auditors' report to the Board.
- g) To review the Company's statement on internal control systems prior to endorsement by the Board; and in particular, to review:
- i) the procedures for identifying business risks and controlling their impact on the Company.
  - ii) the Company's policies for preventing or detecting fraud, including money laundering.
  - iii) the Company's policies for ensuring that it complies with relevant regulatory and legal requirements.
  - iv) the Manager's report on its internal control systems and other service providers on their internal control systems.
- h) To consider annually whether there is a need for an internal audit function specific to the Company.
- i) To consider other topics, as defined by the Board.

### **Reporting Procedures**

The Secretary shall circulate the minutes of meetings of the Audit Committee to all members of the Board at the next board meeting following an Audit Committee meeting.

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

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

**Membership :** H F Green (Chairman)  
C Cable  
C Casey  
A G Evans

**CQS NATURAL RESOURCES GROWTH AND INCOME PLC**  
**(the "Company")**

**Nomination Committee**  
**Terms of Reference**  
**(as adopted on 8 October 2020)**

**DEFINITIONS**

Reference to:

- o the "Committee" shall mean the Nomination Committee; and
- o the "Board" shall mean the board of directors of the Company.

**1. Membership**

- 1.1 The Committee shall comprise at least three directors. A majority of the members of the Committee 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 any meeting, as and when appropriate.
- 1.3 The Board shall appoint the Committee chair who should be either the chair of the Board or an independent non-executive director. In the absence of the Committee chair, the remaining members present shall elect one of themselves to chair the meeting. The chair of the Board shall not chair the committee when it is dealing with the matter of succession of the chair of the Board.

**2. Secretary**

- 2.1 The company secretary, or their nominee, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

**3. Quorum**

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

**4. Frequency of meetings**

- 4.1 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 or any of its members.
- 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 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 recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board and the company secretary unless, exceptionally, it would be inappropriate to do so.

## **7. Engagement with shareholders**

- 7.1 The Committee chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition the Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **8. Duties**

The Committee shall:

- 8.1 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.
- 8.2 Ensure plans are in place for orderly succession to board and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future.
- 8.3 Keep under review the leadership needs of the Company, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.
- 8.4 Keep up-to-date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.
- 8.5 Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 8.6 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 and the time commitment expected. In identifying suitable candidates the committee shall
- 8.6.1 use open advertising or the services of external advisers to facilitate the search
  - 8.6.2 consider candidates from a wide range of backgrounds
  - 8.6.3 consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the board and taking care that appointees have enough time available to devote to the position.
- 8.7 Prior to the appointment of a director, other significant time commitments should be disclosed and any additional future commitments should not be undertaken without prior approval of the board. The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised by the Board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board.
- 8.8 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 Board meetings.
- 8.9 Review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning.

- 8.10 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.
- 8.11 Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

The committee shall also make recommendations to the board concerning

- 8.12 Any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved.
- 8.13 Suitable candidates as new directors and succession for existing directors.
- 8.14 Membership of the audit, management engagement and remuneration committees, and any other Board committees as appropriate, in consultation with the chair of those committees.
- 8.15 The re-appointment of non-executive directors 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 knowledge, skills and experience required.
- 8.16 The re-election by shareholders of directors under the annual re-election provisions of the AIC Code or the retirement by rotation provisions in the company's articles of association, having due regard to their performance and ability, and why their contribution is important to the company's long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the board, taking into account the length of service of individual directors, the chair and the board as whole.

## **9. Reporting responsibilities**

- 9.1 The committee chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
- 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, and adequate time should be made available for Board discussion when necessary.
- 9.3 The Committee shall produce a report to be included in the Company's annual report describing the work of the nomination committee, including
  - 9.3.1 the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline
  - 9.3.2 how Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual directors, the outcomes and actions taken, and how it has influenced or will influence Board composition, and
  - 9.3.3 the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives
- 9.4 If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

## **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 secretariat for advice and 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 all relevant laws and regulations, the provisions of the AIC Code and associated guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.
- 10.4 Ensure that a periodic evaluation of the committee's own performance is carried out.
- 10.5 At least annually, review the committee's 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 by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

Last reviewed and approved by the Committee: 8 October 2020

Last reviewed and approved by the Board: 8 October 2020

**CQS NATURAL RESOURCES GROWTH AND INCOME PLC**  
**(the "Company")**

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

(as adopted on 8 October 2020)

**DEFINITIONS**

Reference to:

- the "Committee" shall mean the Management Engagement Committee;
- the "Board" shall mean the board of directors of the Company; and
- the "Investment Manager" shall mean CQS (UK) LLP.

**1. MEMBERSHIP**

- 1.1 The Committee shall comprise at least three members, all of whom shall be independent non-executive directors.
- 1.2 Members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chair of the Committee.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals (if not members of the Committee) such as representatives of the Investment Manager will be invited to attend meetings of the Committee on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.4 The Board shall appoint the Committee chair. In the absence of the Committee chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

**2. SECRETARY**

- 2.1 The company secretary, shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

**3. QUORUM**

- 3.1 The quorum necessary for the transaction of business shall be two members.

**4. FREQUENCY OF MEETINGS**

- 4.1 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 or any of its members, or at the request of the external audit lead partner if they consider it necessary.
- 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, any other person required to attend and all other non-executive directors, no later than 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 recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all members of the Board unless, exceptionally, it would be inappropriate to do so.

## **7. ENGAGEMENT WITH SHAREHOLDERS**

- 7.1 The Committee chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## **8. DUTIES**

- 8.1 The management engagement terms on which the Company's Investment Manager are engaged shall be reviewed by the Committee annually.
- 8.2 The Committee shall:
- 8.2.1 to review annually the compliance by the Investment Manager with the Company's investment policy as established by the Board from time to time;
  - 8.2.2 to review regularly the terms of the investment management agreement between the Company and the Investment Manager (the "Investment Management Agreement"), in particular, the notice period, to ensure that terms of the Investment Management Agreement are competitive, fair and reasonable for the shareholders; comply with all regulatory requirements and conform with market and industry practice;
  - 8.2.3 to review and make recommendations on any proposed amendment to the Investment Management Agreement;
  - 8.2.4 to review the level and method of remuneration and the basis of performance fees, ensuring that the basis does not encourage excessive risk, aligns the interests of the Investment Manager with that of shareholders and rewards demonstrably superior performance by the Investment Manager in managing the portfolio against the stated investment objective of the Company when compared to a suitable benchmark or peer group. When reviewing foregoing, the Committee shall consider all factors that it determines relevant, including, among others:
    - the views of shareholders;
    - appropriate benchmarks/hurdle rates;
    - a cap on the performance fee;
    - a high-water mark; and
    - a combination of short-term and long-term measurements and incentives;
  - 8.2.5 to consider whether the Investment Manager's management fee should be based on gross assets, net assets or market capitalisation;
  - 8.2.6 to investigate, review and make recommendations on any material breach of the Investment Management Agreement;
  - 8.2.7 to consider the merit of obtaining, on a regular basis, an independent appraisal of the Investment Manager's services;

- 8.2.8 to reasonably satisfy itself that the systems of risk management and internal control put in place by the Investment Manager in respect of the Company are adequate to meet applicable legal and regulatory requirements and to safeguard shareholders' investment and the Company's assets;
- 8.2.9 to monitor and review, on at least an annual basis, the performance of the Investment Manager including the on-going suitability of the Manager to manage the assets of the Company and to recommend to the Board whether the continuing appointment of the Investment Manager on the agreed terms is in the best interests of the Company and its shareholders;
- 8.2.10 to assess annually the Investment Manager's independence and objectivity taking into account relevant regulatory requirements;
- 8.2.11 to assess annually the qualifications, expertise and resources of the Investment Manager;
- 8.2.12 to review the adequacy and security of the Investment Manager's procedures by which the Investment Manager's employees and service providers may, in confidence, raise concerns about possible wrongdoing in matters of financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 8.2.13 to review the appointment and performance of, and the terms of the Company's arrangements with, other service providers (other than the external auditor) and to ensure that the terms are competitive, fair and reasonable for shareholders; and
- 8.2.14 to consider any points of conflict which may arise between services providers to the Company and that any potential conflict of interest has been satisfactorily resolved.

## **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 and shall also formally report to the Board on how it has discharged its responsibilities.

## **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 relevant laws relevant laws and regulations, the provisions of the Code and published guidance, the AIC Code of Corporate Governance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;
- 10.4 be responsible for oversight of the co-ordination of the external internal auditors;
- 10.5 oversee any investigation of activities which are within its terms of reference;
- 10.6 work and liaise as necessary with all other Board committees;

10.7 Ensure that a periodic evaluation of the Committee's performance is carried out; and

10.8 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 to:

11.1 seek any information it requires from any director or employee of the Investment Manager, Company Secretary or Administrator of the Company in order to perform its duties;

11.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so; and

11.3 call any officer of the Company or representative of the Investment Manager, Company Secretary or Administrator to be questioned at a meeting of the Committee as and when required.

Last reviewed and approved by the Committee: 8 October 2020

Last reviewed and approved by the Board: 8 October 2020