

UK Stewardship Code Disclosure Statement

Under COBS 2.2.3R of the FCA Handbook, EDL Capital (UK) Ltd (“the Firm” or “EDL”) is required to include on its website a disclosure about the nature of its commitment to the UK Financial Reporting Council’s Stewardship Code (the “Code”) or, where it does not commit to the Code, its alternative investment strategy.

The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. It sets out good practice on engagement with investee companies and is to be applied by firms on a “comply or explain” basis. The Financial Reporting Council (“FRC”) recognises that not all parts of the Code will be relevant to all institutional investors and that smaller institutions may judge some of the principles and guidance to be disproportionate. It is of course legitimate for some asset managers not to engage with companies, depending on their investment strategy, and in such cases firms are required to explain why it is not appropriate to comply with a particular principle.

The Code sets out a number of principles relating to engagement by investors with UK equity issuers, as follows: The seven principles of the Code are that institutional investors should:

- Publicly disclose their policy on how they will discharge their stewardship responsibilities;
- Have and publicly disclose a robust policy on managing conflicts of interest in relation to stewardship;
- Monitor their investee companies;
- Establish clear guidelines on when and how they will escalate their activities;
- Be willing to act collectively with other investors where appropriate;
- Have a clear policy on voting and disclosure of voting activity; and
- Report periodically on their stewardship and voting activities.

The application of these seven principles by a particular asset management company will depend upon the extent to which their business activities are subject to the Code. At the present time, although EDL endorses the principles of the Code, it does not comply with the detailed requirements of the Code for the following reasons:

- We have no interaction with the management of companies in whom we invest on behalf of our clients.
- We determine our approach to stewardship on a case by case basis, taking into account the actions that will lead to the most favourable outcome for the value of our investments.

Should any of the above factors change, we will review our commitment to the Code at that time and make appropriate disclosure.

For further details on any of the above information, please contact Andrew Porter, COO