

LODBROK CAPITAL LLP

COMMITMENT TO THE UK STEWARDSHIP CODE

Under Rule 2.2.3R of the Financial Conduct Authority's ("FCA") Conduct of Business Sourcebook, Lodbrok Capital LLP ("Lodbrok" or the "Firm"), to the extent it is managing investments for a professional client (as defined by the FCA), is required to include 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 is a voluntary code and sets out a number of principles relating to engagement by investors in UK equity issuers.

Lodbrok pursues a credit strategy and primarily invests in debt instruments and credit derivatives in a variety of jurisdictions globally and exposure to UK-listed companies is therefore limited. The Code is therefore relevant to limited aspects of the Lodbrok's trading. Therefore, whilst Lodbrok generally supports the objectives that underlie the Code, the nature of its investment strategy do not necessitate it to formally engage with investee companies through voting rights. The Firm has therefore chosen not to commit to the Code at this time.

SHAREHOLDER RIGHTS DIRECTIVE

Under Rule 3.4.4R of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook (SYSC), which implements the requirements of article 3g(1) and (1)(a) of the revised Shareholder Rights Directive ((EU) 2017/828) ("SRD II"), the Firm is required either (i) to develop and publicly disclose an engagement policy that meets the requirements of SYSC 3.4.5R (an "engagement policy") and publicly disclose on an annual basis how its engagement policy has been implemented, in a way that meets the requirements of SYSC 3.4.6R; or (ii) publicly disclose a clear and reasoned explanation of why it has chosen not to comply with any of the requirements.

As a firm which pursues a credit-focussed investment strategy, Lodbrok primarily invests in debt instruments and credit derivatives and has limited exposure to companies whose shares are admitted to trading on regulated markets in the EU (or certain comparable regulated markets situated outside the EEA, which are in scope of the UK's implementation of the SRD II requirements). Accordingly, at this time, Lodbrok has determined that it will not have an engagement policy in place which will comply with the requirements of SRD II in full. However, the following sets out where Lodbrok's existing policies and procedures are sufficient to meet certain relevant requirements.

Integration of shareholder engagement in the Firm's investment strategy;

The Firm will exercise its voting rights and other rights attached to the shares in its investee companies in accordance with its investment objectives; however, as Lodbrok does not currently pursue an strategy based on shareholder engagement, such considerations form a limited part of Lodbrok's investment strategy.

Monitoring of investee companies

Lodbrok monitors the strategy, financial and non-financial performance and risk and capital structure of its investments in accordance with the management of its investment strategy; however, as Lodbrok has limited exposure to equity issuers, Lodbrok does not have a specific policy in respect of such monitoring for equity issuers in particular.

Lodbrok has an environmental, social and governance (“ESG”) policy which the Firm’s investments are made in accordance with. As part of this ESG policy, Lodbrok monitors the social and environmental impact of investee companies for alignment with Lodbrok’s ESG objectives.

Exercise of voting rights and other rights attached to shares

Lodbrok has a proxy voting policy which sets out procedures which are designed to ensure that the firm vote proxies in the best interest of its clients.

Dialogue with investee companies and cooperation with other shareholders and stakeholders in investee companies

Where the Firm does make equity investments, it does not engage in an activist strategy and the Firm does not generally liaise with the investee company or with other shareholders or stakeholders of investee companies. Nevertheless, the Firm supports the principle of collaborative engagement. Therefore, even where the Firm does not engage in an activist strategy, the Firm may liaise with other shareholders and/or stakeholders of the relevant investee companies where the Firm determines that it is appropriate to do so in the circumstance, which shall be assessed on a case by case basis.

Management of conflicts of interests in relation to the Firm’s engagement.

Lodbrok has an overarching conflicts of interest policy which also applies to any engagement which the Firm would undertake with investee companies.

Annual disclosures

Given the focus of the Firm’s investment strategy and its limited exposure to equity issuers the Firm does not have a pattern of voting behaviour to report and, to the extent that the Firm has exercised any voting rights in investee companies, the Firm considers that any such votes would be insignificant, based on either the subject matter of the votes or the size of the Firm’s holdings. Accordingly, the Firm has determined not to make public its shareholder voting record for 2019.