

ARLINGTON CAPITAL

UK Stewardship Code

Asset managers authorised by the Financial Conduct Authority (the “FCA”) are required under the FCA’s Conduct of Business Rules to produce a statement of commitment to the UK Stewardship Code (“the Code”), or explain why it is not appropriate to their business model. This document describes how Arlington Capital Limited (“Arlington”) applies the Code in its role as a discretionary asset manager of publicly traded equities.

This document also meets the requirement of an ‘engagement policy’ under the amended EU Shareholders’ Rights (SRD II). The concept of stewardship concerns a person looking after someone else’s property. Arlington expects the management and boards of the companies in our investment portfolios to be good stewards of their businesses. Arlington expects them to maximise the long-term prosperity of the company, shareholders and stakeholders by applying capital in the most effective manner. Successful companies benefit the wider economies of the countries where they operate.

Arlington Capital fully complies with the principles of the UK Stewardship Code as set out in the below sections.

Principle 1 - Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

We have a fund-manager-led approach, aligned to investment considerations and designed to enhance and protect our clients’ capital. Arlington seeks to deliver investment outperformance after fees over the long term, without exposing clients to unnecessary risk. Stewardship is an important factor which underpins this objective. Fund managers are free to follow their convictions, selecting what they believe to be the best opportunities the market has to offer over the long term. Fund managers take the lead on stewardship issues, working in partnership with senior management at Arlington.

Principle 2 - Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.

We believe strongly in transparency and openness. We have an effective and robust Conflicts of Interest policy to protect the interests of our clients. The Conflicts of Interest policy is designed to identify potential or actual conflicts to document the conflict and any mitigating actions and ensure reporting to clients where relevant, as well as appropriate escalation and reporting.

Principle 3 - Institutional investors should monitor their investee companies.

Monitoring of investee companies is of vital importance to our investment approach. It is a continuous process, with all portfolios reviewed daily to ensure appropriateness, consistency and adherence to mandate and applicable regulations. Individual holdings are assessed and

monitored daily for news flow, through conversations with the wider investment community and, where necessary, directly with the company. Arlington's investment team and specialists seek to understand how governance factors impact long-term performance through monitoring.

Arlington is a small investment manager and therefore is often unable to meet management teams directly. However, we regularly participate in results meetings, webinars, conferences etc. with the management teams of investee companies, typically after the release of financial results, but often more frequently where the need arises. The aim of these meetings is to learn more about the company and to ensure that an alignment exists between a company and its shareholders. Arlington seeks a greater understanding into the ESG, sustainability strategy of a company, and whether it adds value to a firm's business model and the wider sustainability agenda.

Principle 4 - Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.

The aim of our investment process is to understand a business as comprehensively as possible. In the majority of instances, where we are convinced that an appropriate alignment exists between owners and managers, we will be supportive of the management team's long-term strategy. Our stewardship activities escalate where we are concerned about misalignment between owners and managers or where we believe an alternative strategy may result in the creation of greater long-term shareholder value. Arlington is a small investment manager and therefore in order for action to be effective would need to cooperate with other investors or ultimately sell the shares in the investment if a satisfactory resolution was not possible.

We prefer to undertake our corporate governance duties behind closed doors. However, if private discussions fail to deliver the outcomes we are seeking, then we are prepared to make our concerns public, utilising our website, traditional press and social media channels to do so.

Principle 5 - Institutional investors should be willing to act collectively with other investors where appropriate.

Arlington as a small investment manager is happy to engage with other investors, where appropriate, to achieve its objectives. In any instance where Arlington may act collectively the Conflict of Interest Policy and insider list will be followed. External legal assistance may be sought. Note: we have not collaborated with other shareholders to date and are unlikely to join public, high profile campaigns.

Principle 6 - Institutional investors should have a clear policy on voting and disclosure of voting activity.

Arlington considers the appropriate exercise of voting rights is an important factor in the ongoing management of clients' investments. However, we only vote where the issue to be voted on is considered of some importance to the company and its investors. Arlington's voting policy incorporates best practice, but there may be occasions where the nature of a company's business and explanations provided by the company warrant a different approach. Voting forms an important part of our stewardship responsibilities and we will vote against management when we believe this will lead to a better outcome and is in the interests of our clients.

Principle 7 - Institutional investors should report periodically on their stewardship and voting activities.

Arlington believes it is appropriate to conduct its company engagement activities privately, but in certain circumstances, we will make public statements, particularly where we have unresolved concerns about a company management team or its strategy. Where this is the case, details will be available on our website. Arlington does not provide third parties with information on how it has voted.

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