

UK STEWARDSHIP CODE AND EU SHAREHOLDER RIGHTS DIRECTIVE DISCLOSURE STATEMENT

Under COBS 2.2 of the FCA Handbook, we are required to make a public disclosure in relation to the nature of our commitment to the Financial Reporting Council's UK Stewardship Code (the "Code"), which was published by the Financial Reporting Council ('FRC'), the latest version of which became effective 1 January 2020. In addition, the EU Shareholder Rights Directive II ("SRD II") implemented in June 2019, sets out to strengthen the position of shareholders and to ensure that decisions are made for the long-term stability of companies. The obligations which apply to asset managers are listed under COBS 2.2B.

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 FRC recognise 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 12 principles of the Code consist of the following:

- Purpose, strategy and culture;
- Governance, resources and incentives;
- Conflicts of interest;
- Promoting well-functioning markets;
- Review and assurance;
- Client and beneficiary needs;
- Stewardship, investment and ESG integration;
- Monitoring managers and service providers;
- Engagement;
- Collaboration;
- Escalation; and
- Exercising rights and responsibilities

SRD II requires asset managers to "comply or explain" how it:

- Integrates shareholder engagement in its investment strategies;
- Monitors investee companies on relevant matters (e.g. strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance);
- Conducts dialogues with investee companies;
- Exercises voting and any other shareholder rights;
- Cooperates with other shareholders;
- Communicates with relevant stakeholders of investee companies;
- Manages actual and potential conflicts of interests in relation to Fortem's engagement.

Fortem does not currently comply with the Stewardship Code or SRD II for the following reasons:

- The company's investment strategy will typically exclude investments in single stocks and focus instead on indices and index linked derivative transactions

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