

UK Stewardship Code and Shareholders' Rights Directive

UK Stewardship Code

Under COBS 2.2.3 of the FCA Handbook, Coriolis Capital Limited ('Coriolis') is required to report on whether or not we apply the UK Stewardship Code (which was published by the Financial Reporting Council ('FRC') in July 2010, further revised in September 2012), and make this information publicly available.

The Code was established in order to enhance the quality of engagement between institutional investors and UK listed 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 seven principles of the Code are set out as follows:

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

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

Principle 3: Institutional investors should monitor their investee companies.

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

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

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

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

Coriolis currently acts as investment adviser to funds and accounts which invest in insurance linked securities. We therefore do not apply the Code because our strategies do not include investing in the equity holdings of UK listed companies. Should this situation change, we will review our commitment to the Code at that time and amend our disclosures as appropriate.

Shareholders' Rights Directive

In addition to the Stewardship Code, the FCA has implemented the Shareholders' Rights Directive in the FCA Handbook under COBS 2.2.B. The rules are set out below:

COBS2.2.B.5

A firm must either:

- (1) (a) develop and publicly disclose an engagement policy that meets the requirements of COBS 2.2B.6R (an "engagement policy"); and
 - (b) publicly disclose on an annual basis how its engagement policy has been implemented in a way that meets the requirements of COBS 2.2B.7R; or
- (2) publicly disclose a clear and reasoned explanation of why it has chosen not to comply with any of the requirements imposed by (1).

COBS2.2.B.6.

The engagement policy must describe how the firm:

- (1) integrates shareholder engagement in its investment strategy;
- (2) monitors investee companies on relevant matters, including:
 - (a) strategy;
 - (b) financial and non-financial performance and risk;
 - (c) capital structure; and
 - (d) social and environmental impact and corporate governance;
- (3) conducts dialogues with investee companies;
- (4) exercises voting rights and other rights attached to shares;
- (5) cooperates with other shareholders;
- (6) communicates with relevant stakeholders of the investee companies; and
- (7) manages actual and potential conflicts of interests in relation to the firm's engagement.

Since the funds advised by Coriolis do not invest in shares traded on a regulated market, the firm is not required to have an engagement policy in place.