

UK Stewardship Code - Compliance Statement

Under COBS 2.2 of the Financial Conduct Authority Handbook, Andurand Capital Management LLP (“Andurand”) is required to make a public disclosure in relation to the nature of its commitment to the UK Stewardship Code (the “Code”) which was published by the Financial Reporting Council (“FRC”) in July 2010.

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 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 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 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 as a method of protecting and enhancing shareholder value.
- Be willing to act collectively with other investors where appropriate.
- Have a clear policy voting and disclosure of voting activity.
- Report periodically on their stewardship and voting activities.

What follows next is our policy in relation to the seven main principles of the Code.

Principle 1

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

Andurand has decided to comply with the Code introduced by the Financial Reporting Council and aims to follow the Code and report on its voting procedures and its relationships with the management of companies which are owned by its clients. Andurand’s investment managers have regular dialogue with the companies in which it invests on behalf of its clients and we have developed an extensive list of contacts both within and outside the invested company in order to develop a better understanding of the business and the management.

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.

Andurand recognises that stewardship activities may give rise to conflicts of interest. Where such conflicts arise, arrangements will be made to ensure that decisions are taken in the long term interest of clients and in line with regulatory requirements. Andurand monitors any potential conflicts of interest with a member of staff dedicated to this function.

Principle 3

Institutional investors should monitor their investee companies.

All investments are monitored on a regular basis by the investment management professionals at Andurand. We hold regular meetings/conference calls with the management of the companies invested in and also have developed multiple points of contact (both inside and outside of the company) in order to understand the business better. In particular, we carry out our own research, monitor company announcements, analyse third party research and conduct meetings with the senior management in order to ensure that our objectives are being aligned with those of the company and the management. The constant monitoring of companies invested in is undertaken to ensure that the company is being run in a satisfactory manner and to ensure that the investment thesis that justified the original investment remains intact.

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

Andurand will increase its involvement with the companies it is invested in where it is felt that this is required and would be beneficial to its clients. For instance if there is concern about a specific issue, we will enter into a dialogue with the company management either individually or collectively with other shareholders. If following this process, there are still concerns, we will further increase our efforts to include, for example:

- entering into an active dialogue with company boards and senior management;
- collaboration with other shareholders to harness a coordinated approach to the company board;
- submitting resolutions at shareholders' meetings;
- reducing or selling the investment in the company.

Principle 5

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

Andurand's policy is that it may at those times when it feels it is in the best interests of its clients that it will join with other shareholders in a collective engagement with the companies it has invested in.

Principle 6

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

Andurand may vote on any AGM/EGM or special resolutions. Our vote will be based on what we believe will be in best interests of the clients. As part of this process we will discuss with the company the rationale for the way votes we cast our votes.

Principle 7

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

Andurand will undertake to report any change in its voting activities to clients on a quarterly basis, but only where they are considered relevant or material. It is not Andurand's intention to carry out any sort of internal audit process on its stewardship and/or voting process.