

## The UK Stewardship Code – DSP’s Approach and Statement of Compliance

Dalton Capital (Guernsey) Limited and Dalton Strategic Partnership LLP (collectively known as “DSP”) manage assets for a range of institutional and private clients. As an institutional investor DSP supports the principles of the UK Stewardship Code (“the Code”) and recognises the importance of effective engagement with the companies in whom we invest on behalf of our clients. This statement explains DSP’s compliance with the Code. For further information regarding our policy please contact:

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

We set out below the details of how we discharge our stewardship responsibilities and our compliance with the principles of the Code, including how we monitor companies and our strategy on intervention. We also apply the principles of the Code on a best endeavours basis, where we invest in non UK holdings.

As appropriate, DSP will engage and vote on issues affecting the long-term sustainable value of a company where we are invested. Issues may include, but are not limited to, financing and capital allocation, management, governance, remuneration, corporate and social responsibility, business strategy, acquisitions and disposals, operations, internal controls and risk management.

The resources that DSP uses for any engagement are managed according to the circumstances and potential impact of each case.

Where the holding in funds controlled by DSP is a small fraction of a company’s capital, as is often the case, there will be proportionately less resource applied to engagement, in recognition of the fact that shareholders with only a small fraction of a company’s share capital are less likely to have a material influence.

Intervention is preceded with a process of enhancing our understanding of the company and helping the company to understand our position. The extent to which we would expect to effect change will depend on the specific situation. In circumstances where we feel unable to influence the company’s actions, which we believe could be detrimental to long term shareholder value, either alone or collectively with other investors, we would sell our holding.

### ***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.***

DSP has in place a conflicts of interest policy and a conflicts policy that is regularly reviewed with a view to identifying any potential conflicts of interest and provision for their mitigation, including those that may occur in relation to our stewardship responsibilities. DSP is fully aware of its responsibilities to act in the interests of its clients where voting and undertaking engagement.

Where a conflict arises between clients (for example, in a takeover where one client holds an offeror investment and another client an offeree) our guiding principle will be to review the fundamental proposition and vote in accordance with DSP's view on the best perceived outcome.

***Principle 3: Institutional investors should monitor their investee companies***

DSP is engaged in active portfolio management and our fund managers are given the freedom to invest as they see fit, subject to the constraints set by each fund's investment objectives.

Central to our investment process is the consideration of each company's ability to create and sustain long-term shareholder value. Regular company meetings are an important part of this process, allowing us to question and challenge companies about issues that we perceive may affect their value. Such engagement and potentially actively voting the shares we manage on behalf of clients therefore should be seen as integral to our investment process.

As appropriate, DSP will engage and vote on issues affecting the long-term value of a company in which it is invested. Issues may include, but are not limited to, business strategy, acquisitions and disposals, capital raisings and financing operations, internal controls, risk management, board succession, shareholder rights, corporate and social responsibility, and remuneration.

DSP monitors investee companies by hosting and attending regular meetings with a company's management team. DSP typically has in excess of 1,000 meetings with companies each year.

***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.***

The most effective way for implementing our engagement/escalation policy on behalf of our clients is to focus on those companies in which we have a meaningful shareholding in terms of issued share capital or as a percentage of DSP's assets under management.

DSP believes that initial discussions with a company should normally remain confidential, particularly when faced with a scenario that could be detrimental to shareholder value.

Should initial discussions fail to produce a mutually beneficial outcome for all parties, our aim will be to resolve matters in a considered manner by extending the dialogue with the company and its advisors. We will call upon the chairman or senior independent director if it is necessary. DSP values its relationships with investee companies and our primary objective is to resolve issues directly without the need for external dialogue.

However, if the situation persists we may consider intervening jointly with other institutions. This will be decided on a case by case basis and will be guided by the relevant regulatory framework.

DSP is aware that escalating our engagement activity carries a degree of sensitivity and risk and that confidentiality is of utmost importance. We therefore do not ordinarily make public statements regarding our specific concerns with investee companies prior to an AGM/EGM.

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

Where appropriate, DSP would work together with other investors to try to effect change. DSP's approach to acting collectively with other institutional investors is discussed under Principle 4.

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

DSP assesses each voting opportunity individually and will vote only in cases where we believe our client's interests need to be protected. We do not make use of standard instructions on voting or use third party recommendations and we are more likely to vote where we hold a significant fraction of a company's share capital. We do not always support the Board and have on occasions voted against decisions recommended by a Board or against the re-election of Board members.

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

DSP reports to our clients on how we have discharged our stewardship responsibilities. The content and frequency of reporting is as agreed between ourselves and our clients.