



Arrowgrass Capital Partners LLP

Shareholder Engagement and UK Stewardship Code

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Shareholder Engagement

Arrowgrass pursues a multi-strategy investment approach, investing in strategies including equity long/short, event driven and merger arbitrage and convertible/volatility some of which will involve investments in global equities, including UK equities. As such, shareholder engagement is only relevant to some of our trading strategies.

We invest in a variety of asset classes and in a variety of jurisdictions globally, and our approach in relation to the engagement with issuers and their management is therefore determined globally, and will often vary on a case by case basis. We engage actively with the boards and management of companies where we consider that such engagement would add value and where it is otherwise in the best interests of our funds. In these cases, our dialogue with portfolio companies is generally aimed at maximising their long-term value, and can include recommendations about, for instance, strengthening management, allocating capital, or improving operations.

We have a general policy of exercising voting rights attached to shares owned by our funds. We may take into account a number of relevant factors when exercising voting rights, including: (i) the impact of the proposal on the value and returns for our funds; (ii) the anticipated associated costs and benefits of voting, including, for example, whether we hold a sufficiently large stake in the company; (iii) the availability of portfolio information; and (iv) any relevant industry and business practices. In limited circumstances, we may refrain from exercising the voting rights. This may be the case if we believe that voting on a particular matter would not be appropriate, taking into consideration the costs of voting and the anticipated benefit to our funds.

We have implemented arrangements to monitor conflicts of interest that may arise between the interests of different funds or accounts managed by us or our affiliates in the context of our engagement with portfolio companies. If we determine or perceive a conflict of interest, we aim to apply appropriate organizational measures in accordance with our policies to mitigate such conflicts.

We may from time to time cooperate with other institutional shareholders in our portfolio companies with a view to bringing about proposals to company boards, or effecting changes. Where we do so, we consider the conflicts of interest that may arise between the interests of our funds and the interests of such other shareholders prior to engaging with them.

UK Stewardship Code

Under the FCA's Conduct of Business sourcebook (COBS) 2.2.3R, Arrowgrass Capital Partners LLP ("Arrowgrass") is required to make a disclosure in relation to the nature of its commitment to the UK Stewardship Code 2020 ("the 2020 Code") or, where it does not commit to the 2020 Code, its alternative investment strategy. The 2020 Code is a voluntary code that sets out a number of principles relating to engagement by investors with UK equity issuers. Investors that commit to the 2020 Code can either comply with it in full or choose not to comply with aspects of the 2020 Code, in which case they are required to explain their non-compliance.

The Stewardship Code was first published by the UK Financial Reporting Council ("FRC") in July 2010 and it was updated in September 2012. Subsequently, the FRC published the 2020 Code, which took effect from 1 January 2020, and consists of 12 "Principles for asset owners and asset managers" and 6 "Principles for service providers".

The 2020 Code generally applies on a “comply or explain” basis. As a voluntary standard, it aims to enhance the quality of engagement between institutional investors and companies, to help improve long-term returns to shareholders, and to provide for the efficient exercise of governance responsibilities by setting out good practice on engagement with investee companies that institutional investors should aspire to.

While Arrowgrass generally supports the objectives that underlie the 2020 Code and adheres to the highest standards of corporate governance and due diligence in respect of its investments, Arrowgrass has chosen not to commit to the 2020 Code on the basis that shareholder engagement and stewardship are only relevant to some of the firm’s trading strategies and our investments are made globally.