

Commitment to the UK Stewardship Code and Shareholder Rights Directive

Cairn Capital and Cairn Loan Investments¹

Shareholders Rights Directive II

Under rule 2.2B.5R of the Financial Conduct Authority's ("FCA") Conduct of Business Sourcebook (COBS), Cairn Capital Limited, Cairn Loan Investments LLP and Cairn Loan Investments II LLP (collectively referred to as "Cairn") are required to develop and publicly disclose a shareholder engagement policy as described in the revised Shareholder Rights Directive (the "SRD II") or publicly disclose a clear and reasoned explanation of why Cairn has chosen not to develop a shareholder engagement policy.

UK Stewardship Code

COBS 2.2.3R requires Cairn to disclose on its website:

- 1) the nature of Cairn's commitment to the UK Financial Reporting Council's Stewardship Code (the "Code"); or
- 2) where it does not commit to the Code, its alternative investment strategy.

The Code is a voluntary code and sets out a number of principles relating to engagement by investors with UK equity issuers.

Application to Cairn

Cairn provides asset management and advisory services covering the credit markets and, accordingly, its trading strategies do not generally involve it trading single name equities which are listed or traded on UK or European exchanges or regulated markets. Where any equity investment arises, it is likely to have arisen as a result of credit market related investment activities (for example, through a debt-for-equity swap as part of a

restructuring transaction). As a result of this Cairn does not have a shareholder engagement policy.

Cairn supports the general objectives underlying the UK Stewardship Code and its principles. However, given the current investment strategies and activities of Cairn, Cairn has to date chosen not to commit to the Code.

Fixed Income Securities

Cairn notes an updated version of the UK Stewardship code has taken effect from January 2020 and that the revised Code has been extended to cover fixed income securities. Cairn is currently reviewing the content of the Code as it applies to its investment strategies, activities and fixed income and credit asset classes. Once complete Cairn will publish an updated disclosure. In the meantime, Cairn considers stewardship issues on a case-by-case basis as and when relevant, seeking to always make bespoke decisions in the best interests of investors and clients.

When engaging with UK companies Cairn endeavours to take various steps in seeking the best interest for its investors and clients, including the following:

- ▶ seek to amend terms and conditions in indentures or contracts;
- ▶ seek to access information provided in trust deeds;
- ▶ seek impairment rights; and
- ▶ review prospectus and transaction documents.

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¹This statement is issued by Cairn Capital Limited (“CCL”), Cairn Loan Investments LLP (“CLI”) and Cairn Loan Investments II LLP (“CLI II”). CCL, CLI and CLI II are authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom.

CCL is a company that is incorporated under the laws of England and Wales. CLI and CLI II are limited liability partnerships registered in England and Wales. CLI and CLI II are not affiliates of each other nor of CCL but CCL established them and provides them with support services.