Kite Lake
Capital

Responsible Investment

This document contains disclosures by Kite Lake Capital Management (UK) LLP ("**Kite Lake Capital**") regarding:

1. Sustainable Finance.
2. The Shareholder Rights Directive II.
3. The UK Stewardship Code.

Sustainable Finance

As a UK AIFM, Kite Lake Capital is not subject to the EU's Sustainable Finance Disclosure Regulation ("**SFDR**"). However, in the interests of transparency the firm has elected to make these disclosures in the manner required by certain provisions of SFDR.

Integration of sustainability risks into the investment decision-making process

Sustainability risks are considered in Kite Lake Capital's investment decision-making and risk monitoring processes. The firm's investment due diligence process operates in a way that is designed to identify, assess, monitor and manage material sustainability risks relating to investments. Because of the nature of the firm's investment strategies, sustainability risks are managed primarily at the level of individual investments.

Under SFDR, a "sustainability risk" is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

No consideration of adverse impacts on sustainability factors

Kite Lake Capital does not currently consider the adverse impacts of investment decisions on sustainability factors in respect of any of its clients, as the investment policies of its clients do not generally involve the firm carrying out relevant analysis. The firm will keep the decision not to consider these principle adverse impacts under review.

Under SFDR, "sustainability factors" mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Shareholder Rights Directive II

Rule 2.2B of the FCA's Conduct of Business Sourcebook ("**SRD II**") promotes effective stewardship and long-term investment decision-making with respect to listed companies. Under this rule, Kite Lake Capital is required to either develop and publicly disclose an engagement policy relating to the publicly traded shares in its client portfolios and make an annual disclosure of how that policy has been implemented, or publicly disclose a clear and reasoned explanation of why it has chosen not to do so.

An engagement policy explains how a firm:

- integrates shareholder engagement in its investment strategy;
- monitors investee companies on relevant matters, including:
    - strategy;
    - financial and non-financial performance and risk;
    - capital structure; and
    - social and environmental impact and corporate governance;
- conducts dialogue with investee companies;
- exercises voting rights and other rights attached to shares;
- co-operates with other shareholders;
- communicates with relevant stakeholders of the investee companies; and
- manages actual and potential conflicts of interests in relation to the firm's engagement.

Kite Lake Capital supports the objectives of SRD II. The firm pursues multi-asset class global event-driven strategies, focusing on hard catalyst events across the capital structure. The strategies are implemented primarily through transactions involving merger arbitrage, major operational reorganisations, credit events, distressed situations and other significant corporate events. The firm believes that its approach to the voting rights attached to the shares that it holds for its clients will often be consistent with the principles of effective stewardship and long-term investment decision-making for the companies in question, because decisions that create value in a company around catalyst events will usually be decisions that realise long-term value in the company. Many of the elements that are explained in an engagement policy are fundamental aspects of Kite Lake Capital's approach to research and investment analysis.

However, the firm has determined that, because of the nature of the investment strategy that it operates, it would not be in the best interests of its clients to adopt and disclose an engagement policy, or disclose information on how it has exercised voting rights.

The investment strategies pursued by Kite Lake Capital often involve holding equity positions for relatively short periods around the occurrence of hard catalyst events, such as M&A transactions. Where Kite Lake Capital has the authority to exercise voting rights in relation to such events, it must do so in a way that it believes will maximise risk-adjusted returns for its clients. While this will often be consistent with the principles underlying SRD II, as noted above, the decision-making process is focused on the relevant catalyst events and will not specifically take longer-term factors into account.

While the firm does at times engage with company management to maximise value on behalf of its clients or to try to effect change, it does not believe that it would be in the interests of its clients to publicly disclose its approach to engaging with companies or how its policy on engagement has been implemented, as the confidentiality of such matters is generally preferable for the firm's investment strategy.

Kite Lake Capital has a proxy voting policy, which is available upon request to investors.

The UK Stewardship Code

Under Rule 2.2.3R of the FCA's Conduct of Business Sourcebook, Kite Lake Capital must disclose on its website the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "**Stewardship Code**") or, where it does not commit to the Stewardship Code, its alternative investment strategy. The Stewardship Code is a voluntary code that sets out a number of principles relating to engagement by investors with UK equity issuers.

Kite Lake Capital supports the objectives of the Stewardship Code, but has chosen not to commit to it. Kite Lake Capital pursues multi-asset class global event-driven strategies focusing on hard catalyst events across the capital structure. The strategies are implemented primarily through transactions involving merger arbitrage, major operational reorganisations, credit events, distressed situations and other significant corporate events.

UK equities will normally represent a relatively small part of the firm's client portfolios, and investments will be made indirectly in almost all cases. Where this is the case, the firm will not have the right to exercise voting rights attaching to the shares. Where Kite Lake Capital does have the authority to exercise voting rights, it must do so in a way that it believes will maximise risk-adjusted returns for its clients. While the firm believe that this will often be consistent with the principles underlying the Stewardship Code, the decision-making process is necessarily focused on the relevant catalyst events. If an investment strategy is adopted by the firm to which the Stewardship Code can apply, the firm will reconsider its commitment to the Stewardship Code.