

TOSCAFUND COMMITMENT TO PRINCIPLES OF THE U.K. STEWARDSHIP CODE

December 2016

Toscafund Asset Management LLP is committed to the principles set forth in the UK Stewardship Code (the “Stewardship Code” or “Code”) adopted by the Financial Reporting Council. The Stewardship 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. Engagement includes pursuing purposeful dialogue on strategy, performance and the management of risk, as well as on issues that are the immediate subject of votes at general meetings.

Principle 1

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

As part of its investment culture Toscafund places great store on its proprietary fundamental research. An investment thesis is built for each investee company and performance is monitored against this on across a variety of metrics. A vital part of our analytical process is personal contact with management and this pervades throughout the period that an investment is retained. Continued dialogue with company management and/or board members takes place in the form of regular meetings and conversations with senior management. These communications are conducted by the relevant portfolio manager and members of the team of industry analysts. We monitor company announcements, review and analyze financial statements, conduct comparisons of a company’s performance against its peers and carefully follow industry trends by attending industry events, participating in relevant industry groups and speaking with industry experts. We will employ proxy voting services when necessary. Key issues that we consider to be most important for engagement purposes are leadership, strategy, capital allocation, financial performance and audit and reporting. Our pre-investment analysis of a particular company is comprehensive and is supported by data and a good understanding of the factors mentioned above. That is to say we invest in a company only after we are satisfied of its soundness from a leadership, financial and governance perspective. Therefore it is our normal policy to support the management in our voting actions. There are of course, exceptions to this general rule and in such cases we will take appropriate action to protect shareholder value. Our voting actions and dialogue with investee companies will encourage sound business practices and strategy on the part of such companies and the responsible enhancement of shareholder value and always with the best interests of our investment management clients as a paramount consideration.

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.

Toscafund maintains robust policies and procedures on managing conflicts of Interest. This policy is reflected in our systems and controls regime, which includes a written Conflicts policy, a comprehensive Compliance Manual, employee trading policies and procedures and written policies on such matters as execution, allocation and valuation. All staff are regularly tested on their understanding of conflicts and how to recognize them through mandatory training courses. Records of these courses are maintained by our Compliance Department. These policies are reviewed and tested on a monthly basis by an independent compliance auditor. The firm also maintains a conflicts register that records conflicts and their resolution. Our conflicts policy and implementing procedures are described in a detailed due diligence questionnaire that is shared with existing and potential investors. The policy is also described in offering documents for all of our funds and is made available for review upon the request of existing and potential investors. Fund disclosure documents such as a Private Placement Memorandum typically disclose conflicts to investors so that they have a full

understanding of any conflicts or potential conflicts prior to making any investment. Examples of such conflicts include the fact that certain members of the management board are also directors of funds that the firm manages; any conflict in this regard is managed by having a majority of fund directors consist of independent directors. Another example would be that the firm may receive investment research from certain brokers and institutions with which it does business. Any conflicts in this regard are managed by ensuring that such research qualifies as substantive research and paid for on an arm's length basis. The firm's conflict policy describes its aim and scope, the responsibilities of senior management and partners and employees with respect to recognizing conflicts and taking the right course of action once a conflict arises, including escalation to the Compliance Department and/or senior management. The policy also identifies conflicts that could arise due to the nature of the business, taking into account such factors as the firm's ownership structure and any business relationships it maintains with other entities. The firm is owned by a single individual who is the founding partner who devotes his full efforts to the investment management activities of the firm. Any member of staff who in the course of their work identifies a potential conflict of interest is directed to notify the Compliance Officer who will take appropriate action to mitigate the conflict. The firm's conflict policy sets forth procedures for managing and mitigating conflicts, which include prior approval of all employee personal trades, annual disclosure of outside interests, if any, a best execution policy and an anti-bribery policy. In appropriate circumstances a conflict, whether raised by a client or internally by staff, would be resolved by disclosing the conflict and/or having it reviewed by a fund's independent board members for resolution. Generally, the firm has also designed its employee remuneration structure to mitigate as far as possible any conflicts of interest arising. All employees are subject to the firm's gifts and inducements policy prohibiting any inducements that might undermine the independence of the firm's investment or research functions. All of these policies and procedures are reviewed each month by an external independent monitor. The firm also maintains a robust segregation between its front and back office functions and staffs each of these areas with highly experienced and skilled individuals with an excellent understanding of conflicts principles. As a regulated investment manager the firm is at all times obligated to act as a fiduciary and adherence to our conflicts policy and related procedures are key components of the way in which we fulfill this obligation.

Principle 3

Institutional investors should monitor their investee companies.

We regularly monitor our investee companies and make considered determinations on when it is necessary to enter into an active dialogue with their boards. As disclosed under Principle 1, our investment process is deeply analytical and investments are only considered after a detailed understanding of a company's fundamental prospects has been undertaken. In addition to financial metrics, the team places considerable emphasis on more qualitative aspects of analysis and, in particular the alignment of interests of management with external shareholders. This monitoring is evident from the issuance of our monthly reports to investors for each fund that we manage. The issuance of monthly reports is a long-established feature of our firm and helps to demonstrate our commitment to provide transparency to our investors. Our monthly newsletters report on our meetings with investee companies and our detailed analyses of performance, industry and regulatory trends as well as other events that may affect a particular investee company. When appropriate, we meet with the Chairman and other board members of our investee companies and maintain records of our correspondence on such matters. In order to maximize shareholder value, we will not hesitate to timely call to the attention of a company's board our views with respect to problems we perceive within the company. We will also make clear to our investee companies that any information imparted to us is done so responsibly and with our consent in order to avoid becoming insiders and hence affect our ability to deal in the shares of the company. Where we become insiders, we follow established procedures designed to comply with our conflicts policy and applicable trading regulations (e.g., EU MAR).

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.

When appropriate, after careful analysis and with due consideration to the best interests of our investment management clients to whom we owe a fiduciary duty, we will escalate our activities with investee companies as a method of protecting and enhancing shareholder value. While not exclusively confined to such, this is likely to occur when the company's performance has deviated significantly from the case suggested by our fundamental investment research thesis. When we observe clear signs of mismanagement or determine that a company's strategy does not conform to stated policy or good corporate governance, we reserve the right to intervene with the company's Chairman and board members in order to protect shareholder value. These are often subjective assessments but will be based on our interpretation of statements made by the company, press reports, industry peer comparisons, perceived risks, discussion with relevant industry experts and other research we conduct on investee companies. We will endeavor to conduct any initial conversations with investee companies on a confidential basis. However, if boards do not respond constructively when institutional investors intervene, then we may consider whether to escalate our actions, for example, by holding additional meetings with management specifically to discuss concerns; expressing concerns through the company's advisers; meeting with the chairman, senior independent director, or with all independent directors; intervening jointly with other institutions on particular issues; making a public statement in advance of the AGM or an EGM; submitting resolutions at shareholders' meetings; and requisitioning an EGM, and in appropriate circumstances, even proposing to change board membership.

Principle 5

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

When appropriate we may act collectively with other investors. If we determine this is in the best interests of our clients, we may collaborate with other investors with whom our interests are aligned and with due regard to the appropriate management of conflicts of interest and safeguarding price sensitive non-public information. Toscafund has been in business for over 16 years and a number of the key personnel have been investment practitioners for over 30 years. As such we have well established contacts across the market and with information on major shareholders readily available we are able to identify those parties with whom we may wish to collaborate on an initiative of mutual interest, subject of course, to relevant rules governing actions taken in concert with others. A direct approach, where we would describe issues and recommend solutions, is our preferred method of engagement with other significant shareholders. Actions would include communications with an investee company's management, the requisition of an EGM or other appropriate action. As we invest in companies on the basis of fundamental research we tend to be supportive of investee company management. In exceptional circumstances we have engaged with other investors to the extent permitted by law to achieve the best possible outcome for our investors and investee shareholder companies. We regularly participate in discussions on significant topics affecting our business and our investors as members of industry groups such as AIMA and other panels and forums promoting best practices and the maintenance of knowledge on industry trends and investor needs.

Principle 6

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

As a general rule Toscafund employs a stance of supportive interaction with its investee companies and has a strong track record of helpful proactive interaction with management. However, we will always vote our shares in a responsible manner in keeping with our fiduciary duties to our clients. We do not have a policy of automatically supporting any board action nor do we wish to interfere with sound and legitimate management of an investee company. If we are unable to reach a satisfactory outcome through active dialogue with an investee company, then we reserve the right to register an abstention or vote against a proposed board action. We will endeavor to inform the company in advance of our intention and the reasons therefor. Although it is our general policy to support an investee company's management there are circumstances in which we will exercise our votes to effect change which is in the best interests of our investors and in such cases would recall any lent stock to help us accomplish

our objectives. Although we may consider using advisory services if necessary, it is our normal practice to make voting decisions based on our own engagement with company management and our in-depth knowledge of the companies in which we invest. Therefore as a general rule we would not rely on such external advisory services to perform analyses and provide voting recommendations to us as we believe we are in a better position to do this and that this is what is expected of us by our investors. Please note that stock lending is not an important activity across our funds and as such the need to recall stock is likely to be rare. As we invest in companies on the basis of fundamental research we tend to be supportive of investee company management and this will be reflected in any directions to our custodians with respect to voting. In exceptional circumstances we may choose to effect change through our voting if we believe this would be in the best interests of our investors and investee companies. Our views with respect to key drivers affecting investment decisions are frequently and actively communicated to our investors in our well established monthly reports to shareholders.

Principle 7

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

We will report periodically on our voting activities, as necessary and appropriate to discharge our fund management responsibilities. Such reports may comprise qualitative as well as quantitative information, as we deem appropriate, giving due regard to our confidentiality obligations, the protection of proprietary business information and the best interests of our clients. Our monthly reports to investors consist of detailed information with respect to the performance of each fund, voting activity if relevant and future opportunities perceived by the portfolio manager. With respect to independent assurance, in addition to the monthly independent reviews mentioned above, the firm and each fund it manages undergo annual audits conducted by established external independent auditors. These reports are made available to our investors on our website (www.toscafund.com). We also conduct annual onsite due diligence reviews of all of our significant external providers (e.g. fund administrators, AIFMD custodians) in order to ensure that proper controls are in place for the protection of our fund investors and these reports are reviewed by external auditors during the course of their annual independent audits.

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