



Disclosure of Commitment to the Financial Reporting Council's Stewardship Code

CVC Credit Partners Limited &
CVC Credit Partners Investment Management Limited
As at 30 August 2018

Background to the UK Stewardship Code (the ‘Code’)

The UK Stewardship Code (the ‘Code’) was published by the Financial Reporting Council (FRC) in July 2010. It 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. The intention is to achieve this by setting out good practice on engagement with investee companies to which the FRC believes institutional investors should aspire. The Code is made up of 7 Principles covering Stewardship, Conflicts of Interest, Monitoring, Intervention, Acting Collectively, Voting and Reporting.

The Code in Relation to CVC Credit Partners

The FRC sees the UK Stewardship Code as complementary to the UK Corporate Governance Code for listed companies and, like the UK Corporate Governance Code, it should be applied proportionately and on a “comply or explain” basis. The Code is addressed in the first instance to firms who manage assets on behalf of institutional shareholders such as pension funds, insurance companies, investment trusts and other collective investment vehicles. The FRC expects those firms to disclose on their websites how they have applied the Code. In addition, under Financial Services Authority (FSA) Conduct of Business (COBS) rules any firm which manages investments for a professional client that is not a natural person must disclose clearly on its website the nature of its commitment to the FRC Stewardship Code, or where it does not commit to the Code, its alternative investment strategy.

CVC Credit Partners do not currently commit to the Code. The firms alternative investment strategy is therefore explained below.

Background to CVC Credit Partners

CVC Credit Partners is an independent asset management and investment group focused on sub-investment grade debt capital markets in Europe. The firms aim to provide tailored, flexible and value-added solutions for institutional investors seeking to invest in sub investment grade credit instruments.

Fund Management

CVC Credit Partners Funds have differing structures, varying degrees of leverage and distinct investment strategies. CVC Credit Partners manages three structured Funds and one Credit Vehicle. The portfolio managed by CVC Credit Partners is diversified by industry and geography, within Europe.

The team sources and manages assets across the European sub-investment grade debt capital markets. CVC Credit Partners structures and manages tailored funds and vehicles to an agreed investment strategy depending on investor risk appetite and asset allocation preference.

CVC Credit Partners maintains a conservative approach to managing credit assets. The European market is largely a private market with detailed due diligence and documentation, in contrast to the highly liquid ‘public’ US market. CVC Credit Partners Funds have committed finance and equity in place which allows protection against market price movements and the forced sale of assets. The

Funds managed by the firms invest in senior, subordinated, secondary and primary loans; bonds; structured credit, PIK and equity.

The mandates CVC Credit Partners has with its Funds do not require us to interact with the management of such companies. On this basis, and one of the reasons that the firms do not adopt all of the Principles of the Code is that, Credit Partners does not have:

-) powers of intervention or escalation against the management of a company
-) voting rights to influence the management of a company or
-) have the ability to act collectively with other investors

Broad Application of the Principles

Therefore, although as stated above, CVC Credit Partners does not formally commit to all 7 Principles of the Code certain aspects of the Code are crucial to its business activity.

Managing Conflicts of Interest

The firms have a formal Conflicts Policy which is available from our Compliance Officers upon request. The firms are authorised and regulated by the Financial Services Authority in the UK. It has separate personnel and offices from the wider CVC Group and operates a strict arm's length approach to all investments, including CVC owned portfolio companies, in order to avoid any conflict issues which may arise.

Monitoring of assets

The monitoring of assets within the Funds is a key part to the day to day activities of the firms. The group's investment philosophy is based on a disciplined and robust investment process. CVC Credit Partners undertakes a highly proactive approach to sourcing investment opportunities, strong fundamental research and credit analysis, and active portfolio management. The teams are able to build, substitute, diversify and balance portfolios across sectors, geographies and sponsors to suit different investor strategies.

CVC Credit Partners strong relationships with leveraged finance banks, top-tier sponsors and credit asset managers enables us to be highly selective and focus on investments with resilient cash-flows, defensible market positions and strong documentation with a bias towards larger transactions. Investment success in the leveraged loan market requires disciplined asset selection skills to minimise defaults and potential capital impairment.

The team employs its investment and structuring experience coupled with market knowledge to complete a thorough qualitative and quantitative relative value analysis of potential assets. Investment decisions require unanimous Investment Committee consent.

This is supplemented by extensive monitoring of the individual investments, market relative value and the overall portfolio profile in order to maximise risk adjusted returns for all stakeholders. Assets are sourced from both primary transactions and the secondary market and, currently, CVC Credit Partners has a range of investments across over 60 portfolio companies.

Reporting

The information on fund performance statistics is published via the investor website available to all fund investors together with Manager Reports and analysis.

Contact Details:

If you have any questions regarding our approach to the Stewardship Code please contact our Compliance

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