

## QUOTED COMPANIES ALLIANCE CORPORATE GOVERNANCE CODE

### DOLPHIN CAPITAL INVESTORS LTD (the “Company” or “DCI”)

#### CORPORATE GOVERNANCE STATEMENT

(The information contained in this document was last reviewed on 14 September 2022)

##### Introduction from the Chairman

The Board of Dolphin Capital Investors Ltd fully endorses the importance of good corporate governance and applies the QCA Corporate Governance Code, published in April 2018 by the Quoted Companies Alliance (the “QCA Code”), which the Board believes to be the most appropriate recognised governance code for a company of the Company’s size with shares admitted to trading on the AIM market of the London Stock Exchange. This is a practical, outcome-oriented approach to corporate governance that is tailored for small and mid-size quoted companies in the UK and which provides the Company with the framework to help ensure that a strong level of governance is maintained.

As Chairman, I am responsible for leading an effective board, fostering a good corporate governance culture, maintaining open communications with the major shareholders and ensuring appropriate strategic focus and direction for the Company. The Board is also supported by a Nomination & Corporate Governance Committee comprising the Board’s independent Directors to help us to do that.

Notwithstanding the Board’s commitment to applying the QCA Code, we will not seek to comply with the QCA Code where strict compliance in the future would be contrary to the primary objective of delivering value for our shareholders. However, we do consider that following the QCA Code, and a framework of sound corporate governance and an ethical culture, is conducive to value creation for shareholders.

All members of the Board believe strongly in the importance of good corporate governance to assist in achieving objectives and in accountability to our shareholders. In the statements that follow, the Company explains its approach to governance in more detail.

The QCA Code identifies 10 broad principles that are considered appropriate arrangements and asks companies to disclose how the companies apply each principle. Our compliance with these 10 principles is set out below.

##### **Principle 1: Establish a strategy and business model which promote long-term value for shareholders**

The Company’s investment policy is to realize all its portfolio assets in a controlled, orderly and timely manner. The strategy of the Group, which was approved by the Company’s shareholders in an Extraordinary General Meeting held on 22 December 2021 (the “EGM”), is set out in detail in the EGM circular dated 2 December 2021 (the “Circular”), specifically the investing policy and realisation strategy is defined in paragraph 4 of Part 1 and the investment management agreement is defined in paragraph 5 in the Circular.

The Circular is available to view at: [https://www.dolphinci.com/wp-content/uploads/211202\\_DCI-circular.pdf](https://www.dolphinci.com/wp-content/uploads/211202_DCI-circular.pdf)

The Company strategy is shaped and formulated by the Board of Directors of the Company (the “Board” or the “Directors”) in regular discussions with Dolphin Capital Partners Limited (“DCP” or the “Investment Manager”). The Company’s assets are managed by DCP ([www.dolphincp.com](http://www.dolphincp.com)), an investment management company incorporated in February 2005. Full details of the

Investment Manager's remuneration arrangements and the terms and conditions of service are set out in the Circular.

The Board is the Company's decision-making body, approving or disapproving each investment and divestment proposed by the Investment Manager. The Board is responsible for acquisitions and divestments, major capital expenditures and focuses upon the Company's objectives, strategic direction, and distributions policy. The Investment Manager is responsible for implementing this strategy and for generally managing and developing the business. Changes in strategy require approval from the Board.

The key challenges and risks that the Group strategy presents relate to the fact that most of the Company's investments are illiquid, and there can be no assurance that the Company will be able to realise financial returns on such investments in a timely manner. Other risks include those associated with general economic climate, local real estate conditions, changes in supply of, or demand for, competing properties in an area, energy and supply shortages, various uninsured or uninsurable risks. As a result, a downturn in the real estate sector or the materialisation of any one or a combination of the aforementioned risks could materially adversely affect the Company and the implementation of the investment policy.

In order to mitigate the above risks, the Board and DCP, working with the Company's advisers, will continue to explore the best manner in which the divestment of the Company's portfolio can be achieved on an asset by asset basis, in the light of prevailing market conditions and circumstances, in order to maximise returns to shareholders. Moreover, in order to preserve the financial resources of the Company, the allocation of any additional capital investment into any of the Company's projects will be substantially sourced from joint venture agreements with third party capital providers and project level debt and with the sole objective of enhancing the respective asset's realisation potential and value.

**Principle 2: Seek to understand and meet shareholder needs and expectations**

The Company is committed to engaging and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. All Board members have responsibility for shareholder liaison but queries are primarily delegated to the Company's advisors or Investment Manager in the first instance or to the Company's Chairman.

Contact details for the Company's advisors are contained on the Company's website under:  
<https://www.dolphinci.com/investorrelations/advisers> .

Additionally, shareholders can get in touch via the Company's web based platform (<http://www.dolphinci.com/contact-us/>) or by sending an e-mail to [press@dolphincp.com](mailto:press@dolphincp.com) or to the Company's administrator, FIM Capital Limited ("FIM") at [corporate.governance@fim.co.im](mailto:corporate.governance@fim.co.im)

The Board, together with the Investment Manager, are responsible for implementing the strategy that was approved by the shareholders at the EGM.

Throughout the year, the Board has regular dialogue with institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM Rules, MAR and requirements of the relevant legislation. Twice a year, at the time of announcing the Group's half and full-year results, the Company schedules a round of visits and investor calls with its shareholders to update them on developments and to receive feedback and suggestions from them.

Commencing in 2022, the Company will hold an Annual General Meeting each year ("AGM"). This will provide investors the opportunity to enter into dialogue with the Board and for the Board to receive feedback and take action if and when necessary. The results of the AGM will be subsequently announced via RNS and published on the Company's website. Feedback from, and engagement with, substantial shareholders has historically been successful in ensuring, for example, material transactions are suitably structured with shareholder considerations in mind.

**Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

Corporate social responsibility (“CSR”) is a cornerstone of the Company’s culture. The Board is responsible for the social and ethical frameworks at DCI and the Company is committed to transparency with its approach and business and welcomes interaction with all stakeholders and the local communities.

The Board is aware that engaging with its stakeholders strengthens relationships, assists the Board in making better business decisions and ultimately promotes the long-term success of the Company. The Group’s stakeholders include shareholders, members of staff of underlying companies and of Advisors and other service providers, suppliers, auditors, lenders, regulators, industry bodies and the communities surrounding the locations of its investments. DCI is an externally managed company and does not itself employ full time personnel.

The Board as a whole is responsible for reviewing and monitoring the parties contracted to the Company, including their service terms and conditions. The Audit Committee supports Board decisions by considering and monitoring the risks of the Company.

The Board is regularly updated on wider stakeholder views and issues concerning its projects, both formally at Board meetings and informally through ad hoc updates. Representatives involved with the investment portfolio are invited to join Board meetings and provide a report to the Board. Engagement in this manner enables the Board to receive feedback and better equips them to make decisions affecting the business.

The goal is to deliver value for our stakeholders while in parallel to contribute in meaningful ways to the local economies, societies, and environments where DCI invests.

The Company’s Corporate Social Responsibility statement can be viewed on it’s website at:  
<https://www.dolphinci.com/corporate-social-responsibility>.

**Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

Ultimate responsibility for the process by which risk in the business is managed rests with the Board. The Investment Manager is required to enforce the risk management framework adopted by the Company and report its effectiveness to the Board. The respective risks and processes to implement risk management are reviewed bi-annually.

The principal risks and uncertainties facing the Group, as well as mitigating actions, are set out in the 2021 Annual Report. These risks are reviewed by the Audit Committee, whose role is to provide oversight of the financial reporting process, the audit process, the system of internal controls, overall compliance with laws and regulations and review the budgetary process. The Audit Committee is chaired by Nicholas Paris and its other member is Nicolai Huls.

The Company’s Directors and Investment Manager comply with Rule 21 of the AIM Rules relating to directors’ and applicable employees’ dealings in the DCI’s securities. Accordingly, DCI has adopted an appropriate Share Dealing Code for Directors and applicable employees of the Investment Manager and the Investment Manager has also adopted a conflicts of interest policy.

The Company does not have an Investment Committee as, in accordance with its investment strategy, it is not proceeding into any investments into new projects or the acquisition of additional assets.

**Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair**

The Board has four members, comprising an independent non-executive Chairman and three non-executive directors of which 2 are independent. The Company has restrictions on the maximum length of service for Directors. At every annual general meeting any director:

- who has been appointed by the board since the previous annual general meeting;
- who held office at the time of the two preceding annual general meetings and who did not retire at either of them; or
- who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office and may offer himself for re-appointment by the members.

The Directors biographies are published on the Company's website at <https://www.dolphinci.com/about-us/board-members>.

The Board will continue to review its structure in order to provide what it considers to be an appropriate balance of experience and skills. Board meetings are held on a monthly basis, in person where possible, with additional meetings held as required.

All Directors receive regular and timely information regarding the operational and financial performance of the Company. Relevant information is circulated to the Directors in advance of the Board meetings. All Directors have direct access to the advice and services of the Company's advisors and are able to receive independent professional advice in the furtherance of their duties, if necessary, at DCI's expense.

Six formal Board meetings (including Board calls) were held in the period from 1 of July 2021 to 22 December 2021. A summary of Board and Committee meetings attended in the 6 months to 22 December 2021 is set out below:

Director	Board Meetings		Audit Committee		Nomination & Corporate Governance Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
Mr M Adams	6	6	-	-	1	1
Mr N Huls	6	6	2	2	1	1
Mr N Paris	6	6	2	2	1	1
Mr M Kambourides	6	6	-	-	-	-

**Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

The Directors skills are kept up to date by attending seminars, conferences and specialized courses from advisers as well as personal reading into the subjects of real estate management and development and corporate finance. The Directors also receive ad hoc guidance on certain matters, for example, the AIM Rules for Companies from the Company's Nominated Adviser as well as receiving updates on the regulatory environment from FIM, who provide specialist fund administration services to a variety of closed ended funds and collective investment schemes. The role and responsibilities of the Directors are set out in a Statement of

Directors' Responsibilities and the Terms of Reference of the Audit Committee are summarised at the end of this document.

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

**Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

Board meetings are held on a monthly basis at key geographical locations and DCI projects. As a result, the Board has the opportunity to meet the Investment Manager's team 'on the ground', which is helpful in developing their knowledge and understanding of the business operations.

To date, no independent Board evaluation process has been conducted by the Company as the Chairman believes that the Board performs effectively. Key strategic issues and risks are discussed in an open and forthright manner, with decisions being made based on the factual data available.

In future, Board evaluations will take place periodically, whereby Board members will be asked to complete and return an effectiveness questionnaire across a variety of criteria, then return these to FIM, who, where necessary, will seek clarification on any responses given. Responses will then be recorded anonymously to enable the Board to hold open follow-up discussions on the aggregated evaluation data.

The Board's periodic self-evaluations of performance will be based on externally determined guidelines appropriate to the composition of the Board and the Company's operation, including Board committees. The scope of the self-evaluation exercise will be re-assessed in each instance to ensure appropriate depth and coverage of the Board's activities consistent with corporate best practice.

The effectiveness questionnaire underlying the Board evaluation process assesses the composition, processes, behaviors and activities of the Board through a range of criteria, including the size and independence, mix of skills (for example corporate governance, financial, real estate industry and regulatory) and experience, and general corporate governance considerations in line with the QCA code.

All Board appointments have been made after consultation with advisers and, when appropriate, with major shareholders. Detailed due diligence is carried out on all new potential Board candidates. The Board will consider using external advisers to review and evaluate the effectiveness of the Board and Directors in future to supplement internal evaluation processes. Additionally, the Board will undertake formal and periodic succession planning.

The independent Directors have remained independent throughout their term of office.

When the Board undertakes a periodic evaluation process, the relevant materials and guidance in respect of this process, following current best practice at the time of the evaluation, is available from FIM.

**Principle 8: Promote a corporate culture that is based on ethical values and behaviors**

Throughout DCI, culture has significant impact on behaviors, risk management and ultimately performance. The Board is responsible for defining the desired culture, delegating the embedding of culture in operations to the Investment Manager and then overseeing and monitoring the result. The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Company's operations. An open culture is encouraged within the Company, with regular communications among shareholders.

The Board believes that if an organization wants to create a culture of ethical conduct, they must be sure that members have the tools that they need to do so. These include adequate and appropriate training, consultation, modeling and supervision. These tools also include being able to bring internal and external experts to the organization, to engage staff at all levels of training and problem solving as well.

The Company has made investments in projects that seek to make a contribution to the development of communities in which they are located. In planning its activities, the Board will give consideration to evaluating the social impact of proposed developments with a view to promoting where possible local employment and the delivery of other local benefits; and mitigating negative impacts to the extent possible.

The Company promotes and supports the rights and opportunities of all people to seek, obtain and hold employment without discrimination.

The Company is also committed to being honest and fair in all its dealings with partners, contractors and suppliers. Procedures are in place to ensure that any form of bribery or improper behavior is prevented from being conducted on the Company's behalf by investee companies, contractors and suppliers. Robust systems are in place to safeguard the Company's information entrusted to it by investee companies, contractors and suppliers, and seeks to ensure that it is never used improperly.

In order to comply with legislation or regulations aimed at the prevention of money laundering, the Company has adopted anti-money laundering and anti-bribery procedures.

**Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

A description of each board member and their experience is available on the website at <https://www.dolphinci.com/about-us/board-members>, and the role of the Company's committees are available at <https://www.dolphinci.com/about-us/committees>.

**Responsibilities of the Board**

The Board is responsible for the implementation of the investment policy of the Company and for its overall supervision. The Board is also responsible for the Company's day-to-day operations. In order to fulfil these obligations, the Board has delegated certain operational responsibilities to the Investment Manager, to FIM and to other service providers.

The Company has not established a remuneration committee as it is satisfied that any pertinent issues can be considered by the Board as a whole.

The Chairman is responsible for leading an effective Board, focusing the Directors' discussions on the key levers for value creation and risk management as well as the effective running of the Company, fostering a good corporate governance culture, maintaining open communications with the major shareholders and ensuring appropriate strategic focus and direction.

In addition to this, the Chairman is responsible for ensuring that all Directors are fully informed and qualified to take the required decisions.

For this purpose, non-executive directors spend time with the Investment Manager's executive management team between Board meetings, covering certain aspects of the business where they have special expertise.

The Board receives formal investment reports from the Investment Manager at monthly Board meetings, and receives management accounts, and compliance reports from FIM. The Board maintains regular contact with all its service providers and is kept fully informed of investment and financial controls and any other matters that should be brought to the attention of the Directors. The Directors also have access where necessary to independent professional advice at the expense of the Company.

In addition to these, the Directors review and approve the following matters:

- Strategy and management
- Policies and procedures
- Financial reporting and controls
- Capital structure
- Contracts
- Shareholder documents / Press announcements
- Adherence to Corporate Governance and best practice procedures

The Board has established the following Committees:

**Audit Committee:** The Audit Committee is chaired by Nick Paris and its other member is Nicolai Huls and it aims to meet at least three times a year.

The Audit Committee provides oversight and review of the financial reporting process, the audit process, the system of internal controls, the accounting policies, principles and practices underlying them, liaising with the external auditors and reviewing the effectiveness of internal controls, and overall compliance with laws and regulations and review the budgetary process.

**Nomination & Corporate Governance Committee:** The Corporate Governance Committee is chaired by Nicolai Huls and its other members are Martin Adams and Nick Paris. The Committee aims to meet at least twice annually.

The role of the Nomination & Corporate Governance Committee is to evaluate the Company's corporate governance policies and principles and recommend changes to the Board as necessary, and identify, evaluate and recommend to the Board qualified nominees for Board election.

The Directors have access to the advice and services of FIM, the Nominated Adviser, legal counsel, regulatory consultants and other experts where it is deemed appropriate. They can also seek independent external professional advice and any relevant training, as necessary.

**Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board is committed to maintaining an open dialogue with shareholders. Direct communication with shareholders is coordinated by the Chairman in consultation with the Investment Manager and the Company's advisers, as appropriate.

Throughout the year, the Board maintains a regular dialogue with institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM Rules, MAR and requirements of the relevant legislation.

The Company communicates with shareholders through the yearly Annual Report and Financial statements, Interim Report, the Annual General Meeting, and other AIM announcements. Investors are also able to contact the Directors and Company's advisers

directly at any time.

The Board believes that the Annual Report and the Interim Report play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published on the Company's website (<https://www.dolphinci.com/investor-relations/reports>).

If a significant proportion of independent votes were to be cast against a resolution at any general meeting, the Board's policy would be to engage with the shareholders concerned to understand the reasons behind the voting results. Following this process, the Board would make an appropriate public statement regarding any different action it has taken, or will take, as a result of the vote.

Details of the Directors' remuneration can be found in the Company's Annual Report & Financial Statements.