



FASANARA CAPITAL

Fasanara Capital Statement on the UK Stewardship Code

Introduction

The Financial Reporting Council (FRC)'s UK Stewardship Code 2020 (Code) sets out good stewardship practice for asset managers, asset owners and service providers when engaging with investee companies.

The new Code replaces the version that has been in existence since 2012 and applies to reporting years beginning on or after 1st January 2020. Intended to set high expectations for practice, increase transparency and promote a market for effective stewardship, the main changes from the 2012 Code relates to a redefinition of stewardship, which is more holistic and includes accounting for environmental, social and governance (ESG) factors, the formal expansion of asset classes beyond UK listed equities, focus on purpose and governance as well as more detailed reporting expectations on activities and outcomes. With regards to asset managers, there are 12 principles covering purpose and governance, investment approach as well as engagement and exercising rights.

While the Code and reporting on its application are voluntary, there is a requirement from the Financial Conduct Authority (FCA) (Under Rule 2.2.3R of the FCA's Conduct of Business Sourcebook), for asset managers like Fasanara Capital Ltd ("Fasanara") to disclose whether or not they comply with the Code.

Fasanara's Position on the Code

Fasanara is a supporter of the principles of good stewardship and is committed to working towards compliance with the new Code. Since 2020, we have been more strategic in building out and strengthening our efforts to incorporate ESG factors into our investment practices, as we believe doing so can deliver better risk-adjusted returns for the investors in the funds we manage. We have practices in place to address this at the firm level as well as the fund level, which are detailed on our website (www.fasanara.com/ESG). This is a dynamic process with continuous improvement and application of best practice being made.

Whilst our current ESG investment management approach and practices are broadly in line with the spirit of the principles as set out in the Code, we recognise we will need to formalise some of our practices. Over the course of 2021 and beyond, we will be working towards this. The Statement we will publish by end of 2021 will provide more details of our efforts in this regard.



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It should be noted that some of stewardship mechanisms detailed in the Code such as proxy voting, is less applicable to Fasanara, given the asset classes we focus on. Beyond engagement with borrowers, Fasanara believes in engagement with a broader set of stakeholders and in the value of collaborative efforts to promote and encourage more effective stewardship.

CONTACT DETAILS

For more information about ESG investment management at Fasanara, please contact: investors@fasanara.com

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