

## **MODERN SLAVERY STATEMENT**

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 as amended from time to time (“**Act**”) and similar legislation enacted in other applicable jurisdictions. It constitutes the Slavery and Human Trafficking Statement (“**Statement**”) for the financial year ending 31 March 2023 for Fasanara Capital Ltd (“**Fasanara**”). The Statement outlines Fasanara’s policy, approach, and status in relation to the Act and similar legislation enacted in other applicable jurisdictions and will be reviewed annually and updated where necessary to reflect changes in circumstances and actual practice.

### **BUSINESS AND ORGANISATIONAL STRUCTURE:**

Fasanara is an independent, owner-managed alternative asset management company authorized and regulated by the Financial Conduct Authority. Co-founded by CEO Francesco Filia in 2011, Fasanara is headquartered in the United Kingdom with alliance offices in Italy and Albania.

As of 31 March 2023, Fasanara has approximately USD 4 billion in assets under management - primarily from institutional investors.

### **VALUES:**

Fasanara is committed to respecting human rights in all its operations and external business interactions. It is the policy of Fasanara not to tolerate slavery and human trafficking practices within its business and supply chains as well as the business and supply chains of the investment funds it manages (the “**Fasanara Funds**”). Fasanara, in its capacity as delegated investment manager, will take appropriate and reasonable measures to minimise the risk of this taking place.

### **FASANARA’S RISK EXPOSURE TO SLAVERY AND HUMAN TRAFFICKING:**

Fasanara seeks to implement an appropriate risk-based approach to minimise the risk of slave labour. This includes consideration of supply chains and, for the Fasanara Funds, its investment portfolios. Whilst it is acknowledged that risk factors are present in all global supply chains and across all sectors, it is believed that Fasanara’s direct risk exposure to slavery, human trafficking and forced labour is low in relative terms given the nature of the business undertaken (asset management services) and the skillset required (mainly skilled labour). This is as compared with other sectors or characteristics of supply chains which are considered ‘high-risk’. Where there is a potential risk, we consider this is potentially more likely to be indirect via the investment chains of the Fasanara Funds. However, Fasanara will endeavour to include appropriate risk assessments / actions designed to minimise the risk of slave labour within their employment, supply chain and investment management practices.

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The below details the scope of potential risk areas that Fasanara will seek to manage, outlining what is existing and what is planned over the course of the next year.

**Directly:** This could potentially be the risk of employing a trafficked or exploited person within the business or through a subcontractor or recruitment agency. Fasanara staff are already protected by relevant laws and regulations, which are fully reflected in the firm's policies and procedures. Contractors and consultants utilised by Fasanara carry out highly skilled activities and are therefore deemed low risk. The Fasanara Funds have no staff or contractors, only a Board of Directors.

**Indirectly:** This could be through the supply chain (through illegal subcontracting or through use of products and materials which have been produced by people under conditions of forced labour) particularly in relation to certain sectors (e.g. manufacturing and agriculture) and emerging markets in which via the Fasanara Funds' investment activities are invested, which represent a higher risk from a modern slavery perspective. We remain committed to addressing these risks, through the steps which are set out below.

## **FASANARA'S SUPPLY CHAIN:**

Fasanara reviews its key suppliers, providing services supporting its investment management activities.

Fasanara expects its suppliers to operate ethically and to treat their workers with dignity and respect. Where suppliers may use casual labour, Fasanara obtains assurance from them regarding their compliance with the Act and their measures to avoid modern slavery and human trafficking practices.

Fasanara performs a risk-based review of its third-party service providers to identify "high risk" providers based on three broad sets of criteria:

1. *Business Criticality* - includes an assessment of the availability of alternatives/substitutes and the level of difficulty of sourcing these alternatives/substitutes;
2. *Applicability to the Modern Slavery Act* - looks at whether the supplier/vendor will be subject to the Act or jurisdictional equivalent; and
3. *Slavery, Human Trafficking and Forced labour* - evaluates the nature and characteristics of the third-party organisation's business activities against 'high risk' industry sectors and business characteristics.

Fasanara's supply chain predominantly comprises professional service providers such as lawyers, tax consultants, accountants, and administrators, or business vendors such as information technology service providers and suppliers of office equipment. Given the nature of Fasanara's business, we believe our supply chain is low risk in respect of modern slavery and human trafficking.

The results of the 2023 assessment, showed that no service provider has been ranked as "high risk". The overall findings are as follows:

- Fasanara has exposure to third party service providers which utilise skilled labour
- All third-party service providers were categorised as "low risk".

Nevertheless, Fasanara continually seeks to improve its vendor and service provider due diligence processes, including by inquiring with respect to modern slavery and human trafficking. Fasanara queries providers on whether they have a modern slavery statement, and if so, ask them to provide a copy; whether they use, and have relevant due diligence measures in place to prevent the use of, child labour, forced labour or human trafficking; and whether they have had any allegations, fines or warnings with respect to modern slavery, forced labour, child labour and human trafficking.

## **Employment Risk:**

To the best of its knowledge, Fasanara is not in breach of employment legislation for any of the jurisdictions in which it operates.

We follow local labour laws and practices, and due to the nature of our business and our employees, we believe modern slavery risks are low with respect to our hiring of employees.

## **FASANARA FUNDS' SUPPLY CHAIN:**

This risk exposure would potentially be through the investment portfolios of the Fasanara Funds, as they may include debt exposure to debtors in sectors and markets (given the firm manages alternative credit strategies spanning all sectors and all regions globally), where this can be a high-risk issue.

- Responsible investing is a core tenet of Fasanara's investment philosophies. Since 2019, Fasanara has had an Environmental, Social & Governance (ESG) policy in place, which seeks to consider ESG investment risks as part of the investment process and manage this accordingly. This includes pre-investment screening and diligence of all material ESG risks and opportunities (including modern slavery and human trafficking) as well as post-investment active monitoring and engagement. Fasanara is a signatory to the United Nations Principles for Responsible Investment, the Women's Empowerment Principles, the Task Force on Climate-related Financial Disclosures, Climate Action 100+ and the Investor Agenda.
- Fasanara's ESG policy is approved by Fasanara's senior manager committee and applied across all of Fasanara's asset classes and investment strategies. The investment risk management framework is overseen by the Risk Committee, who work actively with the Risk Team, the Investments Team, the Analytics Team, the ESG Team and Legal & Compliance to share insights as well as build ongoing awareness, knowledge and understanding of material ESG risks associated with investments including with respect to modern slavery and human trafficking matters.
- No modern slavery anywhere in the supply chain (e.g child labour and forced labour) is included in Fasanara's ESG Exclusion List together with no human rights abuse (direct or indirect), and investment memos presented to the Risk Committee must contain a section dedicated to addressing responsible investment. An investment may be vetoed by the Risk Committee based on ESG grounds. Post-investment, the Analytics Team monitors human rights issues such as slavery and human trafficking using both traditional and non-traditional forms of ESG data to consider whether the risks of human rights issues such as slavery and human trafficking in the portfolio have increased or decreased.

**Investment Risk:**

Whilst Fasanara has developed a risk management framework in place, Fasanara cannot rule out that at any point in time, one or more of the investment portfolios which it manages may have exposure to companies engaged in slave labour practices given the absolute number of positions in each of the Fasanara Funds that Fasanara manages exposure to.

**STAFF AWARENESS:**

To ensure an understanding of the risks of slavery and human trafficking in Fasanara's business and supply chains, Fasanara provides training to employees firmwide on modern slavery and human trafficking. Fasanara seeks to ensure that employees are trained to identify, and know how to report and escalate, potential exposures relating to internal operations, supply chains or investments.

Fasanara's Compliance Manual describes the standards of behaviour expected of our employees, including the maintenance of high ethical standards. Fasanara also has a separate Whistleblower Policy relating to the reporting and investigation of any improper or illegal activity, and it strictly prohibits any retaliation, unfavourable or adverse employment consequences, and any form of harassment against whistleblowers. The Compliance Manual and Whistleblower Policy are reviewed and updated annually.

**IMPLEMENTATION:**

Fasanara's Chief Operating Officer has been appointed as the officer responsible for the overall implementation and regular review of this Statement. However, we regard all our employees as involved in and committed to acting in a manner consistent with this Statement.

The Statement is approved by the Board of Directors of Fasanara and is publicly available on Fasanara's corporate website: [www.fasanara.com/esg](http://www.fasanara.com/esg).

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