

SHAREHOLDER RIGHTS DIRECTIVE

As part of the EU Sustainability Action Plan and the Sustainable Finance initiative, the revised Directive 2007/36/EC (the “Shareholder Rights Directive” or “SRD II”) introduces new requirements on asset managers to establish a policy regarding its shareholder engagement, and to enhance the transparency available to certain institutional investors, and to the market more broadly.

The UK Financial Conduct Authority published its final rule amendments on 31 May 2019, and the changes come into effect on 10 June 2019.

As a result of the short notice, the FCA has indicated that firms can comply with the relevant requirements by, in the short term, explaining what it is doing to develop its shareholder engagement policy. Their Policy Statement states: *This means that asset managers and life insurers will have to publish their engagement policy, or explain why they have not done so, by 10 June 2019. However, we recognise that the rules come into effect quickly after publication. So, for an initial period, a firm can comply with the relevant rule by explaining what it is doing to develop an engagement policy. This may include, for example, simply explaining that it is developing one, or considering whether or not to have one.*

Shareholder Engagement Policy

Parvus regularly engages with the management of the companies in which the funds are invested, through correspondence, telephone calls and meetings. The fundamental research undertaken by Parvus enables us to express views and opinions on the activities, strategy and performance of such companies, and to use our shareholding vote to emphasise those views. When we perceive an issue we may choose to escalate our views, which may include public statements and motions for general meetings. To the extent permitted, we may engage with other shareholders and stakeholders to explain our position.

We maintain records of our voting practices, and will be making the required disclosures at the appropriate time.

In the meanwhile, Parvus will be considering the Directive in more detail, and the way in which the FCA has implemented it in its *Policy Statement PS19/13: Feedback and final rules on the proposals to promote shareholder engagement*, and this policy will be updated in due course.