



## STATEMENT OF COMPLIANCE WITH THE UK STEWARDSHIP CODE

Reference: <https://www.frc.org.uk/investors/uk-stewardship-code>

The UK Stewardship Code 2020 (the “Code”) sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. The Code was first published in July 2010 following the Walker Review, revised in September 2012 and revised again in January 2020.

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. The Code applies to:

- **Asset owners** such as pension schemes, insurers, foundations, endowments, local government pension pools and sovereign wealth funds.
- **Asset managers** who manage assets on behalf of UK clients or invest in UK assets.
- **Service providers** such as investment consultants, proxy advisors, data and research providers that support asset owners and asset managers to exercise their stewardship responsibilities.

The Code comprises a set of 12 ‘apply and explain’ Principles for asset managers and asset owners, and a separate set of 6 Principles for service providers.

Stewardship activities include monitoring assets and service providers, engaging issuers and holding them to account on material issues, and publicly reporting on the outcomes of these activities. The Code asks asset managers to explain how they have exercised stewardship across asset classes including listed equity, fixed income, private equity, infrastructure investments, and in relation to investments in or outside the UK.

FCA-regulated firms that are required under the [Conduct of Business Sourcebook \(COBS\) Rule 2.2.3](#) to explain the nature of their commitment to the Stewardship Code or, where it does not commit to the Code, its alternative investment strategy.

Stoneware Capital LLP (“Stoneware” or the “Firm”) recognises the responsibilities that come with share ownership. We treat votes, and the influence these give us on behalf of our clients, as valuable assets and act accordingly in exercising them. The size of our clients' shareholding and the materiality of any issue will determine the level of engagement we undertake.

As a firm with a relatively small size of assets under management, we are not a signatory to the Code; we are inevitably unable to influence the management of our larger investee companies in the same way that a much larger investor can do so, however we make every effort to participate and vote on issues which could materially affect the value of one of our investments, especially during corporate actions. Engagement with corporate management of smaller, private companies is easier and can be especially effective for those companies which value our team’s experience.

Although the Firm is not a signatory to the Code, we make every effort to abide by the Code and further information about specific actions or policies is available on request.

The table below shows how the Principles are grouped into categories:

<b>Principles for Asset Owners and Asset Managers</b>	<b>Principles for Service Providers</b>
<b>Purpose and governance</b>	1. Purpose, strategy and culture
1. Purpose, strategy and culture	2. Governance, resources and incentives
2. Governance, resources and incentives	3. Conflicts of interest
3. Conflicts of interest	4. Promoting well-functioning markets
4. Promoting well-functioning markets	5. Supporting client’s stewardship
5. Review and assurance	6. Review and assurance
<b>Investment approach</b>	
6. Client and beneficiary needs	
7. Stewardship, investment and ESG integration	
8. Monitoring managers and service providers	
<b>Engagement</b>	
9. Engagement	
10. Collaboration	
11. Escalation	
<b>Exercising rights and responsibilities</b>	
12. Exercising rights and responsibilities	

**The 12 Principles, which apply to signatories to the Code, are summarised further below:**

- Principle 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
- Principle 2: Signatories' governance, resources and incentives support stewardship.
- Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
- Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
- Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.
- Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
- Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
- Principle 8: Signatories monitor and hold to account managers and/or service providers.
- Principle 9: Signatories engage with issuers to maintain or enhance the value of assets.
- Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.
- Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.
- Principle 12: Signatories actively exercise their rights and responsibilities.

The complete Code is available on the website of the Financial Reporting Council here:  
<https://www.frc.org.uk/investors/uk-stewardship-code>

Dated: 14<sup>th</sup> June 2021