

## Stewardship Code and Shareholder Engagement Disclosures

### Introduction

Shikuma Capital Limited (“Shikuma” or “the Firm”) is an investment management firm authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (“UK”). In accordance with COBS 2.2.3R of the FCA’s Handbook of Guidance and Rules, as a firm managing investments for a professional client (that is not a natural person), Shikuma must disclose clearly on its website, or if it does not have a website in another accessible form:

1. the nature of its commitment to the Financial Reporting Council’s Stewardship Code; or
2. where it does not commit to the Code, its alternative investment strategy.

In addition, in accordance with COBS 2.2B of the FCA’s Handbook of Guidance and Rules, as a full-scope UK AIFM<sup>1</sup> that invests (or can invest) on behalf of investors in shares traded on a regulated market<sup>2</sup>, Shikuma must:

1. (a) develop and publicly disclose an engagement policy that describes how the Firm:
  - i. integrates shareholder engagement in its investment strategy;
  - ii. monitors investee companies on relevant matters, including:
    - strategy;
    - financial and non-financial performance and risk;
    - capital structure; and
    - social and environmental impact and corporate governance;
  - iii. conducts dialogue with investee companies;
  - iv. exercises voting rights and other rights attached to shares;
  - v. cooperates with other shareholders;
  - vi. communicates with relevant stakeholders of the investee companies; and
  - vii. manages actual and potential conflicts of interests in relation to the firm’s engagement; and(b) publicly disclose on an annual basis how its engagement policy has been implemented including a general description of voting behaviour, an explanation of the most significant votes and reporting on the use of the services of proxy advisors. With the exception of votes that are insignificant due to the subject matter of the vote or the size of the holding in the company, the Firm must publicly disclose how it has cast votes in the general meetings of companies in which it holds shares; **or**
2. publicly disclose a clear and reasoned explanation of why it has chosen not to comply with the requirement to develop and publicly disclose an engagement policy and/or to publicly disclose on an annual basis how its engagement policy has been implemented.

This document, which is made publicly available on Shikuma’s website, sets out the nature of Shikuma’s approach to stewardship as well as the Firm’s approach to shareholder engagement.

### The Financial Reporting Council’s Stewardship Code and Shikuma’s approach

The Stewardship Code is designed to enhance the quality of engagement between institutional investors and UK-listed companies to help improve the long-term, risk-adjusted returns to shareholders. The Stewardship Code sets out a number of areas of good practice to which the Financial Reporting Council believes institutional investors should aspire. The Stewardship Code consists of seven principles which are designed to protect and enhance the value that accrues to the ultimate beneficiary.

The seven principles state that institutional investors should:

1. publicly disclose their policy on how they will discharge their stewardship responsibilities;
2. have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed;
3. monitor their investee companies;
4. establish clear guidelines on when and how they will escalate their stewardship activities;
5. be willing to act collectively with other investors where appropriate;
6. have a clear policy on voting and disclosure of voting activity; and
7. report periodically on their stewardship and voting activities.

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<sup>1</sup> Alternative Investment Fund Manager

<sup>2</sup> For the purposes of the Shareholder Rights Directive, a regulated market includes EEA regulated markets and any markets situated outside the EEA States which are characterised by the fact that (a) it meets comparable requirements to those of EEA regulated markets and (b) the financial instruments dealt in are of a quality comparable to those in a regulated market in the EEA.

The Stewardship Code is not a rigid set of rules; rather, it consists of principles and guidance. Adherence to the UK Stewardship Code is voluntary and should be applied on a “comply or explain” basis.

While Shikuma fully supports the concept of good stewardship and supports the principles that underlie the Stewardship Code, it has chosen not to commit to the Stewardship Code. Shikuma employs a global macro investment strategy and, typically, does not invest in single-name UK-listed securities. Therefore, the Stewardship Code is not currently relevant to Shikuma’s business activities.

#### **The Shareholder Rights Directive (“SRD”) and Shikuma’s approach**

The SRD includes a requirement for asset managers who invest in shares traded on regulated markets to disclose and make publicly available their policies on how they engage with the companies they invest in and how their strategies create long-term value. Alternatively, where an asset manager has chosen not to comply with the SRD’s disclosure requirement, that asset manager must provide a clear and reasoned explanation as to why they have chosen not to comply with the SRD’s disclosure requirement. As such, the SRD applies on a “comply or explain” basis.

Shikuma has chosen not to comply with the requirement to develop and publicly disclose an engagement policy and/or to publicly disclose on an annual basis how its engagement policy has been implemented. Shikuma employs a global macro investment strategy and, typically, does not invest in single-name EEA-listed (or comparable non-EEA listed) securities. Therefore, the SRD is not currently relevant to Shikuma’s business activities.