

Shareholder Rights Directive (SRD II)

SRD II aims to promote effective stewardship and long-term investment decision making, in respect of shares traded on EEA regulated markets and comparable regulated markets outside the EEA. It came into effect on 10 June 2019.

The rules require asset managers, who invest in shares traded on a regulated market detailed above, to:

- Publish their shareholder engagement policy (or explain why they don't have one) – COBS 2.2B.5R.
- Make annual public disclosures relating to the implementation of their shareholder engagement policy, from 10 June 2020 – COBS 2.2B.5R.
- Make disclosures to asset owners, including how their investment strategies contribute to the medium to long term performance of their assets – COBS 2.2B.9R.

Kola provides discretionary investment management services to a variety of clients, including institutional investors.

Under COBS 2.2B.5R of the FCA Handbook we are required to publish our shareholder engagement policy together with an annual public disclosure in relation to our implementation of this policy on our website.

Kola's shareholder engagement policy can be found at the following link (*insert link to policy*), this policy is reviewed at least annually to ensure that it continues to reflect [Firm Name]'s approach to shareholder engagement.

Shareholder engagement policy

Background

As a UK Asset Manager investing in shares traded on EEA regulated markets and comparable markets outside of the EEA, Kola Capital LLP (“Kola”) is required to develop and publicly disclose a policy on shareholder engagement, in line with the FCA’s implementation of the European Union’s Second Shareholders’ Rights Directive or SRD II. The aim of SRD II is to promote effective stewardship and long term investment decision making. The policy is required to describe how and to what extent Kola:

- Integrates shareholder engagement in its investment strategy;
- Monitors investee companies;
- Conducts dialogues with investee companies;
- Exercises voting rights;
- Co-operates with other shareholders and stakeholders of investee companies;
- Communicates with relevant stakeholders of investee companies;
- Manages conflicts of interest.

Annual disclosure of policy implementation

We are required to disclose publicly once a year how our Shareholder Engagement Policy has been implemented. This disclosure should include:

- a general description of voting behaviour;
- an explanation of the most significant votes;
- an explanation of any use of the services of proxy advisors;
- information on how votes on shares of investee companies have been cast.

Kola will not disclose how votes have been cast where the subject matter of the vote is insignificant or where its holding in the investee company is insignificant.

Policy

Kola invests in some listed investments and in respect of these investments it will only be a small shareholder (less than 0.5%)

Decisions on investments will be made on their investment fundamentals and due to the small size of the shareholdings direct engagement with the company will not be possible but Kola will have regard to

- Governance and excessive remuneration
- Adverse media coverage of the company or its directors
- The company’s ESG record to the extent that this is publicly available

This will be monitored on an ongoing basis through the use of alerts and studying publicly available documents. Given our small shareholding we do not expect dialogues with investee companies.

We will cooperate and communicate where possible with other shareholders of investee companies but do not expect this to be frequent due to the size of our holdings.

Voting record

It has been decided that a specific record of voting will be made only where our shareholding across all accounts exceeds 0.5% of the issued capital of the company. Decisions on voting in these situations will be made by the investment manager and this will be reviewed by the compliance officer.

In respect of votes where the Firm holds less than 0.5% of the issues equity this can be decided by the investment manager.

When making the decision on the vote the Firm will be take the following as detailed above into consideration

- Governance and excessive remuneration
- Adverse media coverage of the company or its directors
- The company's ESG record to the extent that this is publicly available

Conflicts

We maintain a Conflicts of Interest Policy which is available on our website. The purpose of the policy is to ensure that Kola remains conscious of our responsibility to always act in the best interests of its clients and to be aware of any potential conflicts that may arise. This policy is supported by:

- Our simple business model (long only liquid securities)
- Our Personal Account Dealing Policy. This prohibits employees and connected persons from dealing in any security that falls into Kola's investment universe for their own account.
- A ban on dealing in investments for our own account. We only invest on behalf of our clients.
- An annual review of our Conflicts of Interest Policy by our Compliance Officer