

## Parus Finance (UK) Limited Shareholder Rights Directive II (“SRD II”)

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### Introduction

SRD II aims to improve stewardship and corporate governance by firms including **full scope** Alternative Investment Fund Managers that invest in shares traded on a regulated market in the EEA as well as ‘comparable’ markets situated outside of the EEA. Under FCA [COBS 2.2.B.5R](#), we are required to:

- a) develop and publicly disclose an engagement policy that meets the requirements of COBS 2.2B.6R; and
- b) publicly disclose on an annual basis how our engagement policy has been implemented in a way that meets the requirements of COBS 2.2B.7R; or
- c) publicly disclose why we have chosen not to comply.

The engagement policy must describe how a firm:

- 1) integrates shareholder engagement in its investment strategy;
- 2) monitors investee companies on relevant matters, including:
  - a) strategy;
  - b) financial and non-financial performance and risk;
  - c) Capital structure; and
  - d) social and environmental impact and corporate governance;
- 3) conducts dialogues with investee companies;
- 4) exercises voting rights and other rights attached to shares;
- 5) cooperates with other shareholders;
- 6) communicates with relevant stakeholders of the investee companies; and
- 7) manages actual and potential conflicts of interests in relation to the firm’s engagement.

On an annual basis, the firm must disclose a general description of voting behaviour, an explanation of the most significant votes and reporting on the use of services of proxy advisors. The disclosure must include how votes have been cast unless they are insignificant due to the subject matter of the vote or to the size of the holding in the company.

Parus Finance believes firmly in the importance of effective stewardship and long-term decision making, involving transparency of engagement policies between institutional investors and the investee companies.

Parus Finance is currently in the process of developing an engagement policy.