



## **UK Stewardship Code Disclosure Statement**

- 1. Statement of policy on the discharge of stewardship responsibilities and the monitoring of investee companies (Principles 1, 3 and 4)**
- 2. Voting policy and disclosure of voting activity (Principle 6)**
- 3. Intervention and collective action (Principles 4 and 5)**
- 4. Periodic reporting on stewardship and voting activities (Principle 7)**
- 5. Conflicts of Interest (Principle 2)**

## **Calculus Capital – UK Stewardship Code Disclosure**

The UK Stewardship Code was published by the Financial Reporting Council in July 2010 and updated in September 2012. The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The following note has been prepared to set out Calculus Capital's compliance with the Code, together with explanations for any areas of non-compliance.

### **Statement of policy on the discharge of stewardship responsibilities and the monitoring of investee companies (Principles 1, 3 and 4)**

Calculus Capital follows a disciplined investment approach, aiming to seek capital growth whilst managing risk and preserving initial capital. Central to this approach is the belief that successful, motivated management teams are one of the most important factors in delivering value for investors, and this is something we look for in all investment opportunities.

Once we make an investment in a company, we actively engage with its Board and communicate on a regular basis with management to ensure our expectations are met. We will engage on any issue with management that may materially impact upon the value of an investee company. In some cases, this may simply be to gain a better understanding of a proposed project or transaction.

We build strong interactive relationships with management, and monitor investee companies through regular meetings and dialogue with management teams, and, if deemed necessary, additional contact with the Chairman or non-executive directors.

In the case of an unquoted company, we may have direct board representation, or may appoint an appropriately qualified individual to represent our interests on the board. In the case of an investee company with a syndicate of venture capital investors, an investor director (as appointed by the syndicate) may sit on the board of the company to aid in the engagement and monitoring process. We believe that this ongoing engagement and monitoring process is an essential element of our investment strategy, and helps to identify potential problems at an early stage.

With most unquoted investee companies, we receive board and financial reports in advance of each investee company board meeting, and may attend in an observer capacity. We review information received and query issues privately with management as and when they arise.

We do not usually have board representation in the case of a quoted company. In such cases meetings are held between representatives of Calculus Capital and the management teams as part of the company's investor relations programme. We also pay close attention to market announcements, financial results and broker's research. As with unquoted companies, we would normally query issues privately with management as and when they arise.

Records are kept of all dialogue with investee companies, and in the case of our quoted holdings, we maintain an insider's register and record when we believe we are in possession of price sensitive information. Our Compliance Officer keeps this under continual review.

Engagement resources are directed according to the individual circumstances and potential impact of each case on shareholder value. The smaller the voting rights held in a particular company, the proportionately less resource will be directed to any engagement in recognition of our less significant influence over the company. However, collective shareholder engagement and/or action will be considered should it be deemed to be in the best interests of investors.

In relation to the UK Corporate Governance Code, we would expect to support any investee company which in our opinion meets the spirit of the Code. Where we believe a company does not comply with the spirit of the Code, and where the issue considered is material, we will consider explanations received and if necessary will engage further with the company or vote against any proposals.

### **Voting policy and disclosure of voting activity (Principle 6)**

Calculus Capital has a policy of looking at each individual voting opportunity and forming a decision on a case by case basis. Calculus Capital will attend General meetings and vote in person if our votes are required for the resolution to pass and we believe it is advantageous to shareholder value. Calculus Capital will normally be supportive of the management teams. However, we will vote against resolutions if we believe that the proposals are not in the best interests of investors, and would explain such reasoning in representations to the relevant management team.

Calculus Capital does not intend to publish its voting record in respect of any quoted holdings because Calculus Capital does not necessarily vote at every General Meeting but it does assess each vote on a case by case basis.

We do not intend to publish our voting record on privately held companies for reasons of confidentiality. Such information would not usually be within the public domain.

### **Intervention and collective action (Principles 4 and 5)**

As noted previously, any material issues of concern will normally be raised privately with the management team of an investee company. It is our experience that the majority of concerns can normally be resolved through dialogue with the relevant management team.

If our concerns were not resolved then the extent to which we would look to effect change would depend on the specific situation and the size of our holding in the company. We would take these factors into account when assessing the need for any collective shareholder action. Calculus Capital is willing to act collectively with other investors if deemed appropriate (and has done this in the past).

We may act by abstaining or voting against resolutions at general meetings and would additionally consider joint intervention with other significant shareholders, including meetings with the chairman or independent directors of an investee company and the proposal of shareholder resolutions. We may also propose changes to the board of an investee company.

### **Periodic reporting on stewardship and voting activities (Principle 7)**

Calculus Capital provides detailed and timely periodic investment manager reports to its clients, whether they are Venture Capital Trusts or private individuals investing in EIS Funds. These reports take varying forms, and may be for the use of the board of Directors of a Venture Capital Trust or for inclusion in a set of annual financial statements or six monthly reports. It is not intended that these reports will include disclosure on voting activities but they will instead include any relevant financial information and commentaries on the commercial progress of each investee company within a portfolio, in so far as it is available for disclosure.

Calculus Capital does not currently intend to seek an independent audit opinion on its engagement and voting process.

### **Conflicts of Interest (Principle 2)**

Calculus Capital acknowledges its duty to act in the best interests of its investors when engaging with investee companies and considering voting intentions. However, there are specific instances in which a conflict of interest may arise and these are detailed below.

#### *Arrangement fees from investee companies*

Following an investment in an investee company, and in line with industry practice, Calculus Capital may receive an arrangement fee or a corporate finance fee from the company depending on the role it has undertaken. A conflict of interest may arise out of this.

In order to manage this potential conflict, all new investments, and the terms of these investments, must be approved by the Calculus Capital investment committee. The investment committee is chaired by John Glencross, who has over 20 years experience in the investment management industry. Any significant potential conflicts of interest will be referred to Ken Edwards, the Independent Director of Calculus Capital, who chairs the Audit Risk and Compliance Committee of the Board. In addition, for VCT investments, any conflict in this

regard will be resolved at the discretion of the independent directors, designated members and committees.

### *Co-investment policy*

A conflict of interest may arise where an investment opportunity presents itself that is suitable for several Calculus funds that are open for investment.

Calculus Capital has a co-investment policy between its various funds whereby investment allocations are generally offered to each party in proportion to its respective funds available for investment, subject to:

- (i) Priority being given to any of the funds in order to maintain their tax status;
- (ii) The time horizon of the investment opportunity being compatible with the exit strategy of each fund; and
- (iii) The risk/reward profile of the investment opportunity being compatible with the target return for each fund.

The terms of the investment may differ between the parties. In the event of any conflicts between the parties, the issues will be resolved at the discretion of the independent directors, designated members and committees.

Directors or employees of Calculus Capital (including family members) may co-invest on any VCT or EIS qualifying investment only with prior approval from the compliance consultant and only to the extent permitted by Calculus Capital's Policy on Personal Account Dealing.

### Contact

Natalie Evans  
*Financial Controller*  
[natalie@calculuscapital.com](mailto:natalie@calculuscapital.com)