**Whitebox Advisors London LLP**

**Stewardship Code, ESG & SRDII Disclosure**

**September 2024**

Stewardship Code 2020

Under Rule 2.2.3R of the FCA's Conduct of Business Sourcebook, Whitebox Advisors, London LLP (“Whitebox” or the "Firm") is required to include on this website a disclosure about the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Code") or, where it does not commit to the Code, its alternative investment strategy. The Code sets out a number of principles relating to engagement by asset managers or asset owners across all asset classes including, for example, listed equity, fixed income, private equity, infrastructure investment and in investments outside the UK.

The twelve principles of the Code for Asset owners and Asset Managers (in our case, Asset Managers) are as follows:

|  |  |
| --- | --- |
| **Purpose and Governance:** | **1. Purpose, strategy and culture**Asset Managers’ investment beliefs, strategy, and culture to facilitate long term value, via stewardship, for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. |
| **2. Governance, resources and incentives**Asset Managers’ governance, resources and incentives support stewardship. |
| **3. Conflicts of Interest**Asset Managers should manage conflicts of interest to put the best interests of clients and beneficiaries first. |
| **4. Promoting well-functioning markets**Asset Managers should identify and respond to market-wide and systemic risks to promote a well-functioning financial system. |
| **5. Review and assurance**Asset Managers should review their policies, assure their processes and assess the effectiveness of their activities. |
| **Investment Approach:** | **6. Client and beneficiary needs**Asset Managers should take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them. |
| **7. Stewardship, investment and ESG integration**Asset Managers should systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities. |
| **8. Monitoring managers and service providers**Asset Managers should monitor and hold to account third-party managers/proxy advisors/research or other service providers. |
| **Engagement:** | **9. Engagement**Asset Managers should engage with issuers to maintain or enhance the value of assets. |
| **10. Collaboration**Asset Managers, where necessary, should participate in collaborative engagement to influence issuers. |
| **11. Escalation**Asset Managers, where necessary, should escalate stewardship activities to influence issuers. |
| **Exercising rights and responsibilities:** | **12. Exercising rights and responsibilities**Asset Managers should actively exercise their rights and responsibilities across all asset classes. |

The Shareholder Rights Directive II (“SRDII”)

The Directive took effect in June 2019 and requires Firms that invest in shares that trade on an EU regulated market to develop and publicly disclose an engagement policy or publicly disclose a clear and reasoned explanation of why it has chosen not to comply with this requirement.

Environmental, Social and Governance Issues

We are monitoring the evolving guidance in the area of ESG and how this will apply to regulated financial services Firms like ours. The FCA’s Feedback Statement on ‘Climate Change and Green Finance’[[1]](#footnote-1) has indicated that the regulator may, in future, recommend that:

* Firms integrate consideration of material climate change risks and opportunities into the design and delivery of their products and services.
* Firms consider the FCA’s upcoming Policy Statement on Independent Governance Committees’ consideration of ESG factors.
* Investment and Risk decisions should take into account (where viable) long-term climate change considerations which may support a future zero emissions economy.
* Firms take account of “sustainable long-term value” of investments.
* Firms review, when finalised, the FCA’s measures to facilitate investment in “patient capital”.
* ESG disclosures relating to particular products and services (as set out in the EU Regulations on Sustainability disclosures[[2]](#footnote-2)) will be required.
* The FCA may engage with Firms suspected of “greenwashing”, with appropriate action being taken by the Regulator to prevent customers from being misled.

**Whitebox’s Approach**

The Firm pursues an investment strategy to which the aims of the Stewardship Code are not fully relevant. Therefore, the opportunities for stewardship engagement are limited. The Shareholder Rights Directive does not apply to Whitebox.

Consequently, while the Firm supports the general objectives that underlie the Code and the Directive, the provisions of the Code are not relevant to the type of activity currently undertaken by the Firm. If the Firm's investment strategy changes in such a manner that the provisions of the Code become relevant, the Firm will amend this disclosure accordingly.

For further information on the Firm’s approach please contact the Firm’s Compliance Officer, Sam Bennett at: SBennett@whiteboxadvisors.co.uk.

1. <https://www.fca.org.uk/publications/feedback-statements/fs19-6-climate-change-and-green-finance> [↑](#footnote-ref-1)
2. https://ec.europa.eu/finance/docs/level-2-measures/mifid-delegated-act-2018\_en.pdf [↑](#footnote-ref-2)