



## **Osmosis Investment Management Statement of Adherence to the UK Stewardship Code**

**November 2012**

A statement of seven principles was issued by the Financial Reporting Council ('FRC') in September 2012. The Code sets out best practice for engagement by institutional investors with the companies in which they invest. The seven principles of the Code are:

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

The FRC recognises that not all parts of the Code will be relevant to all institutional investors and that some institutions may judge some of the principles and guidance to be disproportionate. Additionally, we recognize that our systematic quantitative investment process poses certain challenges to adherence. However, Osmosis acknowledges the importance of its stewardship responsibilities towards its clients and participates as actively as is practical.

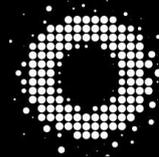
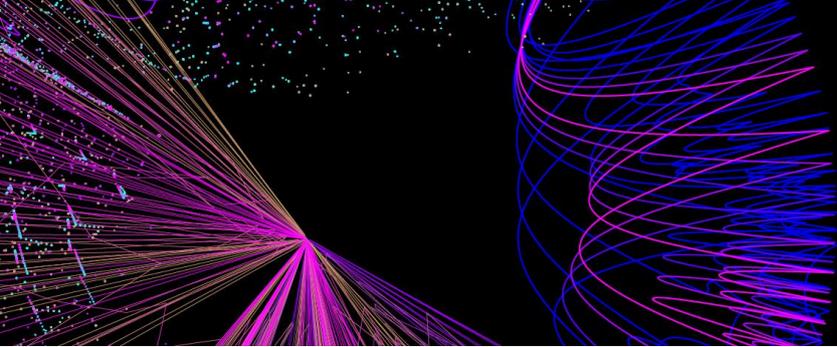
**Principle 1 - Stewardship policy:** As per the Code, a full and complete policy on Stewardship which includes examination of the strategy, performance, risk, capital structure and corporate governance, including culture and remuneration is a disproportionate exercise for Osmosis at the present time. Osmosis is concerned with investing exclusively in least resource intensive business, a characteristic which is associated with better governance as well as societal and environmental benefits.

Our current policy of engagement with investee companies is related specifically to understanding the behaviour of management that drives corporate governance and sustainability. As our business grows, we will examine the potential for expanding engagement into strategy, performance and risk.

**Principle 2 - Conflicts of interest:** As the firm is yet to actively engage in investee company policy, conflicts of interest are not yet an issue. Our policy is and will continue to be to act in a manner that best expresses and supports the investment philosophy of Osmosis.

**Principle 3 – Monitoring investee companies:** Osmosis continuously monitors individual constituent companies and potential strategy constituents. As part of this monitoring, Osmosis seeks to satisfy itself to the extent reasonably practical, that these companies provide sufficient disclosure of specific environmental information. The data required for analysis in and of itself requires a level of corporate governance above and beyond the average listed corporation. We will actively engage with potential investee companies when inconsistent, insufficient or ambiguous information is publicly disclosed.

**Principle 4 – Escalation:** Intervention with respect to strategy, performance, risk or capital structure is out with the current capability of the business at this point in time. Should an issue arise that creates a question over the disclosure, accuracy or validity of any environmental information provided by a constituent or potential constituent, Osmosis will engage directly escalate as appropriate until satisfied. In the case of an unresolved question, Osmosis will divest or remove the company from the selection pool until the question is resolved.



**osmosis**  
INVESTMENT MANAGEMENT

**Principle 5 – Acting collectively:** Osmosis is supportive of working with like-minded investment houses and does so through collaborative organisations like the UNPRI and the UKSIF. We also support organizations like the SASB and the IIRC in their efforts to bring greater order to public disclosure.

**Principle 6 – Voting:** The firm has decided that for the time being that proxy voting is a disproportionate exercise. The firm is committed to examine this stance on a regular basis and amend as is appropriate.

**Principle 7 – Reporting:** To the extent that Osmosis participates in stewardship activities, the firm is committed and shall report on the discharge of these activities in a public forum and on a regular basis.

**Osmosis Investment Management 36-38 Botolph Lane, London, EC4 8DE (Update September 2014)**