



Capstone Investment Advisors, LLC

Capstone Investment Advisors (UK), LLP

2023 Modern Slavery Statement





## 1. Introduction

This joint statement discloses the actions taken by Capstone Investment Advisors, LLC and Capstone Investment Advisors (UK), LLP (collectively, "Capstone", "we", "us" or "our") to address risks of modern slavery, forced labour, and human trafficking in our business and supply chains for the financial year ended 31 December 2023 (the "Reporting Period"). This statement is prepared to comply with the requirements of the United Kingdom *Modern Slavery Act 2015* and the Australian *Modern Slavery Act 2018 (Cth)*.

As an investment manager, our mission is to anticipate and harness the complexities of global derivatives markets to create unique opportunities for our clients, team, and industry. Our vision is to provoke the evolution of asset management through open and continuous collaboration.

We are committed to upholding our key values, which define who we are and how we operate. These key values include innovation, particularity, transparency, discipline and integrity.

In addition to these values, we are committed to respecting the human rights and the dignity of all people.

## 2. Our structure, operations and supply chains

### 2.1 Our structure and operations

Capstone is a global, alternative investment management firm, with approximately \$11.4 billion of assets under management as of 31 December 2023 and 260+ full-time employees, Capstone was established in 2004 and is headquartered in New York with offices in Amsterdam, Boston, London, Hong Kong, Los Angeles, Milan and Stamford.

Capstone Investment Advisors, LLC ("CIA LLC") is a registered investment adviser with the United States Securities and Exchange Commission (the "SEC"). CIA LLC has subsidiaries that operate in Europe, North America and Asia Pacific, as well as carrying on business in its own right in many jurisdictions. It holds ownership and management control of Capstone Investment Advisors (UK), LLP ("CIA UK"). CIA UK is a London-based subsidiary and serves as a sub-advisor to certain investment vehicles for which CIA LLC is the Investment Manager. CIA UK is authorized and regulated by the UK Financial Conduct Authority and is registered with the United States SEC as a relying investment adviser of Capstone. It is also a member of the NFA and registered with the CFTC as a Commodity Pool Operator.

Both CIA LLC and CIA UK are reporting entities for the purpose of this joint statement in the United Kingdom. Only CIA LLC is a reporting entity in Australia.

More information about Capstone can be found in Capstone's Form ADV Part 2A.

### 2.2 Supply chain

As a financial services business, our supply chains largely consist of the following categories:

- Technology infrastructure and services;
- Office infrastructure, rent and services;
- Professional services companies including legal and consulting firms and other financial institutions; and



- Travel services.

During the Reporting Period, Capstone had over 400 vendor and supplier relationships worldwide. The nature of our business means that our spend is highly concentrated. Like in previous years, our top fifteen vendors and suppliers accounted for approximately 50% of our overall spend during the Reporting Period. The composition of the top fifteen vendors largely remained unchanged from 2022.

Generally, our vendor relationships are stable and longer term. Most of our vendors are based in the United States, the United Kingdom or Europe and employ skilled labour in developed financial markets. We acknowledge that some of our vendors and suppliers, like those linked to technology infrastructure and travel services, are likely to have higher risks of modern slavery within their own supply chains.

## 3. Modern slavery risks in our operations and supply chains

### 3.1 In our operations

Most of our staff conduct highly skilled activities requiring post-secondary qualifications. Roles are performed in office-based contexts in countries considered low risk for modern slavery and human trafficking. The majority of Capstone's staff is based in the firm's New York City and London offices.

Capstone is focused on compliance with relevant employment legislation across our offices, including as such legislation relates to any form of modern slavery and human trafficking. We have internal policies that outline equitable standards for compensation, working conditions and fair and ethical treatment of all employees. For the reasons set out above, we consider the risk of modern slavery and human trafficking in our operations to be low.

In relation to our investment management business, we generally do not hold majority ownership or controlling interests in the investments we make. We do, however, recognize the potential for us to be linked to modern slavery via our investments.

### 3.2 In our supply chain

The risks of modern slavery and human trafficking in our first-tier supply chains relating to professional services is low, for largely the same reasons set out above in relation to Capstone's operations. An area of greater risk is likely to exist in relation to our procurement of non-core functions such as travel services, office cleaning, catering and building facilities services. As with all businesses, there is also modern slavery risk in the information technology and telecommunications hardware we use to operate, often deep within the supply chains of our suppliers.

We recognize that several of our direct vendors are likely to rely on global supply chains for the provision of goods and / or services provided to Capstone, which makes it challenging for us to have visibility across our supply chains beyond the first-tier.



## 4. Actions taken to assess and address modern slavery risks

### 4.1 In our operations

Upon hiring globally, all employees are required to provide evidence of working permissions. Human Resources also checks that Capstone employees are of legal working age and choosing to work of their own free will.

Capstone is committed to acting with fairness, honesty and integrity. Our Code of Ethics outlines the general principles that all employees are expected to uphold, including compliance with applicable laws and regulations including modern slavery laws. We encourage people to speak up if they become aware of potential misconduct, including modern slavery risks, and promote a culture in which everyone feels supported. Capstone's Whistleblower Policy details our grievance reporting process. Capstone has also made available confidential and anonymous reporting channels to all employees. During the Reporting Period, Capstone did not receive reports via the relevant reporting channels relating to modern slavery concerns.

Beginning in 2021, in certain limited investment strategies, Capstone added independent Environmental, Social, and Governance ("ESG") factors into the investment process. While considering these factors does not make those strategies ESG based, the factors are intended to provide additional information for the portfolio manager to use at such portfolio manager's discretion as part of the investment process.

During the client onboarding process, Capstone, with its fund administrator, will perform certain Anti-Money Laundering ("AML") and Know Your Client ("KYC") reviews that may result in enhanced due diligence or review.

### 4.2 In our supply chains

Capstone applies a materiality risk-based approach by seeking to understand where the risks of modern slavery and human trafficking are greatest and prioritizing accordingly in relation to our first-tier vendors and suppliers. In assessing our risk, we categorized our suppliers and vendors based on the following criteria:

- Amount of annual spend;
- Type of good and / or service provided;
- Industry / sector risk; and
- Location.

We expect all our vendors and suppliers to adhere to all applicable laws, including modern slavery laws, in conducting their businesses and to operate a fair and ethical workplace for their staff.

We conduct relevant due diligence when retaining new third-party service providers that are involved in Capstone's provision of investment advisory services or that have contact with clients or investors.



## 5. Approach to assessing the effectiveness of our actions

We seek to assess the effectiveness of our actions by tracking against the goals that we set for ourselves. This Modern Slavery Act Statement will be reviewed and updated, where necessary, annually. Updates to this Modern Slavery Act Statement will be communicated to our Management Committee and relevant Capstone employees.

In 2024, we will endeavour to progress our current modern slavery program, as detailed more fully in this Modern Slavery Statement.

## 6. Consultation and Approval

In preparing this Modern Slavery Statement, we engaged with representatives of the compliance function in each of the key jurisdictions in which Capstone operates, as well as relevant personnel overseeing procurement, legal and human resources matters with global responsibility. Accordingly, each of the reporting entities covered by this Statement and the entities that we own or control were consulted in the preparation of this Statement. Further, the reporting entities are all governed by Capstone's Management Committee and are subject to global policies and procedures.

This Statement was approved by Capstone's Management Committee, the principal governing body of CIA LLC and is signed by Mr. Paul Britton in his capacity as Capstone's Chief Executive Officer.

DocuSigned by:  
  
FE2BE9B29DF644B...

**Paul Britton**

Chief Executive Officer, Member of the Management Committee

Sole Managing Member of Capstone Investment Advisors, LLC

Sole Managing Member of Capstone Investment Advisors, LLC, as sole Managing Member of Capstone Investment Advisors (UK), LLP

14 June, 2024