

PIRC

**2020
STEWARDSHIP
REPORT**

**OCTOBER
2021**

REPORTING AGAINST
THE UK STEWARDSHIP CODE 2020

INDEX

Principle 1 p3

Principle 2 p6

Principle 3 p9

Principle 4 p11

Principle 5 p13

Principle 6 p16

Regulated by the Financial Conduct Authority

PIRC

**2020
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PRINCIPLE 1.

Signatories' purpose, strategy and culture enable them to promote effective stewardship.

PIRC's Origins

PIRC was the first proxy research firm established in the UK in 1986. Founded by representatives from 8 local authority pension funds, as a company limited by guarantee its first board of directors comprised Councillor Trustees from each of those authorities. It became a private limited company in 1988 and ownership was transferred to staff.

PIRC's original mission was to provide company research and policy analysis for its founding trustee pension funds, who sought to influence company behaviour through investor pressure. It was asked in 1991 by one of its founding funds to establish a forum for discussion and action on mutually recognized strategies to influence company behaviour. It did this by inviting a broader range of funds to join a new organization, which became the Local Authority Pension Fund Forum (LAPFF).

PIRC's staff and the vision of its founding trustee directors led to an innovative work programme that sought to organize pension funds into a leading group of investors to challenge financial orthodoxy within the capital markets. PIRC was not founded as a commercial company motivated by profit. It sought to represent a public service ethos and enable its pension fund clients to benefit from its research expertise. As a result, it was ideally placed to facilitate its client funds in their stewardship of capital.

Our Purpose

Created by shareholders for shareholders, PIRC's public service ethos continues to reside at the heart of its culture and manifests today in working closely with clients to understand their stewardship priorities, and to provide and develop services that support their rights as shareholders.

PIRC's first services comprised the provision of company research on corporate social responsibility issues (focused on the market-wide, geopolitical risk that was South Africa, environmental concerns and other social issues), investment strategy advice, and trustee training and education.

Subsequently adopting the private company structure that it retains today, with the share capital owned by the executive directors, and a board chaired by an independent non-executive chairman, PIRC's core purpose has not changed since its formation.

PIRC exists to shine a light on corporate behaviours, and to encourage change within the financial system by

supporting clients in the exercise of their fiduciary responsibilities to vote and engage with the companies in which they invest.

PIRC does this by providing a critical voice to the companies in which its clients invest, and to the regulatory and financial systems in which its clients are active owners - and by resourcing its research capability according to the shifting context in which stewardship plays out so as to continually influence the practice of responsible investing.

Services

PIRC therefore focuses on promoting the highest environmental, social and governance (ESG) standards and responsible investment, to protect the long-term value of clients' assets. It does this through the provision of the following services:

Global Proxy Research

In order to enable clients to exercise their ownership rights and to vote at each company meeting, PIRC provides research and proxy voting recommendations for every equity held within its client portfolios.

We alert clients to major corporate ESG assessments arising from specific company analysis and any significant global corporate governance issues.

We use a proprietary governance risk rating analysis on all companies, and across specific client portfolios facilitating strategies for clients' engagement.

We provide custom research using our large historic database of corporate governance issues and trends, and we can provide an extensive range of voting guidelines across markets and governance perspectives.

Voting Guidelines

PIRC's proxy voting guidelines enable clients to exercise their ownership rights and to vote in an informed way at each company meeting.

Our recommendations are based on our Shareholder Voting Guidelines, which are available free of charge to clients.

PIRC premises its voting decisions on its own best practice criteria. These are occasionally stricter than local market corporate governance Codes of Best Practice. This approach is considered for topics at the core of PIRC's Shareholder Voting Guidelines, such as board diversity or director independence. However, at regional level, PIRC maintains a local market approach to respect limits that

PRINCIPLE 1.

Signatories' purpose, strategy and culture enable them to promote effective stewardship.

companies may not exceed and as such would be exempted.

Proxy Voting

PIRC provides cost-effective vote execution for all proxies in client global portfolios. We have extensive experience in advising clients on voting templates, guidelines and execution administration. PIRC also regularly reports and audit trails voting actions.

PIRC provides unique client review and vote-change mechanisms through an electronic platform, ensuring client control of the voting decision. It provides regular monitoring reports and analysis of voting outcomes across for all clients through quarterly or custom reporting.

PIRC reaches and evaluates its voting decisions by assessing companies' adherence to best practice governance criteria: informed by PIRC's assessment of company disclosure and benchmarked against PIRC's Shareholder Voting Guidelines.

At each company PIRC evaluates the board, the audit and financial controls, directors' remuneration, the sustainability and corporate responsibility report, shareholder rights, capital stewardship and corporate actions and corporate strategy. A corresponding voting recommendation, based on this research, is then drafted and checked before publishing for clients. Draft reports are subsequently sent to companies, who are able to view our recommendations for dialogue prior to the final publication of the report.

Policy Development

PIRC has extensive experience of working with clients to develop their own voting and engagement policies. Our advice on policy development is based on specialist knowledge of both existing frameworks – such as the UK Corporate Governance Code – and best practice amongst other investors. PIRC is able to provide custom research using our large historic database of corporate governance issues and trends.

Advisory Service

PIRC provides a range of market intelligence for clients, based on its research and active promotion of corporate governance best practice. We can advise on reviewing corporate governance and responsible investment policies for clients as well as provide reports and analysis of major ESG issues arising from legislation, codes and principles.

PIRC provides a range of analysis of public and market consultation documents from government and regulatory bodies on issues relevant for clients and can assist clients in providing their own responses, including PRI membership surveys.

PIRC is available for client presentations to pension funds' investment committees or annual meetings of scheme members and beneficiaries.

PIRC also provides independent investment advice (PIRC is regulated by the Financial Conduct Authority) and

trustee training.

Governance Risk Rating

PIRC has developed a proprietary governance risk rating model, which analyses companies across a number of key governance indicators. This tool is intended to help investors identify the potential governance risk in their portfolio. This can be used to inform engagement, or assist in portfolio construction.

This service currently covers UK, US and European developed market indices.

Data Analysis

PIRC is the UK market leader in the provision and management of all aspects of corporate governance data. It has a ten year time series of this data and has supplied data to a broad range of market participants including policymakers, regulators, pension funds and asset managers, think tanks and activist investors.

PIRC has the largest historical record of governance data amongst UK stewardship service providers and is able to provide tailored feeds to clients. We also capture and analyse disclosed shareholder voting data – both company meeting results, and the individual votes cast by institutional investors.

PIRC provides also specialist governance advice for client-specific requirements.

PIRC data is collected and compiled in the UK and we do not use off-shoring for data capture or interpretation.

Asset Owner Engagement

PIRC has over 20 years' experience of working with pension fund clients to exercise their stewardship responsibilities, and we offer a standalone engagement service to clients: identifying issues of importance to them on which they might wish to engage with companies; preparing briefs for such engagement; preparing and administering client shareholder proposals, and facilitating face to face meetings with company chairmen, chief executives and finance directors. We also regularly attend Annual Meetings to ask questions, call polls and speak on shareholder resolutions with pension fund clients.

For its focused stewardship activity, PIRC primarily engages through meetings with companies, and collaborative initiatives are an increasingly important aspect of this work.

Meetings are conducted with the most relevant individuals at the company concerned. They might be with the chair to reflect the strategic importance of our clients' concerns. Where an issue falls under the focus of a particular board committee, such as climate change or employment practices, a meeting is sought with the relevant committee chair or board member. Other meetings on more specific, technical or detailed matters may be held with specialist staff.

PRINCIPLE 1.

Signatories' purpose, strategy and culture enable them to promote effective stewardship.

Culture and Values

As befits a company that launched the UK's first corporate governance service following the establishment of the Cadbury Committee on corporate governance in 1991, the provision of the above services is underpinned by a culture that nurtures PIRC's heritage of intellectual curiosity, and its willingness to take a lead, and to 'raise its voice' - which has also evolved to place emphasis on the provision of evidence-based research and opinion, and the delivery of excellent customer service.

The leadership team at PIRC is careful to model these behaviours and, through its recruitment process and its staff development and succession planning, the company seeks to ensure that it employs and assists with the career progression of people that have a cultural fit with the organisation, and who share its values.

Indeed, this is an essential part of PIRC's strategy to better promote effective stewardship by working effectively with existing and future clients.

Business Model and Strategy

Retaining its status as a private company, with the share capital owned by executive directors, held to account by an independent non-executive chairman, is also integral to PIRC's strategy. The rationale behind this governance structure is that it secures the context in which PIRC has the independence to speak its mind, whilst also minimising any conflicts of interest that may get in the way of it doing so.

Non-executive directors are sought with respect to their ability to challenge management, and their cultural alignment with PIRC's origins and with the way in which the business has evolved since 1986.

PIRC's Board meets regularly to discuss the actions required to ensure the company promotes effective stewardship and has recently agreed the following (additional) key elements of strategy:

- **Maintain a dynamic and respected profile as a leader on ESG research by resourcing PIRC's research according to the shifting priorities of the stewardship agenda and by supplying staff with the scope and skills required to find and address new issues of concern to the company's clients.**
- **Maintain a robust private company business model to deliver services on a sustainable, transparent and principled financial basis by treating staff, clients and suppliers in an open and fair manner, and by delivering excellent client service to a diversified client base.**
- **Develop the resources required by the changing demands of ESG stewardship through recruitment, training and network building.**
- **To continuously listen to its clients, staff and others in respect of what matters to them in responsible investing, and to continue to behave positively, constructively and in a principled manner.**

PIRC's Board regularly assesses how effective it has been in serving the best interests of its clients and has, for example, recently reviewed the company's approach to succession planning and career development to ensure (amongst other things) that key client services are increasingly robust to unplanned staff turnover.

In the past, PIRC has also secured specialised training for key staff in respect of them being better able to understand client needs and to better represent client interests with the companies in which they invest.

And, indeed, the origin of our now enhanced focus on the 'S' in 'ESG' (see Principle 5) can be traced back to a review of how effective the company has been in serving the best interests of clients.

Whilst competitive sensitivities preclude us from publicly disclosing a list of our clients and their locations, or the mix of the company's revenue streams, PIRC currently provides its services to around 120 clients across the UK, Europe, USA Canada, Australia and Scandinavia. In total, PIRC's clients are stewards of £1.86 trillion of beneficiary capital.

All of PIRC's clients are institutional investors, with whom we have direct and close relationships that enhance our ability to understand their needs and access and respond to their feedback. (Business is not conducted through third party consultants). Service provision is frequently put out to tender by PIRC's client's base, which puts an onus on PIRC to ensure that its service provision is always of a high standard and delivered at a competitive cost.

PRINCIPLE 2.

Signatories' governance, workforce, resources and incentives enable them to promote effective stewardship.

Governance

The high expectations PIRC has of corporate governance in listed companies are reflected in our own approach to internal governance.

PIRC is an independent private limited company, overseen by a Non-Executive Chairman that holds PIRC to account, and two executive directors supported by a long-standing management team.

The management team, including executive directors, is intentionally gender balanced. It currently has four male members and five female members.

The average length of industry experience of our senior management is 25 years, and the average length of tenure across all PIRC Staff is 7.2 years.

The senior management team roles are Financial Controller, Head of Research, Head of Governance and Financial Analysis, Head of Stewardship, Head of Engagement and Head of Performance Analysis.

All members of the senior management team have specific roles in the delivery of our ESG research, proxy voting services and engagement services.

Resources

The management team is supported by the PIRC Research, Data, Engagement, IT and Administrative teams. The management team has many cross over skills that service the client's contract, so there is less risk of losing a complete set of competencies and skills if a colleague leaves the organisation. All senior staff are involved in the training and induction of new staff and their skill and knowledge is passed down through the organisation. PIRC has standard operating procedures for all areas of staff training.

All PIRC staff are engaged in supporting our clients' responsible investment and stewardship responsibilities. PIRC has the following teams servicing our clients, IT, Research, Data, Stewardship & Engagement, and Performance Management. All the team members report to their managers and the managers in turn to the Client Services Director and Managing Director.

IT Team

The IT team underpins the infrastructure for data collection and storage of all the research materials used in our stewardship services; designing bespoke software for the PIRC company database and the Global Engagement Manager database.

IT also maintains the PIRC unique client websites and ensures safe storage of all data and backups. The IT team Manager reports to the Finance Manager, who in turn reports to the Client Services Director and Managing Director.

All of PIRC's IT systems are hosted in the Microsoft 365/ Azure Cloud platform within the United Kingdom. For further information on Azure reliability please visit:

<https://azure.microsoft.com/en-us/features/reliability/#overview>

Business critical data and systems are held in Virtual machines. All data is backed up overnight to an offline cloud based system completely independent from Microsoft. In addition PIRC maintains all software code in a cloud-based code repository, also independent of Microsoft, to allow for baselining and software rebuilds as required. In the unlikely event of a failure of any sort we have the ability to restart our software on alternative Virtual machines (VMs) and on completely independent platforms within a short period of time. PIRC takes data security very seriously. All systems are protected via two-factor authentication (2FA) and bespoke applications and data are only accessible internally to PIRC staff.

PIRC Research Team

Supported by PIRC's data team, the Research team produces corporate governance research reports with voting recommendations to enable our clients to monitor their investee companies.

Inside the research team is our Proxy voting client services team, which is responsible for client specific voting guidelines, white label client reporting and proxy voting execution on behalf of clients.

The Research and Data teams report to the Head of Research, who reports to the Client Services Director and Managing Director.

Stewardship and Engagement Services

PIRC has dedicated Engagement and Stewardship Teams, with personnel at Manager level, executive and senior researcher grades supporting client contracts. In turn these teams have access to PIRC research staff and data resources to support their work and to PIRC consultants that have subject matter and geographical expertise in a variety of areas including mergers and acquisitions, LGPS regulations, tax and corporate governance.

In our experience, this governance structure and the performance management processes that sit within them

PRINCIPLE 2.

Signatories' governance, workforce, resources and incentives enable them to promote effective stewardship.

have enabled a high standard of oversight and accountability for promoting effective stewardship. (We believe, for example, that, as well as having managerial oversight of processes and performance, it is critical for a client-centric service provider that senior management also retains an operational role in the provision of relevant services). We have chosen this particular approach because it emulates the different service requirements across our client base, and we expect it to evolve as client service requests change in the future – just in the way that the governance structure has changed in the past.

Training, Development, Diversity and Incentives

All research and data staff are subject to an induction and training programme to familiarise them with the PIRC Corporate Governance policies regardless of previous experience or background. The IT and administrative teams also undertake part of the induction to introduce new joiners to corporate governance and how their roles relate to the services that PIRC delivers to clients.

PIRC does not employ 3rd party suppliers, and the provision of its services is highly dependent on the quality of staff the company recruits and retains.

The coverage of company general meetings (annual and extraordinary) increases during the period from January to July. Ahead of this, PIRC recruits temporary staff in November and December each year and trains them on PIRC's corporate governance principles. In January they join the research staff to provide extra support during the AGM season.

In keeping with our values, temporary staff are employed on the same terms and conditions as full time equivalent staff. Temporary recruits are assigned to the corporate governance research team and are recruited on a six month contract.

In respect of recruitment, retention and training of permanent staff, it is usual for PIRC to retain at least two temporary workers following the completion of their contract. Upon becoming a permanent member of staff, all new recruits at this level will therefore have undertaken the six weeks of 'bedrock' corporate governance training given to all staff.

Occasionally staff are recruited at more senior levels. However, PIRC's approach to staff development and succession planning is designed to ensure that all new and vacant posts can be filled by internal applicants. This promotes staff retention.

PIRC's approach to encouraging diversity within the business starts by embedding the principal into its recruitment processes, via which we run regular checks on the extent to which we are capturing as diverse an array of applicants as we can. To encourage the development of the people who work for us, all new and existing staff are offered a choice of tailored training products with their progress encouraged in regular performance management conversations.

PIRC's succession planning ensures a diverse and appropriate number of staff is given the scope and tools to advance through the organisation. Currently within our team we have colleagues from Black, Asian and minority ethnic backgrounds, Italy, Spain, France, Portugal and Greece.

PIRC believes that a critical factor in its future business success will be its ability to attract and retain staff from all sections of society, and we are committed to providing and promoting equal opportunities in employment.

We aim to treat all job applicants equally regardless of age, disability, gender reassignment, marital or civil partnership status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation ('Protected Characteristics'). PIRC's Equal Opportunities policy applies to recruitment, terms and conditions of employment (including pay), appraisals, promotion, disciplinary and grievance procedures and training.

Underlying PIRC's overall commitment to equality is a fundamental belief in the right of all employees and clients to be treated with dignity and respect, and the overall aims of our Equal Opportunities Policy are:

- **To achieve a balanced workforce that fully reflects the composition of the relevant labour market.**
- **To realise the competitive advantage which can be achieved from fully utilising the knowledge, skills and abilities of that diverse workforce.**
- **To become a preferred employer and provider of products and services to improve corporate governance and the ethical manner in which companies operate.**

PIRC covers all markets in client portfolios, providing analysis on over 5,000 companies in 60 countries. We provide high quality ESG research across this universe, with associated shareholder voting guidelines specific to all markets. Most staff involved in the provision of this service are based in the UK, but we also have staff in Europe, Japan and New Zealand providing specialised local market knowledge; speaking twelve different languages.

PIRC's staff skill base draws on economics, social science graduates and legal and financially qualified recruits, and brings together experts in governance, financial analysis, climate change, human rights, social issues, audit and accounting, labour rights, tax, corporate mergers and acquisitions, employee mental health and remuneration and reward systems.

Each core team function at PIRC has a lead member of staff (Team Leader) and comprises at least one more junior colleague who is coached to deputise for the Team Leader. In this way we try to ensure that company knowledge and understanding of the team role is not solely represented in the Team Leader. Company memory is passed on and we believe this process minimizes the potential disruption of team member resignations. In addition this facilitates the

PIRC PRINCIPLE 2.

STEWARDSHIP
REPORT 2020

Signatories' governance, workforce, resources and incentives enable them to promote effective stewardship.

smooth succession for our senior managers.

PIRC employs consultants with appropriate expertise to support stewardship services. Expertise includes employee value and mergers and acquisitions, expert advice on government policy, LGPS regulations and corporate tax issues.

To promote continuous development, internal training sessions on trending aspects of corporate governance are held and hosted by both internal staff and external experts to deepen staff knowledge on topics such as rights issues, tangible/intangible assets, tax, audit etc, to develop staff skills and enhance PIRC's analysis in our work for clients.

Temporary research staff receive the same training as permanent research staff, and are mentored by permanent staff; with training ongoing into March when the AGM season begins.

PIRC also encourages staff to seek external qualifications and offers sponsorship on a case-by-case basis for external certifications – where our recommended qualification is the Investment Management Certificate. Currently two staff members are undertaking PhDs.

Performance Development Reviews are carried out bi-annually, in order to ensure that staff feel supported throughout the year and also to discuss future training development opportunities. Reviewees discuss areas such as performance, communication and team contribution with their line-manager and HR manager, the objective of which is to identify positive contributions and areas where support is needed and development offered – all with a view to supporting progression based on merit, and promotion from within wherever possible.

Pay is one of the key factors affecting motivation and relationships at work. We believe it is important to develop pay arrangements that are right for PIRC and which reward employees fairly, providing equal pay for equal work.

PIRC's approach to incentivising staff to deliver its services to expected standards mirrors the philosophy it has developed in respect of critiquing executive remuneration programmes in listed companies. That is: PIRC rewards staff through the use of salaries only and the prospect of advancement within the company. No performance bonuses are paid (or expected). We emphasise attracting the right people to the job in the first place, and then letting them express their values through their work.

PIRC is a 'living' wage employer and the current pay ratio at PIRC is 5:1. Staff salaries are banded by grade.

Sustainability

As a signatory to the Task Force on Climate Related Financial Disclosure (TCFD), PIRC considers all aspects of sustainability in delivering its services. Not least because it fits with what we and our staff stand for, we therefore consider it important to operate our business in a sustainable manner. We are committed to continual improvement and are mindful of our responsibilities with regard to our environmental and climatic impact, aiming to reduce all identifiable direct and indirect impacts:

- PIRC promotes the use of the lowest possible carbon impact choice for work-related travel, for example.
- We recycle materials used in our offices and minimize non-hazardous waste.
- We deliver all of our services electronically.
- And, during the pandemic, PIRC has also held a series of webinars that have replaced our usual seminar programme. The webinars have been very well attended and no travel by clients has been involved in their attendance. We intend to continue with the webinar programme in the future as an excellent form of client communications.

Fees

The tender processes via which PIRC generates revenue are usually facilitated by the provision of a Request for Proposal ((RFP) to a number of potential service providers, within which the fee charged for the service frequently accounts for between 20% and 30% of the way in which clients choose their providers. Feedback obtained by PIRC from responding to such RFPs confirms that its fees are set on a competitive basis, and charged in a fair and transparent manner.

PIRC is also signed up to the Fair Tax Mark (<https://fairtaxmark.net>), which seeks to encourage and recognise organisations that pay the right amount of corporation tax.

PIRC is regulated by the Financial Conduct Authority, and is a signatory and founding member of the ESMA Best Practice Principles Group (BPPG) for Providers of Shareholder Voting Research and Analysis. The PIRC compliance statement can be found here <https://bppgrp.info/signatory-statements/> which sets out PIRC's response to the three BPPG principles; service quality, conflicts of interests and communications policy.

Continuous Improvement

PIRC's board considers the governance structures and processes described above to have effective in supporting our clients' stewardship of capital. However, we are considering the following areas for improvement:

- How we might achieve greater traction amongst our client base in respect of integrating more of the work we are doing on 'S' in their investing,
- How we might do the same in respect of encouraging asset managers and owners to engage with company employees, suppliers and local communities affected by company behaviour,
- How we might make our staff development and succession planning processes even more robust, and
- How can further improve staff retention.

PRINCIPLE 3.

Signatories identify and manage conflicts of interest and put the best interests of clients first.

To minimise the possibility of it ever being put in a position in which its voice is compromised PIRC has chosen to only work for institutional investors (rather than, for example, providing services to listed companies). It has also taken the deliberate decision to retain its private company status.

PIRC's policy in relation to conflicts of interest states: "PIRC has taken the business decision that, given the inherent conflict of interest, we should not seek to provide service to both issuers and shareowners. Therefore PIRC only provides services to shareowners".

PIRC considers any commercial relationship with the companies it analyses would present a fundamental conflict, and our only investment in companies is holding a single share to facilitate client AGM attendance. PIRC therefore has no material conflict with the companies in which its clients invest.

To our mind, this approach to stewardship underpins PIRC's unrivalled reputation for being prepared to challenge market orthodoxies on ESG issues, and company behaviours that are at odds with responsible investing.

PIRC is regulated by the Financial Conduct Authority (FCA); is governed by its compliance and incorporates contract terms and conditions from its FCA obligations on conflicts of interest.

As PIRC has no corporate clients, conflicts of interest in its research and engagement activity with companies is virtually eliminated and rarely occur with regard to the research carried out on client portfolios.

PIRC will declare in its reports if it perceives a potential conflict to exist, for example if it has advised the proponents of a shareholder resolution. PIRC will advise clients in the corporate governance report of the company's general meeting that it has engaged with the proponents of the resolution and will analyse the resolution based on the content of the resolution. Staff involved in advising the proponents will play no role in the production of the relevant company report.

All PIRC employees are required to complete a declaration of interests.

The meeting notes from respective meetings are stored in separate files and on different servers, which do not have general staff access. PIRC's proprietary Global Engagement Manager database (GEM) classifies company engagements by client, so engagements for different clients are stored in different parts of the database that do not intersect.

PIRC is also a founder member of the Best Practice

Principles for Providers of Shareholder Voting Research and Analysis. The principles PIRC adheres to on quality, conflicts of interest and communication are described in the PIRC policy statement <https://bppgrp.info/wp-content/uploads/2021/02/PIRC-BPG-2021-Final.pdf>

PIRC Policy Statement on Conflicts of Interest

PIRC has written the following policy statement to assure clients that the information and advice PIRC provides is impartial; to outline a system whereby actual and potential conflicts are disclosed to clients and managed effectively, and to provide clients with clear disclosure obligations.

PIRC suggests the following definitions apply to terms used in this policy statement:

- **"Conflict of Interest" or "Conflict"** includes those circumstances that create or have the potential to create an actual or reasonably perceived conflict between PIRC and the client and/or the client's key personnel.
- A conflict exists when PIRC or the client, or PIRC's key personnel, or the client's key personnel or a close relative, domestic partner or other significant personal or business relationship of PIRC or the client's key personnel knows, or has reason to know, that he or she has a financial or other interest that is likely to bias his or her advice or evaluation of any matter regarded as material to the services between PIRC and the client.
- **"Key Personnel"** refers to those persons identified by PIRC who will exercise a significant role in providing to the client the services required under an assignment or contract.
- **"Staff"** refers to the client's Investment or Administrative staff.

In its response to a Request for Proposal ("RFP"), PIRC shall generally identify in writing the circumstances and nature of Conflicts that may arise if it were selected to provide to a client the services set forth in the RFP's scope of work.

In addition, at the time of a specific assignment PIRC shall generally identify in writing to the client the circumstances and nature of all Conflicts pertinent to the specific assignment, recommendation, advice or other service. PIRC shall explain whether the Conflict is manageable or unmanageable. If the Conflict is manageable, PIRC will explain the steps or measures it intends to take to avoid

PRINCIPLE 3.

Signatories identify and manage conflicts of interest and put the best interests of clients first.

the Conflict or manage the Conflict. The disclosure required under this paragraph must be made prior to the time that PIRC provides the services that give rise to the Conflict.

Once a Conflict has been disclosed, PIRC will promptly update the client in writing of any changes in circumstances.

In following this policy statement PIRC will consider the spirit as well as the literal expression of this policy. PIRC will take responsibility for scrutinising the services provided under the terms of the contract with the client for any future Conflicts and make appropriate disclosures. In cases where the PIRC is unsure whether a Conflict actually exists, the Conflict will be disclosed.

PRINCIPLE 4.

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

From a client service perspective, a prerequisite of PIRC's services and stewardship activity is that they should address market-wide and systemic risks to the functioning of the financial system. (That is why PIRC was founded in the first place). We seek to do this in a number of ways.

Engaging in Public Policy

In terms of direct policy engagement, we are involved in a number of related activities such as:

- Responding to consultations,
- Engaging with policymakers and regulators, and
- Engaging with politicians.

PIRC's approach to engagement with policymakers is to identify areas for reform, engage directly, and escalate where progress is slow. Using our research and policy expertise PIRC is frequently ahead of others in identifying policy reforms. These insights ensure we make the most of our networks in direct engagements with departments and regulators.

Change sometimes requires pressure from outside government so PIRC also works with backbench parliamentarians, parliamentary committees and the media. We similarly identify reforms and engage with the broader market and industry by engaging with companies, trade bodies, investor groups and standard setters to shift the market.

In 2021 we have devoted more attention to competition authorities as we have highlighted ESG issues relating to competition policy as an area of particular focus.

Thematic and Stakeholder Engagements

PIRC also seeks to address market-wide issues through engagement activity undertaken on behalf of clients. PIRC has a range of current engagement themes focusing on specific areas to maximise impact. Climate change is widely recognised as a systemic risk and continues to be a main engagement theme. PIRC has been instrumental in efforts to uphold human rights in the mining sector and is engaging companies and communities to minimise investment risk.

As set out in the case study below, we have sought to respond to the systemic challenge from Covid-19 by utilising a range of activities. A core element has been focused stewardship activity in industry sectors that we have identified as being particularly affected.

PIRC has also sought to employ extensive stakeholder engagement as part of our approach to market-wide issues.

We are in regular contact with community groups, NGOs, unions and others in Europe, the US, Canada and Australia. For example, PIRC has developed connections with the Australasian Centre for Corporate Responsibility which has been involved in filing high-profile resolutions at companies including BHP, Qantas and Woolworths. These links have enabled us to enhance our understanding of ESG issues in Australia and improve our support and advice for clients - directly affecting the voting advice we provide.

The data collected to inform PIRC's corporate governance reports is continually reviewed in line with ESG developments, and for 2021 the Sustainable Development Goals will be linked to voting outcomes. We are also currently developing a data set relating to social factors.

Supporting Collaborative Initiatives

PIRC considers that in tackling many systemic issues it is beneficial to work with a wide range of other organisations.

PIRC supports the following industry groups through membership or staff participation:

- PLSA (Pensions & Lifetime Savings Association)
- Council of Institutional Investors
- Best Practice Principles Group for Shareholder Voting Research
- The High Pay Centre
- The Centre for International Corporate Tax Accountability and Research

PIRC supports the following industry groups as a signatory:

- PRI (Principles for Responsible Investment)
- UK Stewardship Code
- WDI on behalf of clients (Workforce Disclosure Initiative)

PIRC currently contributes to the following working groups:

- CCLA Find It, Fix It, Prevent It engagement on modern slavery
- Rathbones modern slavery disclosure engagement.
- Climate Action 100+ Construction Materials Sector group; Utilities & Power Producing Sector Group; steel sector group; Oil & Gas sector group, Food and Drink sector group (on behalf of clients)
- IIGCC (The Institutional Investors Group on Climate) Shareholder Resolutions Sub-Group (on

PRINCIPLE 4.

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

- behalf of clients)
- Human Capital Management Coalition
 - Healthy Markets Initiative
 - Good Work Coalition
 - Socio Economic Taskforce

Keeping Clients Informed

PIRC keeps clients up to date with the product of its research primarily (but not solely) through the production of two weekly client newsletters:

- The PIRC Watch List covers companies with controversies or other matters noted or reported during the past week, as well as ongoing concerns at companies with an imminent annual general or special meeting, and
- PIRC Alerts covers topical articles on worldwide issues on responsible investing, as well as highlighting upcoming annual meeting agendas.

In 2020 we also launched the first (and only) employment-focused ESG newsletter, titled WORK. This is available free to PIRC clients and labour and labour-related organisations, and is available by subscription for others

Clients are encouraged to get in touch and feedback on PIRC reports and newsletters, and PIRC hosts client seminars (currently webinars) throughout the year, for which all clients have complimentary attendance.

Since the start of 2021 PIRC has hosted numerous client webinars covering topics from ESG risks arising from the concentration of ownership in certain industries, to equal pay, to developments in the gig economy. PIRC also organised a one-day (virtual) client conference in May entitled 'WORK', which focused on employment-related ESG issues.

CASE STUDY: RESPONDING TO COVID-19

The current pandemic is one of the most significant challenges posed to responsible investors to date. Unlike the prior financial crisis, its effects have not been focused on a particular sector and those linked to it, this has been an economy-wide disruption. In addition, the reduction in economic activity is without recent peacetime precedent.

In order to address this challenge we have undertaken numerous interventions on behalf of our clients.

In March 2020 when it became clear that the public health crisis would impact on company accounts and AGMs, PIRC issued a report for clients on the likely impact on company reporting timescales and annual general meetings.

To encourage companies to exercise restraint during the pandemic, in March 2020 we wrote to our global research universe setting out our expectations in regard to executive pay. This included that variable pay be suspended – a position that a number of companies subsequently adopted.

We also focused our engagement activity to ensure that companies protect their workforces and other stakeholders. This has led to devoting particular attention to certain sectors such as food processing and PPE production.

Once we determined where some of the greatest sectoral impacts would be felt, we also held events for clients focused on these industries. PIRC held webinars on the possible impact on the banking industry in May 2020, the airline industry and supporting services in June 2020 and food processing in July 2020.

We have also produced reports for clients on our findings from our work on Covid-19. For example, following engagement with companies, workers, unions and investors we produced a sector report on food production: 'Unreported Deaths'. More recently we released a report on the lack of disclosure around Covid-19 cases by FTSE100 constituents.

Work for our clients on the impact of Covid-19 on workers in food production has featured in the national press and been raised in parliament.

PIRC has over the years been regarded as 'the canary in a coal mine', and was the first to raise concerns about corporate behaviour on a number of crucial governance questions that have since become mainstream concerns: with respect to executive remuneration, for example, and board structure, the definition of independence amongst directors, audit issues, board competence and early environmental concerns.

This is the yardstick against which we measure how effective we are in identifying and responding to systemic risks and promoting well-functioning financial markets.

PRINCIPLE 5.

Signatories support clients' integration of stewardship and investment, taking into account, material environmental, social and governance issues, and communicating what activities they have undertaken.

PIRC only works for institutional investors and has a client base of pension funds, asset managers, union funds, banks, financial consultants and sovereign wealth funds. PIRC's clients are located in the following geographies: UK, Europe, USA, Canada, Scandinavia and Australia.

Because of PIRC's public and often either early of differentiated stance on certain ESG issues we tend to attract clients that share our values, and who wish to make a real difference to company behaviours.

PIRC's proxy service clients receive an 'engagement service' built into the research process by means of sending the draft or finalised reports to the companies.

Over the past three years PIRC has facilitated engagement meetings on behalf of clients covering 46 countries. These were been split between Environmental (45%) Social (32%) and Governance (22%) engagements. Clients had a particular focus on climate change, and climate change mitigation. Other main themes included governance concerns, human rights and employment standards.

While most of the engagements PIRC will work on with clients reflect each client's established priorities, responsible investment concerns will arise during the year not initially identified, but considered important by clients. PIRC also can identify emerging investment concerns for consideration, and enable clients to respond to these. For example, one collaborative client engagement focussed on encouraging washing machine manufacturers to build filters into their products to reduce the quantity of micro-plastics entering the water stream. Although the client had identified 'plastics' as being of concern, the strategy had previously focussed on its use in packaging, rather than on the risk presented by micro-plastics. PIRC's ability to respond to the awareness of this emerging risk allowed the client's dialogue with relevant companies to be expanded.

Staying responsive in this way is one reason why PIRC is currently pioneering stakeholder engagement with employees, communities and business supply chains, and working on including data relating to the Sustainable Development Goals and linking this to voting outcomes.

In addition, PIRC is strengthening the voting outcomes relating to climate and a just transition, already covered in current proxy reports and voting recommendations. As reported under Principle 4, PIRC has recently strengthened the resource it dedicates to researching employment-related factors that influence company performance and risk (together with the publication of our employment-

focused ESG newsletter).

PIRC provides induction sessions for client representatives that wish to take part in engagements that stem from such work, and conducts ongoing training as required throughout the year. PIRC's induction training covers corporate governance issues and company engagement. PIRC also offers clients training on how to engage effectively with companies at board level.

PIRC also offers clients access to PIRC seminars on important and emerging corporate governance themes and best practice, with expert speakers providing clients with insights to support effective engagement meetings.

PIRC supports client learning about engagement by providing feedback from engagements and supporting clients to lead on engagements themselves. PIRC is accustomed to supporting those less experienced to undertake and lead engagements, by providing detailed briefing documents; by holding pre-meeting briefings with clients to discuss principal objectives; by providing client support in the Q&A of a meeting, and by conducting post-meeting debriefs with clients.

With respect to the provision of PIRC's voting guidelines, a number of our clients have their own distinct views of certain aspects of governance and corporate behaviour. In such situations we typically work with the client to develop a unique voting template which in turn informs bespoke voting recommendations.

In our voting policy development with clients, more advanced cases of this service provision frequently leads to a bespoke voting arrangement. In certain cases, policy development with clients will encompass particular practices currently in place and whether to revise them. Examples might be reviewing a pension fund's Statement of Investment Principles, or an asset manager's policy on public disclosure of voting records.

Clients also have access to policy advice from our corporate governance team. We have found that in practice extra support is sometimes required when a client is faced with unusual policy issues, such as resolutions that fall outside their own guidelines. PIRC therefore provides additional on-the-spot policy advice if needed.

Where clients choose to work with PIRC to engage with companies on particular ESG issues, in the event of a client's engagement dialogue with a company stalling, PIRC can facilitate escalation of the engagement by issuing targeted voting advice to the client, together with correspondence to the company that signals a change in tone.

PIRC PRINCIPLE 5.

STEWARDSHIP
REPORT 2020

Signatories support clients' integration of stewardship and investment, taking into account, material environmental, social and governance issues, and communicating what activities they have undertaken.arket-wide and systemic risks to promote a well-functioning financial system.

PIRC may recommend that clients disclose voting intent publicly to inform other investors of their stance. In line with client appetite, associated media coverage may be sought.

The issue may also be raised at the company's AGM and shareholder resolutions are considered in order to escalate concerns. When a target is resistant to persuasion on a particular issue PIRC will pursue the engagement for as long as the client wishes – frequently changing its approach, or the target within the company, so as to achieve the desired outcome.

Naturally, all engagement is subject to at least quarterly reviews with clients. The success of each engagement is tracked with reference to measurable objectives set in agreement with the client, and outcomes are reported to clients as required, and publicly in a quarterly engagement report.

In terms of deciding and evaluating who to engage with, PIRC plans and prioritises engagements according to an engagement strategy agreed with the client in advance. This will reflect each client's policies and procedures; its engagement priorities, and its appetite for participation in engagement.

Frequently, depending on the resources a client might have available for its stewardship work and the nature of the ESG issue that is of concern, PIRC is approached to provide support in collaborative engagements – even though the 'demand' for such work may not always originate within the institutional investment community.

For example, in 2018 PIRC was approached by representatives of communities affected by the Brumadinho and Samarco dam collapses in Brazil, rather than by investors. PIRC was approached due to the prominent reputation of a staff member in the business and human rights community. PIRC met with the community members and recognized the benefit of this engagement for one of its long standing clients: LAPFF. Therefore, when additional community representatives approached PIRC for further engagement, PIRC set up meetings between these representatives and the LAPFF Chair.

PIRC and LAPFF were then asked to act as stakeholder liaison in the investor initiative on tailings dam safety that began in January 2019. Because of PIRC's prior experience engaging with affected stakeholders, it had connections to the relevant communities and facilitated stakeholder input at each of the investor meetings for this initiative. Investors attending these meetings began to recognize the importance of community input for investment analysis and began to approach PIRC and LAPFF for ideas to further this type of engagement.

Consequently, PIRC reached out to London Mining Network (LMN), which brings representatives of communities affected by tailings dams to London each year to attend company AGMs and engage with various UK bodies to highlight their experiences. PIRC and LMN agreed to co-host an investor briefing on community experiences

with BHP in relation to the Samarco dam collapse in Colombia in 2015. This face-to-face meeting of investors and community representatives was, as far as PIRC is aware, the first of its kind in the investment industry.

PIRC is involved in a number of initiatives on behalf of clients such as active participation in Climate Action 100+, the Climate Majority initiative and CERES and taking a leading role in the Church of England/Swedish Council of Ethics collaborative engagement on tailings dam safety.

PIRC has also supported clients to join organisations such as Climate Action 100+, the 30% Club, and PRI.

PIRC recognises the limitations as well as benefits of collaborative engagement. In a successful collaborative engagement, all participants coalesce around defined objectives and strategy to work towards a mutually agreed outcome. However, when collaborative engagements include partners with slightly different goals, varying positions can dilute the requests of companies and/or slow down or muddy the engagement process and objectives. Therefore, PIRC will also provide guidance to clients on requests to engage collaboratively as to what degree this approach is likely to yield measurable benefits.

PIRC participates in a number of additional collaborative groupings by which engagement is leveraged for most effect:

- **On reliable accounts, PIRC has a primary role in a core group of investors that pushed for action on governance and accountability at the Financial Reporting Council for reliable financial reporting; members including pro-active fund managers and asset owners.**
- **On climate risk, PIRC represents a client in the Climate Action 100+ initiative and Climate Majority Action to leverage global co-ordinated action with the largest carbon emitters.**
- **In Australia, partnerships with ACSI (Australian Council of Superannuation Investors) and ACCR (Australasian Centre for Corporate Responsibility) enable participation in supporting shareholder resolutions to Australian companies.**

PIRC has also been closely involved in furthering investor collaborations related to reliable financial accounting. Other collaborations with trusted engagement partners such as Sarasin & Partners are in relation to climate related financial disclosure and climate reporting in the auditing process and in engagement with the Glencore chair on corruption allegations.

PIRC has produced numerous thought leadership reports in support of clients' integration of stewardship and investment. Examples include:

- **Hidden in Plain Sight, which examined differences between reported assets at a group level and those in holding company accounts, in the wake of events at Carillion and Thomas Cook.**
- **Endowing Labour, which looked at the responsible investment policies and practices of foundations,**

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- **paying particular attention to the S of ESG.**
- **Competition and Concentration, which considers ESG issues arising from concentrated industries and ownership, and policy responses to them**

PIRC produces industry-leading Governance data that provides clients with details about how UK companies are performing on issues such as gender diversity, board tenure, audit market, remuneration and capital structures. PIRC also offers clients bespoke research report services so they can develop their own thought leadership work.

In respect of seeking client views and feedback on its service provision, PIRC's approach to doing this prioritises face to face meetings with its clients. Our recommended frequency of contact is to meet each client 4 times a year, supplemented with client presentations that allow for extended questions and answers as and when appropriate. The agenda for review meetings includes a discussion of the work plan, the delivery of our service (for proxy services and engagement), and new policy areas or practical enhancements in technology, reporting and stakeholder communications.

In respect of communicating the activities we conduct on behalf of clients in support of their integration of stewardship and investment, PIRC regularly facilitates the drafting of publications and reports that are designed to keep client beneficiaries informed of this work.

PIRC delivers proxy voting reports to clients at least 14 days before an AGM and at least 10 days before an EGM to give the clients opportunity to review the voting recommendations before the proxy voting is executed on their behalf.

PIRC drafts a monthly e-bulletin for one client, for example. This includes news stories relevant to the client's engagements; highlighting the client's role in the engagement. For this client, engagement progress is shared at quarterly meetings; through the production of a quarterly engagement report, and through the production of an annual report that provides an overview of the client's engagement performance over the year.

As reported elsewhere, PIRC also produces two weekly newsletters (PIRC Alerts, and PIRC Watch List), and the bi-monthly newsletter WORK – as well as sector reports and reports on current issues affecting companies and therefore investors such as on the ongoing health crisis.

PIRC provides each client with a unique website for proxy reports, quarterly voting reports (including proxy results where known), portfolios, PIRC Shareholder Voting Guidelines, PIRC policy papers, and client newsletters. PIRC also provides clients with a link to the fully searchable PIRC database, which enables clients to display their voting records on their pension fund websites (featuring the client's own branding) for access by stakeholders. PIRC also provides voting records as required - for example as an XML feed or formatted HTML and publishes its voting recommendations post hoc on its public website.

All voting recommendations and explanations for

these are included in the PIRC Corporate Governance report. New, arising issues are referred to the PIRC Policy forum (comprising staff from all levels), which acts to ensure that new or contentious issues are considered on behalf of our clients.

PRINCIPLE 6.

Signatories review their policies and assure their processes.

Policy review and development

PIRC plays an active role in debating ESG stewardship issues via submissions to government consultations, client seminars, membership of various working parties and bilateral company meetings. Together with the feedback we receive from our clients, and the companies on which we report, these activities inform the drafting of the UK Shareholder Voting Guidelines and global voting guidelines that underpin core elements of our service provision to clients.

In respect of seeking feedback from the companies on which it reports PIRC gives companies 48 hours in the UK, and 24 hours in the EU (for AGM issues) to provide feedback and 24 hours for EGM issues in both markets.

Companies outside the UK and EU receive their PIRC reports for feedback as soon as they are published if they have disclosed a mailing address.

Comments received from companies are included in respective proxy reports (where material) in the UK and in Europe, and company commentary on PIRC reports can sometimes lead to engagement meetings.

PIRC consults with clients annually on each new edition of its UK Guidelines, and updates them every year.

Taking into account market developments and new issues that have arisen in the previous 12 months, PIRC sends the new, draft guidelines to clients for their review and input. Subsequently, it presents the revised guidelines to clients at a client seminar or more recently at client webinars.

Once finalised the guidelines are sent to the constituents of the FTSE All Share index at the time of publishing and also sent to any companies that enter the universe during the calendar year.

PIRC also has global guidelines and these are also available to the companies within the PIRC Global universe.

Whilst our guidelines cannot provide for all eventualities, in particular situations PIRC will exercise its judgement according to the nature and materiality of the issue, the composition of meeting agendas and the nature of the company response to issues raised and our judgement as to what would be in our clients' interests.

Voting Recommendation process

PIRC's voting process is underpinned by primary research,

governed by the 5 main sections of the Shareholder Voting Guidelines:

- **Directors;**
- **Remuneration;**
- **Audit and reporting;**
- **Share capital and shareholder relations, and**
- **Reporting on social and environmental issues.**

These guidelines embody PIRC's approach to policy and practice on the ESG agenda for listed company analysis, and which we believe to be essential to integrating an informed view of Stewardship into the voting process.

The guidelines provide clients with a clear audit trail for our voting recommendations: they identify PIRC's view of best practice; set out where our expectations go beyond local market Codes or principles; and contribute to shaping the market agenda. For companies they provide the basis for equal treatment.

PIRC's culture encourages perspective sharing, and staff are always invited to contribute to the development of policy as the market in which stewardship is practiced evolves. PIRC has a Policy Forum that consists of staff from all levels of the organisation where discussion and debate acts as a conduit for information to ensure that new issues are considered in the preparation of our research.

Analysing Shareholder Proposals

PIRC considers shareholder resolutions are an integral part of the corporate governance process and each resolution is analysed on a case by case basis. Where a proposal covers an area not expressly covered by the guidelines, PIRC's voting recommendation is discussed at the Policy Forum.

In respect of assisting clients with responding to shareholder proposals, PIRC reviews and analyses each shareholder proposal on its merits. It follows a standard operating procedure that identifies the proponent where possible; reviews the merits of the proposal and any supporting statement; reviews and analyses the company responses; considers any relevant PIRC Shareholder Voting Guidelines (e.g. PIRC guidelines for the US market) and provides a recommendation based on this analysis or any custom client guidelines required.

All PIRC company reports receive feedback from a senior researcher on quality and completeness, and are subject to peer review for comments.

PRINCIPLE 6.

Signatories review their policies and assure their processes.

Bespoke Recommendations

Where clients wish to develop a bespoke approach to stewardship PIRC consults with them to design a voting template that covers their responsible investment policy objectives. Once the template is drafted it is tested on a previous AGM in the client's portfolio to ascertain whether the voting outcomes reflect the client's voting requirements.

Each clients' specific voting policy is monitored by an individual member of staff and that person reviews all vote recommendations made for that client. He or she also monitors the quarterly Client Voting Report sent to all clients to ensure any change made by the client on a PIRC recommendation with regard to the client's voting template has been made and is accurately reported on.

In research for a proxy report, the PIRC Shareholder Voting Guidelines and the client's own guidelines set the general principles. Newly arising issues and more contentious issues are referred to the PIRC Policy Forum, which acts to ensure such new or contentious issues are fully considered so that clients are aware of any voting implications.

Process for Engagement with Companies

Once reports are drafted PIRC undertakes engagement with company representatives in selective markets, prior to publication. Once all company feedback has been received, PIRC reports on its outcome, including whether this led to factual amendments, changes in the voting recommendations and whether companies understand or challenge PIRC's arguments.

In compliance with the GDPR, PIRC asks companies specifically to confirm whether they would like to see the correspondence in the reports, respecting companies 'rights to opt out' and reporting exclusively the outcome of the engagement. For other companies, they receive the report once it is published for PIRC clients and PIRC remains available to reissue the report, if company representatives respond with factual amendments after the report was published, until the voting deadline.

PIRC responds to company concerns about our research or proxy reports, through email and correspondence, and conference calls, within 48 hours with a formal acknowledgement. A detailed response is prepared for sign-off by PIRC's managing director, depending on the nature of the issue raised. There can be a delay in responding to such issues at the height of the proxy season.

PIRC makes best efforts to review the materiality of any company concerns about its research or proxy reports within 48 hours of receiving notification. Detailed responses may take up to several weeks depending on materiality and business pressures. In addition PIRC is subject to the Financial Conduct Authority rules of business conduct and Financial Services Ombudsman procedures in the UK.

The high concentration of general meetings at certain

times of the year requires PIRC, on behalf of investor clients, to distil a significant volume of disclosure. PIRC has processes in place to mitigate the risk of inaccurate commentary reaching its clients. Despite these processes, errors may occur. Companies can expect that where factual errors which impact on a voting recommendation are identified and agreed, PIRC will re-issue an amended report to its clients and provide a copy to the company. Outside the UK, all companies should expect to receive a final copy of our proxy report. PIRC does not guarantee that this copy will be dispatched ahead of the company's individual proxy deadline.

To reduce the risk of errors, PIRC's staff are trained in the core business and adhere to standard operating procedures in place for the entire engagement and proxy voting process. All work is additionally overseen by senior management.

Process for Voting Execution

PIRC's risk management controls and procedures on instructing voting are underpinned by a multi-layered review and check system, which uses PIRC's in-house software, and software provided by ISS and Broadridge to minimize the risk of mis-instructing ballots.

PIRC's in-house program, ProxyCentral, tracks voting reports to provide a comprehensive overview of the production status of reports. Voting deadlines are tracked, and lists generated for all un-voted ballots approaching the voting deadline.

Voting resolutions are reviewed by a senior researcher, and again by the Proxy Voting team to ensure consistency of PIRC's reporting and resolution text. Any discrepancies are referred to the Proxy Voting team leader for action.

If human error is detected in the selection of a voting outcome management is required to identify the root cause, and to amend the process accordingly where doing so can remove the source of the error. In the past, for example, this process encouraged PIRC to programme the voting system such that it produced a hazard icon highlighting the risk of error to the user.

Once all ballots have been instructed, the list of the meetings voted is checked by another team member. Each day a complete voting list is reviewed by the Proxy Voting team leader.

Staff joining the engagement services team receive dedicated training on internal quality control, engagement management systems and client liaison, and a thorough grounding in PIRC's engagement style and approach. More experienced team members contribute to this training, and there is a process of 'shadowing' and gradual introduction of the new team member into engagement meetings and other client interactions. Subject knowledge is developed by attending external events and internal meetings and presentations from outside speakers.

All research and data staff are inducted in each principal geographical market, UK, USA, Europe and

PRINCIPLE 6.

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Emerging Market research data and analysis as they are required to multi task across those services each year. Doing this ensures PIRC's service provision is protected against any effects from unplanned absences.

IT Assurance

PIRC maintains all software in the Microsoft M365/Azure cloud infrastructure which by its very nature is highly resilient and highly reliable. In addition PIRC ensures that all systems are fully backed up to a secure offsite location (also in the cloud but totally independent of Microsoft) on a daily basis. PIRC aims to test the integrity of these backups by restoring them to known baselines to ensure that all backup/restore processes are working as expected, once every 6 months.

Reporting Process

As noted previously, we seek to engage with companies as part of the process of preparing the recommendations in our voting service. We will amend our reports on companies where valid points are made, or where amendments are required. We also draw information on focused stewardship activity outside the meeting season from our GEM database.

We disclose the nature and outcomes of all such engagement with companies in the relevant voting report. We believe that in doing so we provide a fair and balanced picture of the interaction with companies.

In addition, clients of PIRC's voting and engagement services receive quarterly reports on activity undertaken on their behalf.

In respect of voting activity, clients are provided with both statistics on voting recommendations and votes cast, and the rationale for them.

Our quarterly engagement reports again include summary information alongside detailed reports on selected engagements during the relevant period. In these reports we provide context for the engagement, a summary of the engagement and an assessment and expected next steps. Data for these reports is draw directly from our Global Engagement Manager database to ensure that it is rooted in objective information.

We have an internal communications officer who assists with the production of reporting for clients to ensure that it is written in as accessible a format as possible.



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