

Best Practice Principles for Providers of Shareholder Voting Research & Analysis

Pensions & Investment Research Consultants (PIRC)

2024 Compliance Statement

The logo consists of the letters "PIRC" in a bold, white, sans-serif font. The text is positioned within a dark blue rectangular area that has a diagonal cut-off at the bottom right corner, creating a triangular shape. The background of the entire slide is a solid dark blue.

PIRC

Contents

Introduction	4
Principle One: Service Quality	6
Introduction	6
Our pledge to clients	6
Quality systems to deliver quality research	7
Research methodology and process	7
Information sources	8
Piloting the use of AI	9
Engagement processes	10
Staff training and qualifications	10
PIRC's commitment to DEI	12
PIRC's Shareholder Voting Guidelines: Essential dimensions	12
Our developing focus on E&S	15
A single policy	16
Custom policies and advice	16
Accounting for market differences and company circumstance	17
Revisions	17

Feedback Management	18
Client and Supplier Understanding	18
IT Assurance	18
Principle Two: Conflicts-of-Interest Avoidance or Management	20
Conflicts of Interest PIRC does not have	20
Conflicts of Interest PIRC does face	20
Conflicts of Interest Policy	20
Disclosures in PIRC reports	21
Staff training and recusal	22
IT systems and information barriers	22
Actual or potential conflicts of interest managed	22
Code of Conduct	22
Principle Three: Communications Policy	24
Communicating with our clients	24
Communicating and engaging with issuers	24 25
Our approach to factual errors and complaints procedures	27
BPPG complaints procedure	27 28
Public disclosures	29
Engaging with shareholder proponents	29
Dialogue with media and the public	29

Introduction

PIRC is pleased to present our annual compliance statement for the year 2024 to the Best Practice Principles for Providers of Shareholder Voting Research and Analysis.

PIRC believes strongly in the importance of active ownership and stewardship. This commitment not only sets high expectations for the companies in which our clients invest, but also places a corresponding responsibility on us to live up to our own industry's best practice standards.

As an industry, proxy advisers play a vital role in supporting active owners, and it is essential that all market participants can place their trust in us. That is why PIRC has supported the Best Practice Principles since its inception. We view our signatory status as a means of demonstrating how we operate, fostering trust in both our work and in the broader proxy advisory industry, and gaining feedback to make improvements as part of our ongoing commitment.

Indeed, we thank the oversight committee for their feedback on our 2023 report and hope that this year's report further enhances our disclosure. This year's report addresses issues ranging from handling of qualitative data, methodology and policies, PIRC's approach to ESG issues, staff qualifications, handling of factual errors, code of conduct policies, and the BPPG complaints procedure. This year we have also reshaped how we report to provide more detail, increasing our disclosures as part of our obligation to the BPP.

The value we place on the BPP has been a consistently held since its inception. In 2012, the European Securities and Markets Authority (ESMA) issued a consultation paper reviewing the role of corporate governance and proxy voting advisory firms in Europe. The review focused on the growing proxy advisory industry and its services to institutional investors, including asset managers, mutual funds, and pension funds. ESMA's research, initiated in 2011, anticipated increased reliance on proxy advisers and identified key areas potentially affecting the integrity of the voting process.

In its 2013 final report, ESMA stated it had found no clear evidence of market failure in the interaction between proxy advisors, investors, and issuers. However, it acknowledged the need for improved transparency and disclosure to strengthen stakeholder confidence.

In response, PIRC recognised the importance of addressing the issues raised and joined an industry-wide initiative to establish a set of best practice principles. This collaborative effort resulted in the publication of the Best Practice Principles for Providers of Shareholder Voting Research & Analysis in March 2014 which were further updated in 2019.

We fundamentally believe that the principles provide a clear framework outlining expected standards of conduct for proxy advisors in relation to clients, issuers, and the wider market. We also believe that reporting against these each year is to the betterment of us, issuers, stakeholders, the market and ultimately to our clients. As such PIRC is pleased to submit the following 2024 compliance statement.

PIRC is a signatory to these Principles and affirms its compliance with them.

About PIRC

Pensions & Investment Research Consultants Ltd (PIRC), founded in 1986, is an independent corporate governance and shareholder advisory consultancy. With decades of experience, PIRC provides stewardship and proxy research services to institutional investors, focusing on environmental, social, and governance (ESG) issues. Its long-standing expertise supports investors in making informed decisions that align with responsible ownership and high standards of corporate accountability.

Our mission

PIRC raises the bar on corporate ESG behaviours to protect and enhance long-term sustainable returns for our clients and to the wider benefit of company stakeholders.

We have high expectations of the companies in which our clients invest and believe in stewardship with consequences. Our animating purpose is therefore to cause change.

The change we cause for our clients comes from forensic, independent analysis that looks under the bonnet of corporate disclosures, through stewardship specialists experienced in making a difference, and from a pioneering spirit that always pushes the envelope on stewardship.

The bedrock of PIRC's impact is found in its culture of fearlessly serving the needs and interests of its clients. PIRC is independently owned and acts only for investors and not issuers. Our services are tailored to each client: focused on their unique, consequential risks, designed to their distinct priorities and delivered in a way that puts them first.

Alongside this, we recognise opposition is not impact. This is why we take the time to understand the context in which a company exists and to work with companies to set expectations that are challenging but which can also be realistically achieved - for everyone's benefit.

The value we create for clients in this way is reflected in the value PIRC and its stewardship specialists gain from delivering for them. That is why we empower our teams to take a critical view, give them the resources to do so, and always back colleagues acting for change.

Combined, our purpose and our staff offer something unique: the opportunity for investors to reduce ESG risks that are material to them, while also delivering wider benefit to people and the planet. The drive this creates within PIRC is why we have been a trusted partner to active owners for over 30 years. And why we remain a fearless champion for responsible investors.

Principle One: Service Quality

Introduction

PIRC fearlessly serves the interests of responsible investors through its governance research and voting solutions. Our services are designed and tailored for clients whose investment beliefs recognise that value creation is achieved through robust governance standards, alongside consideration of stakeholders and the environment. In doing so, we offer both current and future clients a distinct alternative, helping to support diversity within the proxy advisory market.

By having a clear mission, we can ensure policies – an important dimension of service quality – meet the needs and interests of our clients. While our mission is the foundation and focus of our work, delivering for our clients requires service excellence.

Founded in 1986, PIRC has been providing voting advice and services since the 1990s. Based on the accumulated experience and knowledge over this time, PIRC is a trusted provider of research and voting services. This is based on the provision of independent and objective advice.

Through the combination of our mission and service quality, we support our clients in meeting their stewardship responsibilities. Our clients are institutional investors, largely comprised of asset owners. While each investor is different with unique investment beliefs, we provide advice and opinions that empower responsible investors and are aligned with their belief in good governance and high social and environmental standards. Alongside our standard guidelines, we also empower our clients through tailored advice.

We are proud of our long-standing relationships with clients and our ability to meet their evolving needs. Our approach is grounded in continuous improvement, driven by feedback and a commitment to refining both the delivery of our services and the focus of our advice. In recent years, this has included a sharper emphasis on climate-related concerns and the growing momentum among asset owners to assert greater control over their voting rights and ensure their voice is heard in the market via pass-through voting.

We believe that our dedication to continuous improvement, close client collaboration, and responsiveness to emerging priorities allows us to deliver meaningful, high-quality stewardship support. This approach is central to who we are and ensures we live up to our mission.

Our pledge to clients

PIRC is committed to serving our clients as a fearless champion of responsible investors. We achieve this through our pledge to clients to act with integrity, independence, and purpose. Our work is rooted in our belief in the benefits of responsible investment and active ownership. We support this by providing clear, well-reasoned, and timely research that enables clients to make informed decisions in line with their own priorities and values.

For clients who choose PIRC, we offer more than just voting recommendations. We provide a full suite of stewardship tools, including the development of bespoke voting policies, voting execution services, and mechanisms that allow clients to express their own views where they differ from our analysis. This flexibility ensures that clients remain fully empowered and in control of their stewardship activities while benefiting from our insight and experience.

Transparency is central to how we work. Clients are provided with access to their voting records, allowing them to assess whether our services align with their expectations and standards.

Our commitment to putting clients first is reflected in the consistently high lev-

els of client retention - an indication of the trust we have built and the quality of service we deliver.

Quality systems to deliver quality research

The commitment to responsible investors is underpinned by our approach to quality management systems, policies and practices. Through these systems and policies, we deliver quality research and voting services that enable our clients to meet their needs and deliver our pledge to clients to provide accurate, informed and timely information.

Our methods and systems reflect the Best Practice Principle disclosure requirements, including:

- Employee hiring, training and development
- Clearly defined data collection and analysis processes
- Checking information and advice to ensure alignment with voting guidelines
- IT solutions to support accuracy and consistency of information and advice
- Provision of draft reports to companies to ensure accuracy
- Tracking quality to improve systems
- Timely provision of voting advice
- Opportunity for clients to change votes based on their perspective
- Management overview and audit of services

Research methodology and process

As part of our pledge to clients and belief in quality systems, PIRC is committed to producing high-quality, reliable and timely research and analysis.

PIRC provides research and advice on clients' investee companies at AGMs and other company meetings. PIRC provides advice for all agenda items and enables clients to take their own view either through our shareholder voting guidelines or their custom policy.

PIRC's shareholder voting guidelines cover the board and its structure, report and accounts, executive remuneration, shareholder rights and social and environmental governance issues.

Our guidelines seek to raise the bar on corporate governance practices across all markets while being cognisant of different market norms and regulations. This approach is grounded on the deep practical knowledge of market standards and issuer practices.

Our process that underpins research quality is outlined below:

- *Collect client holdings:* this provides the universe of companies to be analysed for a client which is entered into our database.
- *Identify company meeting:* company meetings within our clients' portfolios are identified.

- *Researcher assigned:* a researcher is assigned on the database with the deadline for producing the report set.
- *Corporate information collected:* information is collected, including proxy material, current annual report, other sustainability reports, our database of company information and entered into our system.
- *Screen on disputable practices:* the continual collection of information, including media stories, is screened and introduced into our database.
- *Contact the company for further information:* contact with the company is established at the start of the year with voting policies, and, where required, a request for further information is made. Information is entered in the company profile, contact is logged, and correspondence is saved.
- *Review stakeholder information:* where required, information on practices is gathered and reviewed from stakeholder sources alongside any relevant information needed to assess shareholder proposals.
- *Draft report:* based on the information and with reference to our shareholder guidelines the proxy report is drafted and submitted to a senior researcher.
- *Check and review:* the senior researcher checks and reviews the report with information adapted following any feedback. Additional research is logged.
- *Engage the company:* the report is sent to the company asking for comments. Company feedback is responded to and, if necessary, the report is amended. Company feedback logged.
- *Quality check:* a final check for conformity with the voting guidelines. Where necessary, information is amended and logged and the report is marked as complete.
- *Distribute report:* the report is sent to clients and uploaded to the client website.

Information sources

PIRC's research is based on publicly available information with the meeting agenda and resolutions forming the basis of the advice we provide.

The main source of information to base our advice on is a company's annual report and accounts. PIRC also considers information within sustainability, social and environmental reporting. In addition, PIRC has a WatchList database of company practices of concern.

From these sources, PIRC can then produce relevant information to clients on financial performance, board independence and structure, remuneration, audit and ownership.

PIRC may at times seek further information from companies to clarify our understanding of their position. Equally, we may also seek further material from proponents filing resolutions. In discussions with companies, we do not seek information that is not in the public domain. If such information were disclosed, PIRC's policy is that the company should provide that to the wider market or we will not consider it in our research and analysis.

PIRC is a firm believer in transparency and any dialogue with companies is

noted in our reports to clients.

PIRC's research reports and voting recommendations are informed by a combination of both quantitative and qualitative data. This integrated approach ensures that our advice is well-rounded, data-driven where relevant, and sensitive to context. By using measurable indicators alongside expert judgement, we provide clients with comprehensive assessments that support informed stewardship decisions. However, the nature of resolutions is qualitative thereby necessitating qualitative advice.

An example of a dual quantitative and qualitative approach is found in our analysis of executive remuneration. While quantitative data such as pay levels, ratios and performance metrics are important, PIRC also places significant weight on qualitative aspects. These include the independence and composition of the remuneration committee, the transparency and clarity of disclosures, and the presence of features such as caps on variable pay and clawback provisions. These qualitative factors are crucial in assessing whether remuneration practices align with shareholder and stakeholder interests.

In some cases, assessments are primarily qualitative, such as the evaluation of shareholder resolutions is fundamentally qualitative. PIRC assesses these proposals based on their content and intent, considering how they align with long-term value creation and responsible business practices. At the same time, we evaluate the company's response or position on the resolution, ensuring that our recommendations reflect a balanced view of both the shareholder proposal and the board's reasoning. This thoughtful, case-by-case approach allows us to provide nuanced guidance that respects the diversity and complexity of issues brought to vote.

Piloting the use of AI

To support the quality and depth of our analysis, PIRC undertook a series of pilot projects throughout 2024 exploring the use of Artificial Intelligence (AI) within its services. We believe AI has the potential to enhance the value we deliver to clients, particularly by increasing efficiency in data handling. However, we are also acutely aware of the risks associated with misuse or overreliance on AI. Accordingly, our approach has been cautious and deliberate, involving extensive testing and the introduction of controls to safeguard the reliability of our research and voting recommendations.

Our planned use of AI is currently focused on extracting key datapoints from annual reports. Over the past year, we tested AI models for accuracy across a variety of data types, with particular attention paid to performance consistency over time. These trials were conducted to assess whether the technology could meet the high standards we apply to our work. In areas where accuracy has not reached acceptable levels, we have made the decision not to proceed for now. This ensures that its use remains targeted to tasks where it genuinely adds value and reduces the risk of introducing errors.

To ensure responsible and effective implementation, our plans are to use AI by experienced researchers and in specific markets. These individuals are best placed to evaluate the quality of AI outputs and to intervene if results fall short of expectations. Our plan is to stick to the existing research process which includes both a report researcher and checker. Under this process, AI-generated content includes page references to support verification and context by the researcher. The final responsibility for accuracy and quality rests firmly with the researcher producing the report.

We are committed to reviewing the outcomes of this cautious approach following the 2025 proxy season. Based on the results, we will consider expanding the use of AI to additional markets. Importantly, AI will be used solely as a tool to assist our researchers—not as a replacement for their judgment or expertise.

We also take data privacy seriously and have implemented safeguards to ensure no sensitive information is used or analysed. Through this structured and careful integration, PIRC aims to harness the benefits of AI while upholding the trust and quality standards our clients expect.

Engagement processes

PIRC undertakes engagement with companies throughout the year. This includes engagement before the drafting of the report and engagement upon production of the report. Such engagement is included within a company engagement section of the proxy report. It is noted whether PIRC engaged with the company prior to the report, whether the report was sent prior to publication, company responses and outcomes of the engagement (most notably, whether factual amendments were inserted and/or whether these informed any change in voting recommendations).

With regards to the engagement on the proxy reports, once reports are drafted as per the above-mentioned process, PIRC undertakes engagement with company representatives in selective markets, prior to publication. We require responses in written form within 48 hours for reports on annual general meetings for companies in the FTSE All Shares index, FTSE EuroFirst and high-emitting companies and 24 hours for EGMs. Companies can ask for an extension of the deadline and the engagement can also take up to several days.

During proxy season (between 1 February 2024 and 31 May 2024), a total of 2,174 reports were drafted (of which 1,942 were AGM reports) were sent to companies prior to the publication.

Once engagement is concluded, PIRC reports on its outcome, including whether this led to factual amendments, changes in the voting recommendations and whether companies understood or challenged 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 'right to opt out' and reporting exclusively the outcome of the engagement. Other companies receive the report once it is published for PIRC clients. In such instances, PIRC remains available to reissue the report until the cut-off date (i.e. voting deadline), if company representatives respond with factual amendments.

Staff training and qualifications

PIRC has a staff base of approximately 35. The majority of whom are involved in producing global corporate governance research and voting recommendations. PIRC also has two consultants based in Portugal and Japan.

PIRC has a research and data team that collects and interprets corporate governance data that is used in the PIRC corporate governance proxy reports. PIRC's team is global and as such every member of the permanent research staff is trained on all markets. There is some regional division based on seniority, background, language diversity and interests in order to maximise performance. However, each member of the team is trained to produce reports globally. PIRC does not employ external research providers.

PIRC has an internal induction and training process that all research and data staff must complete on joining the company. This initial induction is vital to establishing a common framework of understanding on corporate governance and ESG matters, how PIRC brings its unique perspective on these matters and PIRC's expectations and values. The average length of service for staff involved in the research services is 5 years. As part of the induction process, research staff at PIRC provides one-on-one mentoring to new staff. The average length of service/experience in our management team for corporate governance and corporate responsibility research delivery is 15 years at PIRC.

An induction process is required for all staff when they start, for the duration of approximately three weeks, and it covers all aspects of work at PIRC.

The training programme is developed by their line manager and new staff are assigned a mentor, who will track training sessions per day and whether desired progress is achieved.

New permanent staff are assessed regularly through the probationary period and beyond by their line manager, keeping at least one annual performance development review meeting.

In 2024, we hired 5 temporary staff during the proxy season to work on global markets. During the peak season, there were 11 permanent employees to 5 temporary staff. When hiring temporary staff we expect a degree level qualification, and most tend to have a background in law, sustainability, economics or social sciences. We hire not only on degree qualification but also aptitude and assessment of the ability to learn quickly. Each year PIRC seeks to retain talented and trained staff to strengthen our work. In 2024, we retained 4 temporary staff.

During proxy season (between 1 February 2024 and 31 May 2024), a total of 2,174 reports were drafted (of which 1,942 were AGM reports), by an average of 16 researchers. Across the full year, a total of 3,449 reports were published, of which 2,871 were AGM reports.

In the view of the BPP OC, signatories should disclose the levels of permanent professional staff during the year, together with the number of temporary/seasonal employees during high-volume periods. While the average time per report depends largely on the type of reports (itself based on the index) PIRC uses predicted average time of report completion data in order to inform the need for staff during the proxy season (as previously defined), the make-up of teams and the report allocation to each of the team members.

Throughout the year we provide in-house training opportunities. This includes sessions where different teams present their work to others. We provide continuous training throughout the year for all staff often taking informal guidance and mentoring for junior staff. PIRC provides an intensive initial training period over initial weeks for all temporary staff, but the training continues on a daily basis thereafter. As such, temporary staff have three to four months out of six months on continuous training.

Alongside in-house training we also encourage staff to attend seminars and also gain further qualifications. For example, we continue to support staff to undertake a CFA in ESG Investing.

Across the teams we have a wide range of skills and qualifications. Staff educational qualifications cover:

- Accounting and finance
- Law
- Environmental science

- Computer science
- Economics
- Politics and international relations
- Sociology

A number of staff have attained post-graduate qualifications including MAs, LLMs and MScs. Staff have also gained other certifications including FCCA, UK-SIP Investment Management Certificate and CFAs in ESG Investing. We also have two colleagues undertaking PhDs.

PIRC's commitment to DEI

PIRC believes firmly in diversity, equity and inclusion. We believe in it intrinsically but also as a means to support sustainable growth through the best use of talent, to facilitate innovation and to guard against groupthink. We apply this position in our voting guidelines and as a company. We are proud of our diversity as a company and opportunities we provide.

During 2024, PIRC had 36 employees, including consultants. 40% of PIRC staff were women and half of executive directors were women. PIRC actively sought to address comments in previous years about wider diversity characteristics. In that vein, in 2024, 55% of staff were non-White British. The age breakdown of staff was: 44% under 30, 36% between 30 and 50; and 19% over 50 years old. One member of PIRC's staff has declared themselves as having a disability.

Although we do not collect data on socio-economic backgrounds, as part of PIRC's culture and mission we believe deeply in the importance of socio-economic diversity. This belief is reflected in the background of staff members.

PIRC's Shareholder Voting Guidelines: Essential dimensions

As noted, the foundation of our service quality and advice lies in PIRC's policy positions. Our policies are designed to align with the interests and values of our clients. To best serve those seeking positive change at companies and a reduction in financial risks, we draw extensively on market best practices. However, PIRC may also go beyond current market standards or legal requirements to better serve our clients' interests and to lead the way in raising expectations across the market.

The foundations of PIRC's guidelines

PIRC's shareholder voting guidelines have been influenced by global leadership organisations such as the International Corporate Governance Network's best practice recommendations, the Organisation for Economic Cooperation and Development, local market codes such as the Dutch Tabaksblad Committee Code and the guidelines issued by other market players such as the Council of Institutional Investors in the US and the King Report in South Africa.

In setting out general principles, we seek to ensure consistency and fairness in determining voting advice. However, special circumstances are considered where appropriate. Our guidelines cannot provide for all eventualities. As such,

in certain situations, PIRC will exercise its judgement according to the nature and materiality of the issue, the composition of meeting agendas, the nature of the company response to issues raised and our judgement as to what would be in our clients' interests.

As far as possible, we have set out in our guidelines where our view of best practice goes beyond existing legal or regulatory requirements. This is based on wider participation in public discussions of best practice, which PIRC often takes a view on. For example, PIRC plays an active role in debating corporate governance issues via submissions to government consultations, client seminars, membership of various working parties and bilateral company meetings as well as dialogue over local market best practice.

These activities along with client feedback and company comments inform our guidelines. PIRC consults with clients on each new edition of its guidelines. Many of PIRC's pension fund clients adopt the PIRC guidelines following a presentation and endorsement by their respective governing bodies.

PIRC has had a significant influence on the development of standards applying to the operation and management of public companies in the UK. Many of the elements of corporate governance that are now taken for granted at public companies were reforms that PIRC had proposed much earlier.

Our high-level policy objectives

PIRC's primary goals of encouraging boards of listed companies to adopt corporate governance best practice are to:

- Adopt clear values and standards in business dealings throughout the organisation.
- Develop a culture of transparency and accountability.
- Focus on strategic issues and the quality of the business rather than simply short term numbers.
- Develop appropriate checks and balances to deal with conflicts of interest.
- Maintain effective systems of internal control and risk management.
- Create fair remuneration structures that reward the achievement of business objectives at all levels.
- Recognise and manage impacts on stakeholders.

These goals are intended to assist companies in making effective business choices so as to maximise the wealth and welfare of all affected by their operations.

The essential elements of our guidelines

PIRC guidelines are based around six main sections: the board; audit and accounts; executive remuneration; share capital and shareholder relations; corporate structure and transactions; and environmental and social governance. This structure we believe to be aligned with: corporate governance codes, emerging investor and standard setter interest in social and environmental issues, and our client's priorities and responsible investment beliefs.

The key elements of these six sections are:

Board: In line with corporate governance codes, PIRC's shareholder guidelines set out the key principles and provisions relating to the role, composition and responsibility of public company boards and directors. PIRC's positions are based on the belief in independent, diverse, and accountable boards with clear leadership and committee structures. PIRC's guidelines therefore cover director independence, separate chair and CEO roles, and independent key committees (audit, remuneration, and nomination). The guidelines also outline PIRC's position on director elections, over boarding and on gender and ethnic diversity. On the issue of over boarding, for example, our assessment takes into account a director's role within the company, the number of external directorships they hold, and the nature or seniority of those external positions. We also consider the director's attendance record at board meetings, as this provides insight into their capacity to effectively fulfil their responsibilities.

Audit and accounts: PIRC expects boards to produce fair, balanced, and understandable annual reports. To do so, PIRC's guidelines outline expectations regarding audit committees, their independence and recent and relevant financial expertise. In addition, the guidelines set out expectations of auditors which focus on their independence, including levels of non-audit fees and length of tenure.

Executive remuneration: In general, PIRC clients remain concerned about the nature and structure of executive remuneration. The guideline positions on executive remuneration therefore capture these concerns and set out expectations regarding alignment with long-term shareholder interests and ensuring policies and awards are fair, transparent, and avoid rewards for failure. As such, the guidelines outline areas of analysis which guide vote recommendations. These include remuneration committee independence, CEO-to-employee pay ratios, disclosure of pay components, maximum potential payouts, vesting periods, clawback policies and performance targets for variable pay.

Share capital and shareholder relations: As a champion of responsible investors, PIRC's guidelines outline expectations to protect shareholder rights and interests. The guidelines outline expectations for timely and clear information ahead of meetings and preference for unbundled resolutions. They also set out positions on dual voting rights, share issuance and pre-emption rights, buybacks and de-listings or re-incorporations that could weaken governance standards.

Corporate structure and transactions: Investors are frequently asked to take a view on transactions. The shareholder voting guidelines set out how PIRC assesses mergers and acquisitions (M&A) with a focus on transparency, shareowner rights, and good governance. This assessment covers deal rationale, board oversight, fairness, and conflicts of interest. The guidelines also outline positions on takeover code waivers that may lead to 'creeping control'.

Social and governance: Social and environmental factors pose significant risks to investors and feature prominently in our clients' investment beliefs. PIRC adopts a holistic governance approach which integrates environmental, social, and governance factors. PIRC's guidelines are based around ex-

expectations for companies to publish ESG strategies and policies, disclose quantitative environmental and social performance data, and show evidence of ESG governance arrangements.

Our developing focus on E&S

Investor and regulatory awareness of environmental and social (E&S) considerations has grown significantly since the original drafting of standard governance codes. In response to this evolution, PIRC has incorporated a dedicated focus on E&S matters into its research and voting framework. This ensures that environmental and social governance is not treated as peripheral, but as a core component of our service just as it is for our clients' stewardship priorities.

PIRC applies a set of expected ESG practices to the companies it analyses, establishing a baseline that cuts across all sectors. This includes governance of E&S matters and the presence of clearly disclosed policies on key issues such as climate change, employee rights, human rights, and broader sustainability reporting. These expectations are not sector-specific, recognising that responsible governance and transparency should be universal.

Understanding that ESG remains a fast-developing and complex area, PIRC continually reviews and refines its approach. In 2021, it commissioned an independent review of its environmental and social analysis. This review evaluated existing practices and policies and made recommendations to enhance data quality and analysis. As a result, PIRC made improvements to its internal systems and processes, particularly around the analysis of climate-related proposals and broader climate governance frameworks.

Building on this progress, PIRC undertook a further review in 2024 focused specifically on its approach to high-emitting companies (more detail below). Recognising the pace of change and the emergence of new best practices, PIRC intends to carry out another review in 2025. These regular assessments help ensure its approach remains robust, relevant, and in line with the expectations of responsible investors.

In line with its standard voting methodology, PIRC bases its environmental and social assessments on information disclosed by companies, including disclosures made in the lead-up to shareholder meetings. PIRC has considered using alternative sources of information. However, PIRC decided that this could lead to advice being produced that was based on dated information. Instead, using the latest corporate disclosures ensures voting advice is grounded in up-to-date information.

As noted elsewhere in the report, to ensure accuracy PIRC allows companies to review and respond to draft versions ahead of publication. This process enables companies to correct factual inaccuracies if they were to arise and supply additional context where needed, including in relation to ESG matters. Feedback provided by companies plays a valuable role in ensuring that the final research and voting recommendations are well-founded and balanced.

Through this structured, evolving, and transparent approach, PIRC aims to support its clients in holding companies accountable not only for governance practices, but also for how they manage their environmental and social risks and impacts.

While we provide a standard assessment of approaches to social and environmental risks we acknowledge that such risks will differ by sector. Many of our clients are specifically concerned about climate change. To support these clients and focus on issuers where the risks are greatest, for major emitters, PIRC anal-

ysis focuses on more detailed expectations. Over the year, PIRC further developed its approach to ensure enhanced alignment with standard setters (TCFD/IFRS S2), investor initiatives (e.g. CA100+) and our clients' views. This approach includes expectations regarding climate strategy, targets, governance and reporting. The policy also encompasses climate-related metrics in executive remuneration policies and the auditor's treatment of climate-related risks.

As part of our focus on client needs starting from 2022, PIRC reports have indicated the Sustainable Development Goals (SDGs) that are covered under either data sections or voting recommendations. Our proxy voting reports indicate which of the SDGs are covered in the report. This covers seven of the SDGs and is based on comparable information disclosed by companies. This includes Goal 1 – End Poverty in all its forms everywhere; Goal 5 – Achieve gender equality and empower women and girls; Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and Goal 13 – Take urgent action to combat climate change and its impact.

A single policy

PIRC operates with a single, unified voting policy and is committed to providing a consistent and independent view on governance issues to its clients. This means that, under our standard approach, we do not offer differing voting advice on the same resolution. However, we recognise that some clients have their own bespoke voting policies, tailored to their specific investment beliefs and priorities. In such cases, PIRC provides custom voting advice aligned with the client's individual policy. In such cases, PIRC can provide different voting advice (to our standard approach) on the same resolution.

Custom policies and advice

PIRC exists to empower responsible investors in fulfilling their stewardship responsibilities and achieving their long-term ambitions. Central to this mission is recognising that investors hold diverse beliefs and priorities, which may deviate from our position. As such, they may wish these beliefs to be reflected in the way they vote and engage with companies. To support this, PIRC offers tailored services that align with each client's approach to responsible investment and governance.

Around half of PIRC's clients operate their own voting policies, developed to reflect their specific investment beliefs. For these clients, PIRC provides advice and technical support in drafting custom voting templates that are consistent with their principles and governance priorities. Whether a client has come to us with an existing policy or through a process of consultation, PIRC works closely with them to devise a tailored template that captures their expectations across key environmental, social, and governance issues.

Once agreed, the voting template forms the basis for delivering bespoke advice. This ensures that every voting recommendation issued by PIRC on behalf of these clients is grounded in their own principles. Our approach therefore offers clarity about our approach and consistent application while ensuring that client beliefs are at the centre of every decision made during proxy season and throughout the year.

For clients operating a custom policy, PIRC's research process includes the delivery of a draft report that allows clients to review and propose amendments

within 24 hours of receipt. In the case of clients for whom PIRC votes directly, we provide additional flexibility by enabling them to update or modify votes after the report has been issued and before the company meeting takes place. This ensures clients retain full control over their stewardship actions.

PIRC is also committed to helping clients keep their policies current and responsive to market developments. We maintain an open dialogue and periodically advise clients on potential areas for revision or enhancement in light of new trends, regulatory changes, or emerging governance risks. In doing so, we support the evolution of responsible investment practices and help clients remain effective stewards in an ever-changing and evolving market.

Accounting for market differences and company circumstance

PIRC's approach to voting recommendations is guided by a considered and consistent application of general principles, while retaining the flexibility to account for specific circumstances. In making its decisions, PIRC evaluates a range of factors, including its own shareholder voting guidelines and the company's rationale for its proposals—particularly where there is a deviation from established norms. Board assurances regarding positive future changes are taken into account, as is the potential impact of an oppose vote on corporate structure and its likelihood of taking effect.

PIRC also assesses the use of shareholders' funds, examining how capital is allocated in relation to the balance sheet, with attention to investment risk and governance implications. The materiality of concerns, the associated timelines, the possibility of future voting opportunities, and the wider market implications of any precedents are also central to the analysis. While aiming for fairness and consistency, PIRC acknowledges that not all scenarios can be anticipated, and reserves the right to exercise informed judgement.

To support meaningful engagement, PIRC encourages dialogue with the companies it analyses. This includes offering opportunities to comment on its research prior to and following publication, being open to contact throughout the year, and widely distributing its Shareholder Voting Guidelines to listed companies, investors, and other stakeholders. PIRC also engages with a broad spectrum of market participants, including companies, investors, regulators, and professional bodies. Additionally, its internal Policy Forum—comprising staff from all levels—serves as a channel for identifying and reviewing emerging issues, ensuring these are incorporated into its corporate governance research, regardless of whether they are subject to a shareholder vote.

Revisions

PIRC strives for the highest standards in the quality of our work. We also seek to have respectful and constructive relationships with the companies which we analyse and provide voting recommendations on. As part of that commitment to quality and a positive working relationship with issuers, where there are concerns, we seek to engage and where necessary rectify any issues.

To do so, PIRC responds to company concerns about our research or reports, through email correspondence and conference calls. Issuers can raise a concern directly to the chief executive and complaints will be followed up within 48 hours. Claims regarding data and research will be reviewed by a different staff member

than the one who drafted the report or managed the original correspondence under complaint. Depending on the nature of the concern or complaint raised, a detailed response will be prepared for sign-off by PIRC's chief executive. There may be a delay in responding to such concerns or complaints at the height of the proxy season. However, PIRC makes best efforts to review the materiality of such concerns and complaints within 48 hours. Detailed responses may take up to several weeks, depending on the materiality of the issue and business pressures.

Feedback Management

PIRC has established clear procedures for identifying and correcting material factual errors or necessary revisions to its research, analysis, and voting recommendations following the publication of its reports. As part of its commitment to high-quality, transparent research, companies included in PIRC's coverage—particularly those listed on the FTSE All-Share and FTSE EuroFirst 300—are provided with draft proxy reports prior to publication. These drafts allow for a 48-hour window during which companies may suggest factual amendments.

Any corrections proposed by issuers must be submitted in writing and are reviewed solely for factual accuracy. Once an error or necessary revision is confirmed, PIRC updates the relevant report and reissues the amended version to its clients. The company that raised the correction is also provided with a copy of the revised report.

Beyond this pre-publication review, PIRC ensures post-publication accountability and transparency. If factual corrections or amendments are identified after a report has been released, and these impact the voting recommendation, PIRC will issue an updated version of the report to its clients and share it with the relevant issuer.

Additionally, PIRC discloses within the final version of each report whether any post-publication engagement occurred, whether any factual errors were corrected, and whether these corrections influenced the final voting recommendations. This approach ensures clients are promptly informed of significant revisions, thereby maintaining trust and ensuring the accuracy of the advice upon which their voting decisions are based.

Further detail on our feedback management arrangements can be found under Principal Three.

Client and Supplier Understanding

PIRC's client and supplier understanding protocols are discussed under Principle Three below. This includes how we liaise and communicate with clients on processes and policies in advance, providing timely research to clients and engaging clients after votes.

IT Assurance

Our IT systems are an essential part of how we deliver our services to clients. Their integrity is essential and critical to business continuity and service quality. Given this, we have systems, policies and protocols in place to safeguard our IT systems.

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 which by its very nature is highly resilient and highly reliable. 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 addition, PIRC ensures that all systems are fully backed up to a secure off-site 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 six months.

In the unlikely event of a failure of any sort, PIRC has the ability to restart our software on alternative virtual machines 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 and bespoke applications and data are only accessible internally to PIRC staff.

Alongside maintenance and design of our IT systems, PIRC has cybersecurity and data protection policies. These are designed to reduce the potential risks from human error. PIRC's IT team also provides staff with information and support to minimise cyber-related risks.

Principle Two: Conflicts-of-Interest Avoidance or Management

Conflicts of Interest PIRC does not have

PIRC has made the deliberate decision to retain its private company status and, rather than, for example, providing services to listed companies, to only work for institutional investors.

Indeed, PIRC's conflicts of interest policy 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 facilitates PIRC's unrivalled reputation for being prepared to challenge market orthodoxies on ESG issues, and company behaviours that are at odds with responsible investing.

In addition, PIRC is independently owned so there are no conflicts between owners who are either companies or investors in companies within PIRC's proxy or engagement coverage.

Conflicts of Interest PIRC does face

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. Nevertheless, we have identified the following potential conflicts of interest in our business: Providing an analysis of a shareholder proposal in which PIRC or its employees have been advising the proponent; acting for investors with different responsible investment perspectives; undue influence of an individual investor client; and staff shareholdings/trading.

Conflicts of Interest Policy

Purpose

PIRC has written the following policy statement that describes how we propose to manage potential conflicts of interest we may have with any of our clients. Our objectives in drafting this policy statement are as follows:

1. to assure clients that the information and advice PIRC provides is impartial;
2. to outline a system whereby actual and potential conflicts are disclosed to clients and managed effectively.
3. to provide clients with clear disclosure obligations.

Definitions

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

- a. “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.
- b. “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.
- c. “Staff” refers to the client’s Investment or Administrative staff.

Disclosure responsibilities of PIRC

- a. 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.
- b. 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 that it intends to take to avoid 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.
- c. Once a Conflict has been disclosed, PIRC will promptly update the client in writing of any changes in circumstances.
- d. 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 PIRC is unsure whether a Conflict actually exists, the Conflict will be disclosed, for example in an individual company proxy report, where it will be identified in the body of that report.

Disclosures in PIRC reports

PIRC implements its conflict of interest policy through relevant disclosures in proxy research reports. PIRC declares in its reports if it perceives a potential conflict to exist, such as when it has provided advice to the proponents of a shareholder resolution. This disclosure ensures transparency and provides information to enable clients to understand any factors that if not managed could have influenced PIRC’s analysis or recommendations. In addition, such disclosures may



note how the potential conflict was managed.

Staff training and recusal

Alongside recusal outlined above, to further safeguard against conflicts of interest, all PIRC employees receive training on identifying potential conflicts as part of their induction upon joining the organisation.

In addition, all staff are required to complete a declaration of interests. They must also report their personal share holdings on a regular basis, supporting ongoing transparency and accountability.

IT systems and information barriers

Meeting notes from individual engagements are securely stored in separate files, which are not accessible to general staff, ensuring confidentiality and data segregation. This separation helps maintain the integrity of information related to different client interactions.

Additionally, PIRC's Global Engagement Manager (GEM) database is structured to classify company engagements by client. Each client's engagements are stored in discrete sections of the database, with no overlap or intersection, further safeguarding client-specific information and preserving confidentiality across all engagements.

Actual or potential conflicts of interest managed

PIRC's engagement team meets and engages with numerous companies each year. Information gained through these meetings could potentially create conflicts between PIRC's assessment of a company based on our Shareholder Voting Guidelines and the engagement activity undertaken on behalf of specific clients with their own set of responsible investment interests. However, PIRC information gathered during the course of stewardship engagement is not used for proxy reports. IT systems ensure notes cannot be shared, and there are separate staff dedicated to engagement and proxy drafting.

Following feedback from the BPP Oversight Committee, this year's report includes examples of conflicts managed. As part of its stewardship service, PIRC has recently assisted the co-filers of resolutions on issues related to climate change, Freedom of Association, and tax transparency. PIRC also acted on behalf of the proponents to encourage investor support for the proposals. To safeguard against any conflicts, PIRC staff undertaking the work on the proposal had no role in the production of the report or contact with those involved in drafting it. To provide our clients with full disclosure of the situation, the proxy reports featured prominently an outline of the position and action taken by PIRC to manage the potential conflict.

Code of Conduct

Ethical standards at PIRC are not just shaped by the Conflicts of Interest policy but also guided by its Code of Conduct. As the policy notes, the reputation of PIRC and the trust and confidence of those with whom it interacts are of para-

mount importance to its business.

It is essential that PIRC maintain high ethical standards in its dealings with all those with whom it is involved. All employees are required to comply with the letter and spirit of the Code of Conduct and with the detailed standards issued in support of it.

The Code of Conduct covers expectations across a range of areas. These include bribery and payments to officials and accepting gifts from third parties. The Code of Conduct outlines clearly PIRC's position on using confidential information through employment for personal gain. It notes the legal requirements around price-sensitive information. The Code of Conduct also outlines policies on the use of company property and resources and PIRC's commitment to act as a good corporate citizen.

The policy is communicated with staff and available on the staff shared drive. Everyone is expected to promote them by personal example. It is the responsibility of staff to familiarise themselves with the Code of Conduct. The policy does not cover every eventuality and where colleagues are unsure, the policy notes that colleagues should contact directors. The policy also states failure to comply with the code will result in disciplinary action.

Principle Three: Communications Policy

PIRC fearlessly serves its clients, while recognising wider obligations to its stakeholders. PIRC believes that through transparency, clear communication and actively seeking feedback from clients and stakeholders we not only meet our obligations but the service we provide is greatly enhanced.

This section outlines how we communicate with clients, issuers and other stakeholders. This covers PIRC's process for reviewing its work, communicating with stakeholders, engaging issuers and shareholder proponents, and disclosing communication and engagement with stakeholders to our clients.

Communicating with our clients

Only through clear, timely and regular communication with our clients can we serve their needs. For PIRC, this communication is not only essential during the vote period but also before (regarding our processes and policies) and after votes have happened (providing oversight to our work and helping inform their stewardship activities).

Communicating processes and policies in advance

Our voting guidelines communicate our policies to our clients. Therefore, our guidelines are an essential part of how we communicate how we act on our clients' behalf. To further facilitate and communicate our evolving policies, any annual changes to the guidelines are outlined in a separate document. For those with custom policies, PIRC provides template guidelines which can be reviewed each year.

We also provide clients with information and training about our research and voting processes. For those on whose behalf we are voting, PIRC also provides support and advice on the voting process, including how to make vote changes.

Providing timely research to clients

PIRC acts in our clients' best interests and always puts them first. It is their vote, not ours, and we fully respect that they retain complete control over how they choose to exercise it. Our role is to provide high-quality, timely, and independent research that empowers clients to make informed voting decisions aligned with their stewardship responsibilities and investment strategies.

To support this, we are committed to delivering research in a timely manner, enabling clients to review and consider our recommendations well ahead of voting deadlines. This research adheres to the standards outlined under Principle 1, which governs our approach to service quality, including accuracy, clarity, and relevance. Reports are written to be accessible and easy to understand, with a clear rationale underpinning every recommendation, so clients can see exactly how we have arrived at our conclusions.

Clients can access our research through a secure website, where tailored email alerts can be set up to notify them as soon as new analysis becomes available. We also make ourselves available to respond to any questions clients may have about our vote recommendations, ensuring they have the clarity and support they need to make decisions with confidence.

This approach ensures that clients are equipped with research that is not only timely and independent, but also responsive, transparent, and aligned with their governance expectations and stewardship goals.

Engaging clients after the votes

Our communication with clients does not end once vote recommendations are issued or a meeting has taken place. We continue to engage after the vote, providing clear and comprehensive information to support transparency and on-going stewardship. All clients receive a full breakdown of our recommendations, while those for whom we execute votes receive a detailed record of how votes were cast on their behalf.

For certain clients, we also deliver post-season presentations and in-depth analysis of voting patterns and trends, helping them understand the broader context of their voting decisions and how they align with market developments. In addition, we offer a dedicated portal through which clients can publicly display their voting activity to beneficiaries and stakeholders.

The information we provide to clients facilitates scrutiny and encourages accountability. It also enables clients to raise questions, seek clarification on specific votes, and stay informed about how voting aligns with their values and investment objectives.

By maintaining a high level of post-vote transparency and providing tools for engagement, we support our clients not just in exercising their votes, but in strengthening their stewardship approach over the long term.

Communicating and engaging with issuers

PIRC's approach to communicating and engaging with issuers is guided by a commitment to transparency, courtesy and high-quality research. Initial contact is made following a company's inclusion in PIRC's research coverage, with a request for key documents to support the reporting process. Engagement is conducted independently from research, and companies are given the opportunity to review draft reports for factual accuracy. PIRC's overarching aim is to provide clear, timely, and well-informed voting recommendations on behalf of its investor clients.

Introductory letter

PIRC's initial communications policy with companies begins with a letter sent by email to a published contact address at the company. PIRC seeks to have a dialogue via the company secretary but will use a general corporate contact address if this is absent from disclosures. In that letter, PIRC will ask for documents to assist in its reporting. These include a prior year's annual reports and the company's articles of association. These requests follow inclusion of the company within PIRC research coverage, determined by the portfolio holdings of clients or local market indices. Changes within these holdings are monitored on a quarterly or monthly basis, depending on the availability of new data.

Voting guidelines

PIRC seeks to update and publish its Shareholder Voting Guidelines each year. UK companies can expect a complimentary PDF version by email following each annual publication and on request a corresponding explanatory document, which sets out where PIRC policy has changed. For foreign markets outside the UK All-Share index, PIRC provides guidelines for each market where client stocks are held.

Proxy report delivery

Companies can expect their investors to be informed of PIRC's voting recommendations ahead of statutory voting deadlines for any given market. As PIRC is just one of many intermediaries involved in the proxy voting chain, we are subject to the imposition of deadlines by others with whom we have no contractual relationship. Where externally imposed voting deadlines conflict with PIRC's contractual delivery deadlines to clients, companies should expect that PIRC will adhere to its own contractual terms. This is particularly the case where such deadlines are subject to change at short notice.

During 2024, PIRC has published reports with an average of 18.7 days prior to the meeting for AGMs and 17.6 days prior to the meeting for EGMs. During proxy season (here considered between 1 February and 31 May) the average delivery time was 18.1 and 16.7 days prior to the meeting, respectively.

PIRC's voting recommendations

Issuers should expect some of the votes cast by their shareholders to be informed by PIRC voting recommendations. PIRC recommendations are based on the principles advocated by PIRC's Shareholder Voting Guidelines and the conclusions of research done prior to general meetings.

Engagement

PIRC acts solely on behalf of its investor clients, not the companies in which those clients invest. However, as a matter of courtesy, PIRC believes that UK companies within the FTSE All-Share and FTSE EuroFirst 300 indices should have visibility of its voting recommendations. Accordingly, PIRC provides all issuers whose shares are held by its clients with copies of its published proxy reports ahead of their shareholder meetings. For companies listed on the FTSE All-Share, a draft report is sent prior to publication, allowing 48 hours for comment. Companies in the FTSE EuroFirst 300 index are also given 48 hours to respond to the draft report.

Each report indicates whether there has been any engagement with the company during the year preceding the report's drafting. To maintain the integrity and independence of the research, analysts responsible for writing the report are separate from staff who may have conducted prior engagement. Furthermore, no confidential information (e.g. not in the public domain) gathered during engagement is used in the drafting process. Any post-publication engagement, or communication following the distribution of the report, is also captured and disclosed in the final publication. This includes whether factual corrections were incorporated, whether additional information beyond factual amendments was considered, whether the company's input influenced any voting recommendations, and whether the company understood or contested the outcomes.

Companies may suggest factual amendments to PIRC's draft reports, but only if such suggestions are provided in writing and within the specified deadline. Amendments are reviewed strictly on the basis of factual accuracy. All such external communications must include the senior PIRC staff and a shared mailbox to ensure transparency, traceability, and compliance with ethical standards. Where necessary, communications can be escalated within PIRC for further review.

Ownership of shares confers fundamental rights enshrined in company law. As a proxy adviser, PIRC supports the active use of those rights by shareholders. When voting recommendations are based on a company's behaviour being inconsistent with core principles, those recommendations are unlikely to change

unless there is clear evidence of a shift in corporate behaviour. In line with this position, each research report discloses the nature of any UK company engagement that took place.

While PIRC remains open to meaningful dialogue, its primary responsibility is to its clients. Engagement is conducted solely with issuers and is guided by PIRC's own voting guidelines, which are developed in agreement with clients and shared transparently with issuers. PIRC does not engage with law firms or external consultants. To protect the independence of its research, engagement activity as part of our broader services is undertaken by a separate team than that which produces the research reports.

Reviewing our research

As noted above and in common with other proxy agencies, PIRC endeavours to provide research and recommendations on thousands of companies held in institutional investors' equity portfolios. 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 any factual errors impacting a voting recommendation to be corrected at the draft stage in the report production process.

At the draft stage, where corrections are agreed the report will be corrected and then go to the client. If an issue is identified after going to clients, PIRC will re-issue an amended report to its clients and provide a copy to the company.

Companies outside the UK will 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.

At the end of each summer, the research team reviews engagement and aggregated data from the UK FTSE AllShare, in order to enhance and improve the research process. Outlying data is singled out and reviewed and ongoing training is performed throughout the year.

Global trends in corporate governance deriving from proxy data as well as voting data are also reviewed throughout Q3 and Q4. This helps us to understand trends, informs our approach to advice and is also used to provide insights to our clients.

Out of season, PIRC is also open to engaging issuers. These discussions are often used to set out and discuss PIRC's policy positions outside the context of a specific meeting.

Voting disclosure

Companies can expect post-meeting public disclosure of each recommendation made by PIRC on PIRC's website. This is uploaded as of the meeting date for the company.

Our approach to factual errors and complaints procedures

As noted above, PIRC has a clear and structured process for addressing factual errors in its research reports. Companies are given the opportunity to suggest factual amendments to draft reports, but only if such suggestions are made in

writing and within the specified timeframe outlined above. This allows for a focused review based solely on factual accuracy and ensures that the information underpinning voting recommendations is correct and current.

As described previously, to maintain transparency and accountability, all external communications related to factual amendments must include both a senior staff member and a designated shared mailbox. This approach supports traceability of communications and helps ensure compliance with PIRC's ethical standards. PIRC supports the Best Practice Principles Oversight Committee's calls for greater transparency in fact-checking, error-tracking, and correction processes, and strives to align its practices with these expectations.

If a factual error is identified and confirmed, the research report is amended accordingly. In instances where the issue raised is not a factual error but a difference of opinion or interpretation, the issuer is notified of the decision not to amend the report. In cases where companies provide additional information that was not publicly available at the time of research, PIRC will consider such input only if it is subsequently published and relevant to the meeting or voting decision. Where appropriate, the final report will include commentary on the company's feedback.

In cases where a factual error is discovered after the report has been issued, PIRC promptly notifies clients of any amendments made. A revised report is then distributed to ensure clients have access to the most accurate and updated information. This helps to maintain the integrity of our voting recommendations and supports clients in making informed stewardship decisions.

Sometimes changes may arise due to late updates from companies, such as last-minute changes to ballot items. These situations are more common in certain markets. When such late changes occur and impact voting advice, PIRC reissues the report to reflect the latest publicly available information, ensuring clients continue to receive timely and accurate guidance.

As outlined under Principle 1, PIRC takes issuer concerns about its research or proxy reports seriously and engages through email, written correspondence, and conference calls to address them. Companies may escalate concerns directly to the chief executive, who ensures that the issue is acknowledged and followed up within 48 hours. To maintain objectivity and fairness, any complaints related to data or research are reviewed by a staff member who was not involved in drafting the original report or handling the initial correspondence. A detailed response is then prepared and subject to approval by the chief executive, ensuring a thorough and independent review process.

While PIRC aims to address concerns promptly, response times may be affected during peak periods of the proxy season due to high volumes of activity. Nonetheless, every effort is made to assess the materiality of the concern within the initial 48-hour window. Depending on the complexity of the issue and operational pressures, detailed responses may take several weeks. Throughout, PIRC remains committed to transparency, fairness, and maintaining the integrity of its research.

BPPG complaints procedure

Where there is an allegation of material failure by PIRC to comply with the Best Practice Principles (BPP), we will refer the complainant to the BPP Group's [formal complaints procedure](#). This procedure outlines the expectations placed on signatories to uphold the Principles and be committed to remain accountable, act fairly, and respond proportionately to any concerns raised.



As detailed in the complaints procedure, complaints must be filed with the signatory within six months of the alleged material non-compliance. If the signatory fails to respond within 30 days, or if the response does not adequately address the concern in line with the Principles, the complaint can be escalated to the BPPG for further review.

The procedure also provides clear guidance on the type of information that must be submitted with a complaint and how it will be assessed by the BPPG committee. Regardless of the outcome, all escalated complaints, including the investigation process and the final decision, are shared with the BPPG Oversight Committee. This committee is empowered to recommend remedial actions or apply sanctions as necessary to ensure ongoing accountability and adherence to the Principles.

Public disclosures

Companies can expect PIRC to contribute to public policy debate. PIRC advocates improved corporate behaviours via regulatory submissions, event attendance and media contributions. From time to time, PIRC will reference company practices in its public comments. Any such references will be evidence based. PIRC will not disclose any confidential communications received from a company during the course of its dialogue or engagement, unless explicit permission has been obtained from the company to share such information with clients.

Engaging with shareholder proponents

PIRC reviews all shareholder proposals on a company's proxy agenda on a case-by-case basis. As a general principle, PIRC supports shareholders' rights to use the proxy process for nominating directors and submitting proposals or resolutions. We view this as a fundamental shareholder right and encourage such engagement as a constructive element of the governance process that can help strengthen corporate governance.

Each shareholder proposal is analysed with the proponents' text and supporting statement scrutinised. PIRC will then analyse any statement in support or opposition by the company board. It will on occasion have prior knowledge of such a proposal and this will be disclosed in its analysis within the proxy report.

PIRC is occasionally contacted by other stakeholder interests, such as a company's employee representatives. PIRC will accord appropriate status to such contacts, whilst always seeking to obtain company responses to the substantive matters under consideration in any such dialogue.

Dialogue with media and the public

PIRC believes it important for proxy advisers to engage with the press to contribute to informed public debate on corporate governance, transparency, and accountability. Speaking to the media helps clarify voting positions and promote greater understanding of investor expectations and stewardship responsibilities.

PIRC periodically engages with media organisations, maintains a presence on social media, including LinkedIn, and occasionally publishes press releases. Approved PIRC spokespersons may also provide commentary or participate in media coverage as appropriate.

PIRC does not release any company proxy reports to the media unless it has been published to clients first, and then as a rule only when asked. However, in certain circumstances, PIRC may consider it is in its clients' interests and the interest of all market participants to press release its voting recommendations on a particular company ahead of a company meeting and following being sent to clients.

PIRC has a dedicated channel to speak to Press, the email address is PIRC_Press@pirc.co.uk. Ordinarily, only senior managers and directors speak directly to press.

Best Practice Principles for Providers of Shareholder Voting Research & Analysis

2024 Compliance Statement

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The logo for PIRC (Pensions and Investment Research Consultants Limited) features the letters "PIRC" in a bold, white, sans-serif font. The text is set against a dark background that is a square with a diagonal cut from the bottom-left corner, creating a triangular shape.

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