

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.

In particular, where PIRC has assisted filing a shareholder proposal, PIRC will issue a conflict of interest statement on the first page of the corresponding report, including: whether engagement prior to filing the proposals had been carried forward, the issue on which the engagement had been conducted, whether the company has responded meaningfully to concerns raised by the proponent(s), the overall request under the proposal filed, and the name of PIRC client who is a co-filer (if applicable).

- 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 the 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.

Induction and internal training: All staff will undergo conflict of interest identification training as part of their overall induction upon appointment. Every member of staff must report periodically their holdings to the compliance officer.

PRINCIPLE 10

PIRC is sensitive to particular conflicts that may arise in the course of its work. The following is an example of a potential conflict in an important area that it brings to clients' attention:

- Providing an analysis of a shareholder proposal in which PIRC or its employees have been advising the proponent.

PIRC will provide a summary of any or all of those conflicts for its clients on an annual basis where it has taken remedial action to disclose and manage such conflicts. To date we have not had any disclosure notifications required.

Dealing with PIRC: What should companies expect?

Introductory letter

PIRC's initial communications policy with companies (issuers) 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 availability of new data.

Voting guidelines

PIRC seeks to update and publishes its Shareholder Voting Guidelines each year. UK companies can expect a complimentary pdf version by email following each annual publication and 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 other intermediaries 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 2022, on average PIRC published reports 15.4 days prior to the meeting for AGMs and 15.7 days prior to the meeting for EGMs. During proxy season (here considered between 1 February and 31 May) the average delivery time was 15.3 and 15.2 days prior to the meeting, respectively.

Report Accuracy

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 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. At the end of each summer, the research teams reviews engagement and aggregated data from the UK FTSE AllShare, in order to review research during the previous proxy season. Outlying data is singled out and reviewed. Ongoing training is performed throughout the year.

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 works for its investor clients and not the companies in which those clients invest. However for the UK FTSE All Share and FTSE Eurofirst 300 companies, PIRC considers that UK companies should be able to see its recommendations as a matter of courtesy.

PIRC sends copy of the published reports to all issuers whose shares are subscribed by PIRC's clients, in correspondence of their meetings. For companies in the FTSE Allshare, companies are sent the draft report prior to publication and have 48 hours as a deadline for comments. Companies in the FTSE Eurofirst 300 index are given instead 24 hours to respond.

Every company engagement is given in the published report, disclosing : whether factual amendments were incorporated, whether the amendments included additional information not in response to a factual amendment, whether the comments led to changes in voting recommendations, whether the outcomes were understood or challenged by the company.

Where companies suggest any amendments to be incorporated into PIRC's draft report, they will only be considered when provided via a written response and received in a timely manner. Such amendments will only be considered in questions of fact.

All external communications are copied to the Head of Research and a shared mailbox (pircresearch). This enables consistent tracking of all communication vis-à-vis ethics guidelines and escalation if needed. Purchase of shares brings with it fundamental rights underpinned by Company Law. Companies should expect PIRC to be an advocate of the use of such rights by shareholders. Where a recommendation to vote is premised on our view that a company's behaviour is contrary to a fundamental principle, it is unlikely that engagement or dialogue will result in a change in our recommendation unless there is evidence of a change in corporate behaviour.

In addition PIRC discloses the nature of UK company engagement it has had in the individual proxy research report for clients. PIRC seeks to maintain a flexible response to company engagement, bearing in mind its first loyalty to its clients. PIRC engages solely with issuers and based on own voting guidelines, which are agreed upon with clients and shared with issuers. We do not engage with solicitors or other consultants. Also, researchers do not have access to clients, in order to maintain independence of research. Engagement excluding that related to reports and research is performed by two different teams to ensure independence.

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.

PRINCIPLE 3. COMMUNICATIONS POLICY

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 refer to any company communications of a confidential nature, provided by a company in the course of PIRC's dialogue or engagement with that company, unless it has obtained permission from the company to make such communications available to its clients.

Dealing with shareholder proponents

PIRC will review all shareholder proposals on the proxy agenda of any company, on a case by case basis. In general terms PIRC supports the right of shareholders to have access to the proxy for nominating directors and shareholder proposals/resolutions. PIRC regards this process as a part of their fundamental rights and encourages such engagement by a company's shareholders as a positive contribution to the shareholder process that can strengthen corporate governance.

Each shareholder proposal is analysed and proponents' texts and supporting statements are 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 contacted from time to time by other stakeholder interests, such as a company's employee representatives, and 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 has a communications executive through which all dialogue with the media is managed, and from time to time will make communications with media organisations. It maintains a Twitter account and will issue press releases. Designated PIRC spokespersons will from time to time communicate in the media.

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 some instances PIRC believes 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.

PIRC has a dedicated channel to speak to Press, the mail address PIRC_Press@pirc.co.uk Only senior managers and directors speak to press, most frequently the Head of Financial Research and Analysis, the Head of Stewardship or the Managing Director.

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For more information relating to the content of this document, or to request a copy of PIRC's shareholder voting guidelines, please email info@pirc.co.uk.



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