

2024/25 STEWARDSHIP REPORT

Pensions & Investment Research Consultants (PIRC)

Reporting against the UK Stewardship Code

PIRC

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Chair's Statement

This year's stewardship report comes against the backdrop of sustained attacks on responsible investment. These attacks have sought to weaken shareholder rights and undermine progress in managing environmental, social and governance risks. For our clients, it has undoubtedly marked a backward step and comes with significant risks.

Yet despite this backdrop, PIRC continues to fearlessly serve its clients. The stewardship services PIRC provides remain steadfastly independent and solely focused on the issues that matter to responsible investors.

This year's report is a testament to this relentless commitment to our clients. Climate change continues to pose wide-ranging and significant investment risks to investors. To further support our client's climate-related stewardship activities, we have developed our voting services by strengthening our analysis of high-emitting companies.

This responsiveness to client needs is reflected elsewhere in the report. Drawing on the strength of client relationships, PIRC has increased its engagement focus on conflict-affected and high-risk areas following heightened geopolitical tensions.

The report also demonstrates how PIRC has lived up to its mission, highlighting our support for clients to take the lead. This is underscored by PIRC's support for clients in filing a groundbreaking resolution on Liquid Natural Gas at Shell. It is also seen through our continued focus on employment-related issues, an area we believe is underserved. This year, our work has included supporting a client to file a proposal on the living wage at NEXT. Despite the pushback, both resolutions received significant support.

Achieving such impact demands more than just a mission. A focus on service quality, skills and processes is also essential. So too is seeking to work closely with clients to understand and serve their needs, and connecting them with other asset owners and managers to amplify the voice of responsible investors.

As we look ahead to next year, PIRC aims to build on what is outlined in the report and drive further improvements and innovations. By so doing, and in collaboration with others, we hope to shift the current market downturn in ESG into a period of sustained stewardship influence.

PRINCIPLE ONE

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

PIRC's Origins

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

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

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

Our Purpose

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

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

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

PIRC exists to shine a light on corporate behaviours, and to encourage change within the financial system by supporting clients in the exercise of their fiduciary responsibilities to vote and engage with the companies in which they invest.

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

Services

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



Global Proxy Research

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

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

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

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

Voting Guidelines

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

Our recommendations are based on our Shareholder Voting Guidelines, which we provide to clients.

PIRC premises its voting recommendations on its own best practice criteria and developed in collaboration with clients. These can differ from and are occasionally stricter than local market corporate governance Codes of Best Practice. This approach is considered for topics at the core of PIRC's Shareholder Voting Guidelines, such as board diversity or director independence. However, at regional level, PIRC maintains a local market approach to respect limits that companies may not exceed and as such would be exempted.

Proxy Voting

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

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

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

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

Policy Development

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

Advisory Service

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

Part of our advisory services involves supporting clients to better report their stewardship activity. This draws on the Financial Reporting Council's (FRC) expectations and is shaped to clients' stewardship approach and priorities.

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

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

Governance Risk Rating

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

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

Data Analysis

With data going back to the start of the century, PIRC has a wealth of information on corporate governance and social and sustainability issues. This is used in material produced to a broad range of market participants and used to inform analysis and interventions on responsible investment matters.

We capture and analyse disclosed shareholder voting data – both company meeting results, and the individual votes cast by institutional investors - and provide specialist governance advice for client-specific requirements. As our database has evolved beyond governance issues to meet emerging client needs, PIRC now holds a longstanding timeseries company data on environmental and social practices.

Asset Owner Engagement

PIRC has nearly 40 years' experience of working with pension fund clients to exercise their stewardship responsibilities, and we offer a standalone engagement service to clients:

- identifying issues of importance to them on which they might wish to engage with companies;
- preparing briefs for such engagement; preparing and administering client shareholder proposals,
- and facilitating face to face meetings with company chairs, chief executives and finance directors as well as relevant senior staff members.

We also attend Annual General Meetings to support clients in asking questions and, where necessary, challenge board members and speak on shareholder resolutions with pension fund clients.



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

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

Performance Analytics

PIRC provides clients with fund performance analysis. For example, PIRC's dedicated Local Authority Pension Performance Analytics service benchmarks performance for Local Government Pension Scheme funds, covering performance over the past year, a longer view of returns and analysis of results by asset class.

Culture and Values

As befits a company that launched the UK's first corporate governance service following the establishment of the Cadbury Committee on corporate governance in 1991, the provision of the above services is underpinned by a culture that nurtures PIRC's heritage of intellectual curiosity, and its willingness to take a lead, and to 'raise its voice'.

This has also evolved to place emphasis on the provision of evidence-based research and opinion, and the delivery of outstanding customer service: supported by a culture of open dialogue with our clients; with the companies we evaluate, and with relevant third parties.

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

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

Business Model and Strategy

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

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

PIRC's Board meets regularly to discuss the actions required to ensure the company promotes effective stewardship and has focused on the following key elements of strategy. With a new chair and CEO in place this has focused on:

- PIRC's overall strategy.
- Modernising PIRC's voting service to ensure it meets the needs of current and future clients.
- Developing PIRC's shareholder voting guidelines.
- Providing stewardship services relevant to the evolving pensions landscape in the UK.
- Succession planning to promote and develop the next generation of stewardship leaders.

PIRC's Board regularly assesses how effective it has been in serving the best interests of its clients. The CEO provides the board with an update on client meetings, services delivered and main market trends. Through such updates, this year the board has discussed and provided input into how PIRC's services can evolve over the coming year to best serve clients on stewardship matters. Such discussions have also led to a look at training resources.

PIRC provides the opportunity to staff to undertake a broad range of training. New recruits undertake an in-house training programme on PIRC's stewardship principles and IT systems. This process also covers the culture of PIRC as an organisation and its purposes.

PIRC also encourages and supports staff to undertake external training and certification. This includes specialist training to enable staff to enhance its stewardship services and better serve client interests. Several members of the team have also obtained the CFA certificate for Sustainable Investing through our professional development programme. The origin of our now enhanced focus on the 'S' in 'ESG' (see Principle 5) can be traced back to a review of how effective the company has been in serving the best interests of clients. PIRC also supports staff to attend responsible investment conferences and seminars.

The rapid evolution of ESG issues now means there is a large volume of relevant information and data. PIRC's sole focus on ESG issues and knowledge sharing processes helps ensure we stay up to date with developments. As such, alongside formal training, skills and knowledge are maintained and enhanced through the activity PIRC undertakes and the support PIRC provides to develop staff knowledge. Processes enable knowledge to be shared across the team. For example, time within regular team meetings is dedicated to discussing ESG developments. Staff knowledge is based not only on a general overview of ESG issues, which forms the initial research process for engagement topics, but also insights into what is happening at companies through our engagement activities. PIRC's proxy research across a wide universe also provides data insights and knowledge into current company practices and positions of other investors.

PIRC works with other investors through collaborative engagements which provides information about other approaches and good practices of asset owners and managers. We intentionally include engagement with non-governmental organisations and experts to support staff knowledge of current and emerging ESG issues.

Training also extends beyond our staff to supporting clients, including CIPD-accredited quarterly meetings for one of our clients.

Whilst competitive sensitivities preclude us from publicly disclosing a list of our clients and their locations, or the mix of the company's revenue streams, PIRC currently provides its services to a range of clients globally. In total, PIRC's clients are stewards of multiple billions of beneficiary capital.



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

PRINCIPLE TWO

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

Governance

PIRC has high corporate governance expectations of listed companies. We strive to reflect these expectations in our own approach to internal governance.

PIRC is an independent private limited company, overseen by a Non-Executive Chair, who, alongside other non-executive directors, holds PIRC to account.

The management team, including executive directors, is intentionally gender balanced. Currently, women make up 42% of both director and management positions.

The average length of industry experience of our management is 15 years, and the average length of tenure across all PIRC staff is 6 years.

Team Structure and Resources

The company is led by a Chief Executive Officer (CEO) who is supported by several director and department heads. There are four director positions, including the client services director; and director of finance. These directors are supported by four senior management roles: head of stewardship; head of governance and financial analysis; head of policy and head of performance analysis. These directors and senior managers sit at the head of PIRC's wider team structure and lead the core functions that are key to the delivery of client services.

Each core team function at PIRC has a lead member of staff (Team Leader). To ensure company knowledge and understanding of roles is expanded beyond the Team Leader, each of these functions also comprises at least one more junior colleague who is coached to deputise for that position.

We believe this arrangement ensures that company memory is passed on, and that continuity of service is maintained to client expectations in the event of unplanned staff turnover. In addition, this facilitates the smooth succession of our senior managers. PIRC has always believed that managers should retain close operational contact with clients. This keeps them in touch with client ESG concerns and close to their feedback. All members of the senior management team therefore have specific roles in the delivery of PIRC's ESG research, proxy voting services and engagement services.

The management team is supported by the PIRC Research, Data, Engagement, IT and Administrative teams, and is structured such that it has many cross-over skills that service the client's contract – which enhances the degree to which PIRC is able to maintain a complete set of competencies and skills should a colleague leave the organisation.

All senior staff are involved in the training and induction of new staff and their skills and knowledge are passed down through the organisation. PIRC has standard operating procedures for all areas of staff training.

All PIRC staff are engaged in supporting our clients' responsible investment and stewardship responsibilities. PIRC has the following teams servicing our clients:

- IT,
- Research,
- Data,

- Stewardship & Engagement,
- Performance Management, and

All team members report to their managers and the managers in turn to the directors and CEO. Ultimate responsibility within all reporting lines lies with the CEO.

IT Team

The IT team manager reports to the finance director.

The IT team underpins the infrastructure for data collection and storage of all the research materials used in our stewardship services; designing bespoke software for the PIRC company database and the Global Engagement Manager database. It also maintains PIRC's unique client websites and ensures safe storage of all data and backups.

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 [here](#).

Business-critical data and systems are held in virtual machines. All data is backed up overnight to an offline cloud-based system completely independent from Microsoft. In addition, PIRC maintains all software code in a cloud-based code repository, also independent of Microsoft, to allow for baselining and software rebuilds as required. To protect against the unlikely event of a failure of any sort, we have 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.

PIRC Research Team

The Research and Data teams report to the Client Services Director and CEO.

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

PIRC's proxy voting client services team sits inside the research team and is responsible for client-specific voting guidelines, white label client reporting and proxy voting execution on behalf of clients.

Stewardship and Engagement Services

The stewardship and engagement services team reports to the CEO.

PIRC's dedicated engagement team supports client contracts, including at head of and manager level, and at senior researcher grade. In turn, this team has access to PIRC staff and data resources to support its work for LAPFF, and to PIRC consultants that have subject matter and geographical expertise in a variety of areas including mergers and acquisitions, workforce issues, LGPS regulations, climate change and corporate governance.

Investment in Systems, Processes, Research and Analysis

PIRC is continuously investing in its systems, processes, research and analysis to meet growing client expectations, evolving stewardship needs, advances in technology and disclosures and, fundamentally, to enhance the quality of services PIRC provides its clients. PIRC is able to do this because the ownership structure and culture of the company is focused on the delivery of services with surplus funds recycled back into its operations.

An expanded description of the systems and processes that underpin the provision of PIRC's research and analysis, and the resources invested in these, is contained within our response to Principle 6. This section focuses on the investment PIRC made and continues to make to improve its services.

PIRC continuously reviews and develops the way it undertakes engagement. As part of this continuous improvement cycle, PIRC in the previous year reviewed its processes to strengthen and refine engagement theme selection, materiality assessment, identification of focus companies, objective setting, impact tracking and reporting to clients.

As a result, in this reporting period the stewardship team has enhanced its approach with three-year engagement plans focusing on key themes that are material to investors. The key themes are broadly spread out across environmental, social and governance issues and focuses resources on companies where we can have the highest impact. This structure ensures that we continue to represent our clients' best interests by engaging their portfolios on topics material to investee businesses and applying investor pressure. The stewardship team reports on these engagements and provides updates on the engagement plan on a quarterly basis. The stewardship team has also further developed its approach to objective setting and continues to align these with best practice. These objectives provide a framework for engagement meetings and enable the team to assess a company's performance by mapping its disclosures against the relevant objectives. The enhancements also enable us to better track the progress the company is making and the impact our services are having.

Aligned to the review of engagement processes and reporting, PIRC reviewed and initiated a project to develop its Global Engagement Management (GEM) system. The review and design of the enhancements mean GEM better assists PIRC staff in undertaking engagements efficiently. The enhancement also improves the way we track the impact our work is having and also the way our stewardship work is reported to clients. The design, build and implementation were all undertaken and completed in 2024 but are continuously updated for improvements to usability.

PIRC continuously invests in its wider IT systems and infrastructure. There was further automation of data entry within the reporting period. This enables researchers' time to be deployed on checking the accuracy of data and improving the quality of analysis. Investment in automation in the reporting period supported the vote execution process freeing up time for staff to deliver more for clients. As developments in the field of AI have progressed at pace over the past year, PIRC has invested time in understanding the risks and opportunities, including last year exploring how it could assist the team.

Following that assessment, PIRC is of the view that AI can add value to the work we produce for clients. PIRC is also very conscious that it must always be used in the right way. As such, PIRC undertook numerous tests and introduced systems to ensure the robustness of our data that underpins our research and voting recommendations. PIRC's use of AI is focused on finding key datapoints

within annual reports. Over the last year, we have tested AI for accuracy (including rates over time) across a range of key datapoints. This was designed to ensure the use of AI will add value, and in areas where accuracy levels are too low, it will not be used.

Following that testing period, the use of AI was introduced within one market where agenda structure and public disclosure practices are standardised, thus making it easier and safer. In addition, in this introductory year it was used by more experienced researchers.

PIRC thus decided to take a prudent approach to AI's introduction and will be under continual review. Following our initial review, PIRC is exploring other markets. Fundamentally, PIRC has viewed AI as an assistant tool rather than replacing any of our researchers. As such, responsibility lies with individual team members producing material for clients.

Investment continued to be made to deliver pass-through voting service for clients. As outlined under Principle 1 such enhancements to our voting service is a strategic focus for PIRC's board and is starting to enable clients to better meet their stewardship needs by allowing them to vote in index funds according to their own responsible investment principles. It is an area which has involved investment in our IT infrastructure alongside working with our fintech partner. During the reporting period, additional clients have been onboarded to our pass-through voting service and through this process of expansion further improvements to the way it is operationalised have been made.

Climate change is a top priority for our clients and therefore an area in which PIRC has invested to enhance what it provides to its clients. PIRC considers the material risks associated with climate change greatest at high-emitting companies. In 2023, PIRC introduced a service to step up its approach to climate action. To further support our clients in managing these risks and ensure that PIRC consistently takes a robust position on climate, PIRC developed this into a new climate governance service which was operationalised in 2025.

This has been designed to further hold listed company directors to account regarding the management of climate risk. The service is designed to acknowledge those companies where risks are managed and change is underway and to take action at companies assessed to be falling short of expected practices. The approach adopted for the climate governance services align with existing investor engagement frameworks with a voting policy. The methodology seeks to be aligned with CA100+, Transition Pathway Taskforce, and TCFD and IFRS S2.

The framework covers commitments to net zero, targets, climate governance, risk mitigation strategies, just transition and lobbying commitments. The assessment made using the climate governance service framework then informs voting recommendations that escalate according to how far short companies are of investor expectations on targets. The aim is to make the service available to existing clients as well as being available as a standalone service.

To improve processes, research and analysis PIRC also invests in setting aside time to review and reflect on activities. The engagement and stewardship team hold regular meetings to consider what has worked and how to make continuous improvements when planning activity. At the end of each summer, the research team reviews engagement and aggregated data from key markets to inform future research and stewardship activities. The review process provides an opportunity to consider improvements in the process of data collection, how the quality and scope of data could be improved, what further analysis could improve the services provided, and whether policies should be changed or new ones introduced.

Staff training and empowerment

PIRC's services are ultimately dependent on its staff. PIRC's business model is grounded on having people who are rigorously trained and highly motivated. This means PIRC continually invests in people so they can best use our systems and processes, understand our approach and commitment to delivering quality services, and develop their own research and analysis skills. Our approach is firmly rooted in this investment in our staff and their skills and development. This is fundamental to delivering high-quality services and accurate information to promote effective stewardship. It is a core part of how PIRC resources stewardship activities and builds a culture around PIRC's values and mission. It also helps PIRC to retain staff and provide organisational stability, which results in a reliable service for clients and effective stewardship activities. The following section outlines the forms that investment takes.

All new staff undergo an induction process. This lasts for three weeks and covers all aspects of work at PIRC.

The training programme is developed by each new entrant's line manager and new staff are assigned a mentor, who tracks their daily training sessions and checks that desired progress is being achieved.

New permanent staff are assessed half-way through their probationary period by their line manager and others.

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

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

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

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

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

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

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

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

40% of PIRC's staff are women and over half of our staff are from ethnic minority groups (non-White British).

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

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

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

Staff Development and Incentives

To promote continuous development, internal training sessions on trending aspects of corporate governance are held and hosted by both internal staff and external experts to deepen staff knowledge on topics such as climate change, corporate controversies, and audit to develop staff skills and enhance PIRC's analysis in our work for clients. As outlined under Principle 1, internal processes enable knowledge sharing across teams to support staff development and understanding of stewardship issues. This includes space within meetings to discuss developing ESG issues and insights from PIRC's research. PIRC also supports the development of staff knowledge through the research and engagement processes itself. This aims to support PIRC's overarching stewardship mission as an organisation, enhance the service we provide to clients and fulfil our objectives as an employer to help the personal development of staff.

As with our terms and conditions, temporary research staff receive the same training as permanent research staff and are mentored by permanent staff; with training ongoing into March when the AGM season begins.

PIRC also encourages staff to seek external qualifications and offers sponsorship on a case-by-case basis for external certifications, including and as noted in the previous principle, the CFA in Sustainable Investing.

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

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



PIRC's approach to incentivising staff to deliver its services to expected standards mirrors the philosophy it has developed in respect of critiquing executive remuneration programmes in listed companies. That is: PIRC rewards staff through the use of salaries and the prospect of advancement within the company. We emphasise attracting the right people to the job in the first place, and then letting them express their values through their work.

PIRC is a living wage employer and the current pay ratio (between the highest and lowest paid staff on a pro rata basis) at PIRC is 5:1. Staff salaries are banded by grade.

How the quality and accuracy of our services promote effective stewardship

In our experience, the governance and team structures described above, together with the systems and processes contained within these, have enabled a high standard of oversight and accountability for promoting effective stewardship. This is supplemented as described above by managerial oversight processes and performance and senior management involvement in relevant services). We have chosen this particular approach because it emulates the different service requirements across our client base, and we expect it to evolve as client service requests change in the future – just in the way that the governance structure has changed in the past.

The managers bring an average of over 15 years of experience and transferable skills to the organisation. The management structure is supported by a highly trained staff of researchers that possesses a diverse skill set, and backed up by its investment in systems and processes.

We provide research and proxy voting recommendations for equities held within client portfolios; deploy a proprietary governance risk rating analysis on companies to facilitate clients' engagement, and enable custom research and client voting across markets and governance perspectives at company meetings.

We reach and evaluate our voting decisions by assessing companies' adherence to best practice governance criteria: informed by PIRC's assessment of company disclosure and benchmarked against PIRC's Shareholder Voting Guidelines. (These 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 Tabaksblat Committee Code and by guidelines issued by other market players such as the Council of Institutional Investors in the US and the King Report in South Africa).

Our advice on client policy development is based on specialist knowledge of both existing frameworks – such as the UK Corporate Governance Code – and best practice amongst other investors.

The market intelligence we provide for clients is based on in-house research and active promotion of corporate governance best practice. This allows us to advise clients on their stewardship policies, as well as providing them with reports and analysis of major ESG issues arising from legislation, codes and principles, and with a range of analysis of public and market consultation documents from government and regulatory bodies that can assist clients in providing their own responses.

The standalone engagement service we provide to clients is underpinned by a skillset that has been developed to identify issues of importance to responsible investors and on which they might wish to engage with companies. This

capability is married with the experience, presence and corporate reputation required to obtain, plan and conduct face to face meetings with company chairs, chief executives and finance directors (for example) and with other, collaborative shareholders.

PIRC covers all markets in client portfolios, within the reporting period providing analysis on 3,419 companies in 66 countries during the year under review. We provide high-quality ESG research across this universe, with associated shareholder voting guidelines specific to all markets. Most staff involved in the provision of this service are based in the UK, but we also have colleagues in Europe, Japan and New Zealand providing specialised local market knowledge; speaking multiple languages.

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

PIRC employs consultants with appropriate expertise to support stewardship services. Expertise includes labour rights, employee value and mergers and acquisitions, and stewardship.

Sustainability

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

- PIRC promotes the use of the lowest possible carbon impact choice for work-related travel, for example.
- We recycle materials used in our offices and minimise non-hazardous waste.
- We deliver service outputs electronically.
- Most PIRC events and seminars are held online (or hybrid) reducing the need for audience members to travel.

Fees

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

Continuous Improvement

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

- Developing our voting guidelines to meet the expectations of our current and future clients
- Furthering our understanding of and focus on delivering impact
- Reviewing and modernising our research service and client platform
- Pass-through voting services that enable asset owners to meet their own specific stewardship needs

PRINCIPLE THREE

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

Conflicts of Interest PIRC does not have

As reported under Principle 1 and Principle 2, 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 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.

How PIRC Manages Conflicts of Interest

PIRC is committed to managing these potential conflicts and has in place the following policies and practices:

Transparency with clients

- In its response to a Request for Proposal ("RFP"), PIRC shall generally identify in writing the circumstances and nature of Conflicts that may arise if it were selected to provide to a client the services set forth in the RFP's scope of work.
- In addition, at the time of a specific assignment PIRC shall generally identify in writing to the client the circumstances and nature of all Conflicts pertinent to the specific assignment, recommendation, advice or other service. PIRC shall explain whether the Conflict is manageable or unmanageable. If the Conflict is manageable, PIRC will explain the steps or measures it intends to take to avoid the Conflict or manage the Conflict. The disclosure required under this paragraph must be made prior to the time that PIRC provides the services



that give rise to the Conflict.

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

Disclosures in PIRC reports

- PIRC will declare in its reports if it perceives a potential conflict to exist, for example if it has advised the proponents of a shareholder resolution.
- PIRC will advise clients in the corporate governance report of the company's general meeting that it has engaged with the proponents of the resolution and will analyse the resolution based on the content of the resolution.

Staff training and recusal

- Staff involved in advising the proponents will play no role in the production of the relevant company report.
- All PIRC employees undergo conflict of interest identification training as part of their overall induction upon appointment.
- Staff are required to complete a declaration of interests and every member of staff must report periodically their holdings.

IT systems and information barriers

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

PIRC is also a founder member of the Best Practice Principles for Providers of Shareholder Voting Research and Analysis. The principles PIRC adheres to on quality, conflicts of interest and communication are described in the [PIRC compliance statement](#).

Actual or potential conflicts of interest managed in the reporting period

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 its Shareholder Voting Guidelines and the engagement activity undertaken on behalf of specific clients with their own set of responsible investment interests. However, PIRC's policy mandates that information gathered during the course of an engagement meeting or activity cannot be used for proxy reports, the IT systems ensure notes cannot be shared, and there are separate staff dedicated to engagement and proxy drafting.

PIRC faced four specific conflicts of interest situations which could have impacted clients over the reporting period. These related to shareholder resolutions as part of the stewardship services and the provision of our proxy voting service. As part of its stewardship service, PIRC assisted the co-filers of resolutions on human capital management and climate risk mitigation proposals. PIRC also acted on behalf of the proponents to encourage investor support for the proposals. However, two of the four proposals did not reach the ballot as a result of changes to the Securities and Exchange Commission (SEC) rules. Therefore, PIRC did not provide any voting advice on the resolution, mitigating the conflicts the interest in those two cases. To safeguard against the two remaining proposals that made it to the ballot, PIRC staff undertaking the work on the proposal had no role in the production of this 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.

PRINCIPLE FOUR

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

How PIRC identifies market-wide and systemic risks

PIRC has been developing its research capability, policy expertise and network of relationships since the company's founding in 1986. Working with clients, policymakers, regulators, politicians, community groups, unions and NGOs in the UK and internationally, we have learned to listen to third-party perspectives and to combine this with our own strongly held, evidence-based opinions to generate original research that either highlights new stewardship themes or which throws additional light on existing and emerging themes. This continued in the reporting period and examples are outlined below.

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

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

That is why PIRC was founded in the first place.

And we use the insights we gain from employing ESG subject matter experts to gather intelligence and to discuss possible market-wide and systemic risks in internal discussions – thereafter prioritising these according to our clients' needs, in order to develop action plans that seek risk mitigation.

We do this in a number of ways outlined below.

Engaging in Public Policy

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

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

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

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

PIRC on behalf of the interests of its clients has always advocated robust investor protections, including through the listing rules. Over the reporting period, PIRC's clients have become increasingly concerned that there has been a con-

certed effort in some quarters to water down protections and some movement by regulators. PIRC sees this as a setback for responsible investors, creates investment risks and has therefore supported our clients voice their concerns. In this context, PIRC supported a client to engage the London Stock Exchange and other market participants over such issues.

During the period PIRC has also engaged with the FRC as part of its consultation on the stewardship code. PIRC has outlined its reflections on the code, including that any changes should not reduce the stewardship expectations of signatories. In its response, PIRC highlighted that downgrading social and environmental risks and removing escalation as a principle is of concern to responsible investors. While PIRC supports the simplification of the code, it believes that the change to the definition of stewardship was a step in the wrong direction and could increase market-wide risks.

Thematic and Stakeholder Engagements

PIRC also seeks to address market-wide issues through engagement activity undertaken on behalf of clients. PIRC has a range of current engagement themes focusing on specific areas to maximise impact.

Our clients continue to tell us they would like us to prioritise climate change as a systemic risk, so this remains a topic of discussion for policy development; an area of exploration for our research team, and a principal theme in our engagement work.

Over the reporting period PIRC stepped up its focus on climate change within its voting service. Climate-related financial risks are greatest for the biggest carbon emitters. These companies also create significant systemic risks as they contribute most to emissions driving climate change which is in turn creating economy-wide risks.

Therefore, recognising that climate risk is a significant investment risk, PIRC developed its approach in 2024 that is focused on the high emitting companies identified by the CA100+. Within this reporting period, PIRC operationalised its climate governance framework to better support existing and future clients in addressing the systemic risks associated with climate change by adding analysis and voting recommendations related to a company's governance of climate risks. Companies are assessed on established investor frameworks that look at company ambition, accountability structures and action on climate. Companies are then graded which informs voting recommendations on the sustainability committee chair, board chair and the annual report. This service builds on an existing voting service that ensures large emitters have adequate targets aligned to a credible 1.5C pathway to limit the financial costs of climate change.

During the period PIRC completed an ambitious pilot project supported by ShareAction to further understand the financially-material climate risks facing investors and how this can be translated into proxy voting advice that would be valued by investors. The work has sought to look at the disclosure of climate risks and target setting and then at how companies are seeking to deliver those targets. It also seeks to go a step further by looking at what is being disclosed in the accounts – i.e. how climate change and company transition plans are reflected in and accounted for financially and how the strategy and its assumptions are being audited.

To undertake this work PIRC developed a sector framework approach that provides climate-related expectations focused on the most material disclosures facing specific sectors. The project was therefore focused on ensuring issues in high-emitting sectors, such as utilities, are providing investors with sufficient material infor-

mation on their climate strategies to make informed investment and stewardship decisions. Where this is not the case, voting recommendations are made. During the reporting period proxy research reports were produced on a few companies as part of the pilot project.

PIRC's engagement focus also continues to address the systemic risks of climate change. Focus has included companies on both the supply and demand sides that are strategically critical to a decarbonised economy. To address the systemic issues, one focus of engagements was around the role the banking sector plays in addressing the climate crisis and financing the climate transition. The engagements encouraged companies to further align their sustainable finance targets with their existing decarbonisation targets to demonstrate their commitment to achieving net-zero.

PIRC also continues to support a major client push for a 'Say on Climate'. This included a letter to the chairs of high-emitting sectors calling for a specific vote on transition plans at their AGMs which would help investors voice any concerns on the systemic issue of climate. This was the fourth time that PIRC had supported the client to issue the letter, which was co-signed by a growing number of investors. The letter resulted in responses from companies setting out their positions and progress and for some it was indicated that they intended to hold such a vote. Planning within the reporting period was underway to follow up and escalate pressure through a further letter, wider investor support and coverage through the media.

As noted earlier, the stewardship team has enhanced and developed its three-year engagement plans that set out to focus on several themes for engagement. One of the core themes for engagement is the transition to net-zero, which includes decarbonisation strategies. As outlined in the case study below, PIRC has sought to respond to the market-wide investment risks associated with climate change. This engagement has involved working with the investor network Australasian Centre for Corporate Responsibility (ACCR).

PIRC has also sought to employ extensive stakeholder engagement as part of our approach to market-wide issues. For example, PIRC has been instrumental in efforts to uphold human rights in the mining sector and continues to engage companies and communities to minimise investment risk in that industry. This is an ongoing engagement and includes collaborative work through the PRI ADVANCE project.

We are in regular contact with community groups, NGOs, unions, asset owners and others in Europe, the US, Canada and Australia. For example, PIRC has established connections with New York City Retirement Systems, the New York City Comptroller and Trillium Investment Management, all of which have been involved in filing high-profile resolutions at companies including Apple and Starbucks where store employees have sought to unionise amid allegations of anti-union activity. These links have deepened our understanding of ESG issues in the United States and improved our support and advice for clients.

More recently in 2025, the group has shifted focus to what happens after a workforce has been unionised, because successfully obtaining union recognition is not the end of the story. To provide investors with a framework for assessing these questions, as part of the wider investor group, PIRC developed a set of Guiding Principles of Collective Bargaining. These were developed over the last year, through consultation with experts in labour standards, law and other stakeholders that have been involved with bargaining on both sides of the table.

The principles are intended to give investors some indicators of what successful bargaining looks like. Where problems appear to be emerging, the principles offer a framework for constructive investor engagement aimed at achieving fair and acceptable outcomes for all parties.

PIRC will continue to actively participate in this investor group and will continue to engage with companies where there have been anti-union activities and delays in the collective bargaining agreements being put in place.

PIRC considers many workforce issues a systematic, market-wide risk. For example, PIRC's examination of annual reports shows many companies across very different sectors identifying labour issues as a principal risk. Despite its importance to value creation, issues around work are often overlooked or underdeveloped in stewardship activity. PIRC continues to seek to address this stewardship gap through its services. PIRC has engaged companies and trade unions where workplace risks have resulted in industrial action. More broadly, PIRC has undertaken engagement with various sectors, including food, hospitality and energy where employees and unions where concerns have been most acute.

One market-wide risk facing investee companies is the health of their workforce and wider society. During the period under review, PIRC has also engaged with food and beverage manufacturers as part of a drive to encourage transparency about the healthiness of their sales. Companies are encouraged to adopt internationally accepted nutrition standards when it comes to reporting the healthiness of their sales.

This is seen as a first step towards ensuring companies take accountability for their significant impact on public health. An over-reliance on the sale of less healthy products can lead to poor diets and sicker societies, which harms economic productivity and threatens long-term business success and financial returns. Additionally, increased transparency will allow investors – as well as the companies themselves – to fully assess risks and opportunities.

As part of these engagements, PIRC supported a client in escalating the engagement with American multinational Mondelez International Inc. by co-filing a resolution. The resolution called for Mondelez to commit to adopt an international accepted Nutrition Profiling model and enhanced transparency through regular reporting. However, the resolution was rejected by the Securities and Exchange Commission (SEC) as a result of the recent amendments to the reporting requirements and the resolution did not proceed to a shareholder vote. The new SEC guidance reduces the opportunity for investors to challenge practices at companies or request additional information on financially material matters. As a result, this will limit the ability of investors to engage with and drive change at companies.

The escalation at Mondelez is part of a series of engagements undertaken at food and beverage manufacturers to improve disclosure on the healthiness of their products. PIRC has also supported the filing of similar proposals in the past, including at Tesco PLC and Unilever PLC. More recently in 2025, the UK government announced the possibility of a policy that will see all large food and beverage businesses report on healthy food sales.

Another market-wide risk is low pay. As such, PIRC also continues to support its clients whose stewardship policies include a commitment to the fair treatment of workers. PIRC escalates action at companies to promote good work standards, such as implementing the Living Wage. PIRC's engagement with NEXT PLC is an example of this and the progress that has been made over a number of reporting periods.

PIRC, alongside other members of ShareAction's Good Work Coalition, has been engaging NEXT on the Real Living Wage (RLW) over a number of reporting periods. PIRC has continuously engaged the retail sector on the issue of RLW. Set by the Living Wage Foundation, the RLW represents the minimum hourly rate necessary for workers to afford housing, food, and other basic needs. The new RLW rates for 2024/2025 are £12.60 per hour across the UK and £13.85 per hour in London, up from £12 and £13.15 respectively.

The engagement has primarily focused on the retail sector, which is characterised by high employee turnover and heavy reliance on low-paid labour. After several years of dialogue with companies on Living Wage and insecure work, investors decided to escalate the issue at select retailers. Companies are being urged to disclose their workforce management strategies, allowing shareholders to better assess how these businesses are addressing financial pressures while promoting long-term sustainability.

In 2025, PIRC supported a client in the co-filing of a shareholder resolution at NEXT. The proposal requested the company assess the impact of implementing a living wage throughout its business. Despite being the UK's largest fashion retailer and reporting its strong financial performance of over £1bn in pre-tax profits, NEXT continues to face growing scrutiny over its labour practices, wage disparities and lack of transparency on human capital management.

The decision to file was driven by concerns about the company's continued reliance on low-paid retail staff, many of whom earn just above the statutory minimum. This presents a material risk to long-term resilience and profitability, contributing to high turnover, reduced productivity, and reputational risks – factors that collectively create an unstable operating environment. Adopting the RLW for all retail staff, including both directly employed and contracted workers, would significantly enhance employee living standards while safeguarding the long-term interests of investors.

NEXT have cited rising employer costs, including those resulting from the 2024 Autumn Budget, as a constraint. The company anticipates a £67 million increase in its £1.05 billion wage bill by January 2026—£21 million from National Living Wage increases and £26 million from National Insurance increases. However, NEXT's own analysis suggests that paying directly employed staff the UK RLW would cost NEXT an additional £5.6 million—just 21% of the projected cost from National Insurance changes. These costs, the company acknowledge, could be offset through operational efficiencies and modest price adjustments.

Ahead of the 2025 AGM, a meeting was held with the CEO and company secretary at NEXT to discuss the requests of the resolution. The company was open to understanding the drivers behind investors filing the resolution and willing to engage on the topic. However, NEXT remained reluctant to make any commitments regarding their disclosures and approach to wage setting. As part of their willingness to engage, NEXT was open to the suggestion of continuing the conversation with investors post-AGM to discuss possible next steps.

NEXT's AGM took place on 15 May 2025. The resolution received 27% shareholder support. This came amid a broader trend of declining support for social and climate-related resolutions.

Despite the challenging context, this outcome signals investor concern and underscores the importance of continued engagement on low pay and workforce equity. In its response, NEXT stated that while it did not agree with the form of the resolution, it recognised the value of providing more clarity around wage setting and confirmed it will publish a response later in 2025.

PIRC continues to monitor the situation but considers progress to date to represent significant improvement.

Supporting Collaborative Initiatives

PIRC considers that in tackling many systemic and market-wide issues it is beneficial to work with a wide range of other organisations. PIRC frequently undertakes collaborative engagements which can be used to leverage the voice of

investors and their service providers to deliver positive change. PIRC participates and often leads in these engagement activities and meetings. PIRC also participates in groups as a way of sharing our knowledge and expertise and enhancing our own. In addition, PIRC contributes and backs other groups which are seeking to improve responsible investment policies and market norms through voluntary guides and regulatory reforms.

PIRC directly supports the following industry groups through membership or staff participation, or does so on behalf of its clients:

- Pensions & Lifetime Savings Association
- Best Practice Principles Group for Shareholder Voting Research
- Principles of Responsible Investment
- International Corporate Governance Network

PIRC or on behalf of its clients currently contributes to the collaborative initiatives (most of which involve company engagement):

Initiative	Activity
30% Club Investor Group	PIRC represents a client in 30% Club Investor Group engagements. Within the reporting period, these have focused on engagements with Japanese companies.
Access to Nutrition Initiative	PIRC supported a client’s involvement in the Access to Nutrition initiative, including as co-lead investor at a major food producer. Over the period, PIRC led meetings with the company where some progress was made in reducing investment risks.
CDP	PIRC supports client membership of the CDP.
CCLA Find It, Fix It, Prevent It engagement on modern slavery	PIRC supports a client’s involvement in this collaborative engagement on modern slavery which over the period engaged companies within the construction sector.
CERES - Valuing Water Finance Initiative	PIRC supports a client’s membership of CERES’ Valuing Water Finance Initiative, a global investor-led effort to engage companies with a significant water footprint to value and act on water as a financial risk and drive the necessary large-scale change to better protect water systems. The client is a founding member and actively engages through the initiative. Company engagements have resulted in progress in better mapping of water risk throughout the respective value chains. The initiative has also undertaken a benchmarking exercise in order to better measure current and future corporate performance with regards reducing water stress globally.
Climate Action 100+	PIRC supports a client’s involvement in CA100+.



FAIRR Initiative	PIRC supports a client’s involvement in the FAIRR initiative which focuses on the global food sector and reducing associated investment risks, including anti-microbial resistance and sustainable aquaculture. The client has signed on to engagement letters on antibiotic use in the quick-service restaurant sector, working conditions and animal pharmaceuticals.
Good Work Coalition	PIRC supports clients’ involvement in the Good Work Coalition. PIRC has participated in a significant number of engagements during the reporting period, focusing mainly on seeking Living Wage and Living Hours commitments from companies. A focus for this year has been engaging companies to commit to ethnicity pay gap reporting and where companies are reporting, to improve their disclosures.
ICCR (Interfaith Center on Corporate Responsibility) – Provision of Sick Leave initiative	PIRC has supported ICCR engagements with US companies over the provision of paid sick leave on behalf of clients. This has involved being lead contact for companies and participating in engagements. We also supported shareholder resolutions on this topic.
Investor Alliance for Human Rights	PIRC supports a client’s involvement in the IAHR which provides opportunity to discuss developments in human rights. PIRC’s client is a member of the Uyghur working group and is a lead investor in a US company that has resulted in engagement focused on investor expectations.
PRI (Principles for Responsible Investment)	PIRC supports client involvement in the PRI. This reporting period PIRC has started to support a client as lead investor in the PRI’s Advance initiative which is focused on human rights and social issues with target companies selected from the metals and mining and renewables sectors.
Rathbones modern slavery disclosure engagement.	PIRC supports a client’s involvement in Rathbones’ votes against slavery initiative. This involves signing on to a letter to companies which are judged as not being to be compliant with the Modern Slavery Act and provides opportunity to participate in engagements. The initiative has resulted in improvements in company compliance.
ShareAction - Healthy Markets Initiative	PIRC supports client involvement in the Healthy Markets Initiative which engages food retailers and manufacturers to be at the forefront of the drive for healthier food options. During the period under review, PIRC joined engagement efforts urging global food manufacturers to set quantifiable, time-bound targets to increase the proportion of healthy products sold relative to unhealthy products. This objective was partially met.
World Benchmarking Alliance - Just Transition Engagement	PIRC is a member of a collaborative initiative organised by the World Benchmarking Alliance. The initiative came out of an investor letter and is focused on just transition within the oil and gas sector. PIRC on behalf of a client is participating in engagements ultimately seeking to ensure just transition planning is in place.



Nature Action 100	On behalf of a client, PIRC is engaging companies through the Nature Action 100 initiative. A key focus of these engagements is to assess the degree to which companies have mapped their dependence on natural capital.
ShareAction-Community Health (air pollution)	PIRC supports client engagement on air pollution through the Community Health initiative as part of the Long-Term Investors in People’s Health working group. The initiative involves engaging with mining, logistics, construction and construction materials companies to reduce their impacts on air quality, with a focus on disclosure, governance and target-setting. The engagement is ongoing, with several companies expressing willingness to collaborate on implementing improvements.
Chemicals Decarbonization working group	As part of the Chemical Decarbonisation Investor Coalition, PIRC is engaging with European chemical manufacturers to ensure a credible strategy to align with 1.5C transition is adopted. This tackles the climate impacts from a hard to abate sector while ensuring investee companies can realise the commercial opportunities from producing greener chemicals.

Keeping Clients Informed

PIRC keeps clients up to date with the main outputs of its research primarily (but not solely) through the production of a weekly client newsletter. PIRC Alerts covers the PIRC Watch List of companies with controversies or other matters noted or reported during the past week, as well as ongoing concerns at companies with an imminent annual general or special meeting. It also includes topical articles on worldwide issues on responsible investing, as well as highlighting upcoming annual meeting agendas.

Clients are encouraged to get in touch and feedback on PIRC reports and newsletters, and PIRC hosts client seminars and webinars for which all clients have complimentary attendance. Over the reporting period, PIRC hosted a webinar supporting the LGPS in aligning its reporting with the TCFD recommendations.

PIRC also organises an annual and mid-year conference for a major client. The annual conference included sessions on topics like water stewardship, managing nature-related risks, investor engagement in CAHRAs, executive pay, decarbonisation, and the future of the LGPS.

PIRC provides bespoke reporting services for clients. This includes quarterly and annual engagement reports covering activities and outcomes of stewardship work. As part of PIRC’s transparent approach to reporting, we provide information on individual company engagement covering: the company, person engaged, the activity, engagement topic, engagement objective and engagement outcome. This work also includes narrative reporting to provide a nuanced picture of the engagement. For one client with several members, a weekly newsletter is produced highlighting the activity undertaken on their behalf over the past week. Voting clients also receive a detailed quarterly report on voting activity.

Alongside written reports, PIRC reports in person to some of its clients. This includes presenting to formal meetings on activity that has been undertaken on their behalf. This provides the opportunity for clients to scrutinise our work and



better understand what we have done on their behalf. These exercises are also an opportunity to understand clients' priorities and for them to shape the work undertaken on their behalf. PIRC finds that this process enhances the service we provide for clients, improves the degree to which our work is tailored to the needs of the individual client and helps make their and our stewardship activity more effective.

PIRC also produces research and briefing materials on ESG issues. These are provided to inform and receive client feedback on PIRC's likely policy approach and provide clients with insights into responsible investment issues.

Case study: Addressing climate related risks

There have been notable rollbacks from the oil and gas sectors in recent years. Once at the forefront of oil major pivoting towards renewable energy, Shell PLC has significantly scaled back their green ambitions in the last couple of years. In 2023, Shell announced a retreat from its ambitious reduction targets, maintaining its 2050 net-zero goal but abandoning interim targets that would have cut production by 1-2% annually through 2030. PIRC has consistently engaged Shell over the years on their climate strategy and transition to net-zero. PIRC has also supported clients in filing several resolutions at Shell over the last ten years.

In the last year, Shell has further abandoned its key climate targets and weakened remaining goals. It has become clear that the company is exceptionally bullish in its demand forecast for liquified natural gas (LNG) and is planning to increase output significantly over the next decade and beyond. This raises concerns on two fronts; analysis undertaken by the Australasian Centre for Corporate Responsibility (ACCR) indicates that the company's LNG output is 310% higher than the IEA Net Zero Scenario; ACCR also found that Shell's uncontracted LNG position presents risk to shareholders, with 1.4bn tonnes of uncontracted LNG through to 2050, around twice that of the next largest independent oil and gas company, the company is more exposed to price volatility than competitors. ACCR modelling outlines that for every \$1/MBtu that prices fall, there could be a \$14bn impact on Shell's net present value (NPV).

As part of an ongoing engagement, PIRC met with Shell on two occasions during 2025 to discuss concerns relating to its LNG strategy. The company's response to reconciling its LNG business with its climate ambitions was to outline the role of LNG in the UK energy mix over the medium term, pointing to the UK's reliance on gas for heating homes. The company also argued that LNG prices are likely to fall and stimulate more demand through 2040. With regards to concerns of price sensitivities, Shell highlighted it had already carried out an impairment sensitivity analysis that assesses the impact of a low commodity price environment on its gas business.

Due to unaddressed concerns, PIRC supported two clients in co-filing a resolution ahead of Shell's 2025 AGM, asking the company to justify how plans to expand LNG production align with existing climate goals. This action sought to escalate action to ensure the specific climate-related risks associated with LNG would be disclosed to shareholders.

The resolution received over 20% support at the 2025 AGM. Under the UK Corporate Governance Code, the company will now have to consult with shareholders on their concerns. PIRC will continue to engage with Shell and support its clients in escalating engagements where necessary.

PRINCIPLE FIVE

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

PIRC's Client Base

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

PIRC does not have (or seek) individual retail investing clients. Its client base is comprised of institutional investors and features a mix of pension funds, asset managers, union funds and financial consultants. PIRC's clients are located in the UK, Europe and North America.

To support PIRC's mission of promoting the highest ESG standards and responsible investment, PIRC also receives grants and project work from charities and foundations.

Supporting Our Clients' Stewardship

As part of PIRC's proxy service, we engage investee companies on behalf of our clients. To improve the quality and accuracy of the data we provide to our proxy service clients, we send voting reports to relevant companies for comment. Moreover, this engagement enables us, on behalf of our clients, to outline areas for improvement as well as to note where companies are meeting best practice.

PIRC's dedicated engagement service is focused exclusively on delivering changes in company policies and practices to support our clients' stewardship responsibilities. Each engagement work stream and individual company engagement has clearly defined objectives. A central part of this engagement activity is meeting with companies.

Over the past three years (July 2022- June 2025), PIRC has engaged with and facilitated engagements on behalf of clients covering companies domiciled in 33 countries. 30.5% of these engagement meetings were with a board member

These engagement meetings were split between Environmental (38%), Social (41%) and Governance (21%) engagements. This reflects PIRC's broad and balanced interest in responsible investment issues. The main themes included climate change, governance concerns, human rights and employment standards. PIRC supports its clients escalate engagements including through shareholder resolutions. Over the past three years, PIRC helped clients file over 15 shareholder proposals.

PIRC focuses its work on specific engagement areas. These are identified using PIRC stewardship research and expertise, working with clients and shaped to their stewardship principles and priorities, engagement with experts and stakeholders and insights from PIRC's proxy research team. This process involves research and analysis of material issues facing our clients. An assessment is made of the risks and opportunities and whether the issue warrants company engagement. Engagement areas are then agreed by clients.

As part of this process, PIRC sets engagement objectives for the focus area. These objectives are specific and measurable. PIRC sets objectives that are



achievable but also designs them to be ambitious and expects them to address the risks that investors face.

PIRC uses a range of information to assess which companies to engage on specific topics. This includes PIRC's governance ratings, ESG data PIRC holds on companies, sector risks, PIRC's WatchList of companies that have faced controversies or have been found to be in breach of the law or best practice, high votes against the board position at a company meeting, and external benchmarks. This research and data driven approach to company selection enables PIRC to focus on the companies where the material risks are judged to be greatest and where management of risks is deemed weakest.

Throughout the engagement process, PIRC assesses progress against the objectives that have been set. Where progress is deemed to be inadequate engagement activity will escalate to ensure adequate change is made.

Engagement activity is subject to at least quarterly reviews with clients. The success of each engagement is tracked and outcomes are reported to clients as required and disclosed through quarterly engagement reports.

While most of the engagements PIRC delivers will reflect each client's established priorities, responsible investment concerns will arise that are not initially identified, but considered important by clients. PIRC also can identify emerging investment concerns for consideration, and enable clients to respond to these. For example, decent work is an area in which PIRC has supported clients to engage. With growing concerns around the cost of living, PIRC has supported a client to undertake engagements with the retail sector on providing their workforce with a real Living Wage. The purpose of these engagements is to highlight the reputational risk of not setting a minimum pay rate and highlighting the benefits of setting one in supporting retention, recruitment and productivity of a motivated workforce. By being alert to emerging issues and listening to the concerns of clients, PIRC is able to support clients in addressing risks as they arise. In addition, PIRC has been responsive to rising geopolitical tensions, rapidly increasing our engagement programme related to conflict-affected and high-risk areas.

Staying responsive in this way is one reason why PIRC has been pioneering stakeholder engagement with employees, communities and business supply chains, and working on including data relating to the UN Sustainable Development Goals and linking this to voting outcomes. Stakeholder engagement has been an essential part of identifying employment related risks during a period where cost of living crisis has placed pressure of real-terms wages and strains on industrial relations. Working with stakeholders has enabled PIRC to target engagements on the companies where the issues are greatest and focus discussions on the issues that matter most.

In addition, PIRC is strengthening its approach to climate change in its voting services. As outlined earlier under Principle 4, PIRC has developed and rolled out a new climate governance framework to assess companies that are contributing most to climate change and are strategically important to the transition. PIRC has stepped up its scrutiny of emissions targets, quality of disclosure, transition planning, board competency and climate lobbying. These companies are considered by PIRC to be posing the greatest material risks and therefore require specific attention through our voting service. PIRC considers the failure to meet the aforementioned requirements as a failure of governance and therefore voting recommendations to clients are focused on directors (namely, the chair of the board and sustainability committee). The importance we place on climate change means that PIRC has integrated this approach into its main service rather than have it as an alternative sustainability service for specific clients.

Part of PIRC's work to support clients' stewardship approaches is empower-

ing them to undertake engagement work themselves. PIRC provides induction sessions for client representatives that wish to take part in engagements, and conducts ongoing training as required. PIRC's induction training covers corporate governance issues and company engagement. PIRC also offers clients training on how to engage effectively with companies at board level. This helps empower trustees so they can become more effective stewards of their funds' assets.

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

PIRC facilitates client learning about engagement by providing feedback from engagements and supporting clients to lead on engagements themselves. PIRC is accustomed to supporting those less experienced to undertake and lead engagements, by

- providing detailed briefing documents;
- holding pre-meeting briefings with clients to discuss principal objectives;
- providing client support in the Q&A of a meeting,
- and conducting post-meeting debriefs with clients.

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

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

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

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

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

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

Collaborating with Third Parties

Frequently, depending on the resources a client might have available for its stewardship work and the nature of the ESG issue that is of concern, PIRC is

approached to provide support in collaborative engagements – even though the ‘demand’ for such work may not always originate within the institutional investment community.

For example, PIRC supports clients with stewardship policies outlining their expectations for companies to be aligned with the ILO Core Conventions covering basic human rights, minimum wages, industrial relations, employment policy and social dialogue. Investors are paying increasing attention to the way that companies manage their workforce. PIRC is an active member of groups like the Good Work Coalition that works to co-ordinate investors interested in human capital management.

Since 2021, PIRC has been collaborating with a group of US investors over company approaches to freedom of association and collective bargaining rights. Much of this work has focused on ensuring that an employee’s right to choose union representation is respected. Examples of engagement include Apple and Starbucks where the group was successful in instigating reviews of policy implementation amid accusations of anti-union activity.

More recently, the group has shifted focus to what happens after a workforce has been unionised, because successfully obtaining union recognition is not the end of the story. The right to collective bargaining is enshrined in ILO Convention 98 and embedded in various international standards. However, it has historically received far less attention than freedom of association despite it being the mechanism through which the potential benefits of unionisation, including to employers, can be realised.

Failures in the collective bargaining process can damage workplace relations and can lead to strike action – an outcome all parties wish to avoid given that costs of industrial action can rise quickly. Therefore, it is in the interest of all parties that the bargaining process operates as smoothly as possible.

Regrettably, there are numerous cases where the bargaining process has been significantly delayed. A prime example is that of Amazon workers in Staten Island, New York, where workers voted to unionise three years ago yet there is no collective bargaining agreement in place. Similarly, hundreds of Starbucks stores in the US have unionised and although a bargaining agreement has been underway for a year now, no US store has a contract in place. PIRC escalated engagements at both Amazon and Starbucks through supporting clients in co-filing resolutions.

As outlined previously in the report, to provide investors with a framework PIRC worked as part of the group to develop a set of Guiding Principles of Collective Bargaining. They were developed in consultation with experts and stakeholders. The principles are designed to provide investors with indicators of what good bargaining looks like and offer guidance where issues start to appear. As such, they provide a framework for constructive investor engagement. PIRC continues to actively participate in the group.

PIRC is also involved in a number of other initiatives on behalf of clients, such as CERES. PIRC has also supported clients to join organisations such as Climate Action 100+, the 30% Club, and PRI.

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

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

- On climate risk, PIRC represents a client in the Climate Action 100+ to leverage global co-ordinated action with the largest carbon emitters.
- In Australia, partnerships with ACSI (Australian Council of Superannuation Investors) and ACCR (Australasian Centre for Corporate Responsibility) enable participation in supporting shareholder resolutions to Australian companies.
- In the Valuing Water Finance Initiative, PIRC represents a client in the initiative established by CERES. On nature, PIRC on behalf of a client is engaging companies through the Nature Action 100 initiative. A key focus of these engagements is to assess the degree to which companies have mapped their dependence on natural capital.
- Through Investor Alliance on Human Rights, PIRC, on behalf of a client is engaging a set of companies in the technology and renewable energy sectors with exposure to risks in Conflict-Affected and High-Risk Areas (CAHRAs). This pilot project involved conducting engagements with these companies to understand how they may undertake heightened human rights due diligence in CAHRAs, as well as to increase investor understanding on these issues. A report has been published with some key findings from company dialogues and recommendations for investor engagement with companies on CAHRAs. PIRC continues to engage companies that operate in CAHRAs.
- On the fair treatment of workers, PIRC has engaged several companies in the retail, hospitality and financial services sectors through ShareAction's Good Work Coalition. These engagements were focused on ensuring companies commit to paying the Living Wage where possible as well as reducing racial inequity through disclosing their ethnicity pay gap.

PIRC has produced numerous position statements and thought leadership reports in support of clients' integration of stewardship and investment. Within the period under review, PIRC supported clients in producing several reports. The first being a position statement on Conflict-Affected and High-Risk Areas (CAHRAs) that recognises the risks investee companies face when operating in conflict zones. The paper outlines a client's expectations of companies, guided by the UN Guiding Principles on Business and Human Rights (UNGPs) which call for a more comprehensive process known as heightened human rights due diligence in conflict zones.

PIRC also prepared a separate report which acts as a guide for LGPS preparers of TCFD aligned climate risk reports and a report that details a client's recommendations for the UK's climate policy. The report on TCFD alignment provides practical insights from existing reporters, background into the framework, the latest market and regulatory context and emerging topics in scenario analysis and risk assessment. Finally, PIRC drafted a report that outlined a client's recommendations for how the UK government can ensure policies support investment in climate action while boosting competitiveness and long-term growth.

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

Within the reporting period, there has been continued pushback against ESG

notably in the US. PIRC has been following such developments closely and its analysis has shown a significant reduction in investor support for shareholder proposals, especially those related to environmental and social resolutions. Regulatory changes impacting the ability to file resolutions have further impacted the wider context in which capital stewardship is undertaken. PIRC has also noted the number of asset managers withdrawing support for collaborative initiatives.

PIRC views this as a setback for our clients seeking to address systemic and market-wide risks such as climate change. PIRC has thus been providing its clients with information on such developments and analysis of asset manager voting positions. This not only aims to inform investors about the environment in which collaborative engagements and voting activities are taking place but also enables our asset owner clients to engage their asset managers on positions they are taking.

Communicating with Clients

In respect of seeking client views and feedback on its service provision, PIRC's approach to doing this prioritises face-to-face meetings with its clients. PIRC seeks to build long-term relationships with clients which in-person meetings help create. Such meetings afford the time to properly discuss client priorities and service delivery and provide a forum for understanding how we can better deliver for the specific needs of clients. By having in-person meetings trust-based relationships can be formed which allow for open and honest discussion about service provision. This creates the space to be innovative and forward-thinking and guards against defensive and reactive communications. Having a strong ethos of partnership working helps ensure if there are any concerns, they can be raised and enables us to focus on solutions. These meetings also make the regular ad hoc conversations and communications that take place in between meetings much more effective as people are familiar with each other. We consider this approach to be more effective than relying on client surveys, which miss the nuances of client priorities and service delivery requests and do not help build client relationships needed to deliver service excellence to which PIRC aspires.

We have regular ad hoc conversations with clients and also provide quarterly updates on services delivered. For major clients our recommended frequency of contact is to meet each client four times a year, supplemented with client presentations that allow for extended questions and answers as and when appropriate. From these meetings, PIRC makes adjustments to workplans, policies and service delivery. These changes are reviewed to ensure they meet client needs. Evaluation of feedback from clients is that this approach is constructive and efficient and works for them.

PIRC does deploy other means to understand client views and priorities, including regularly seeking comments from clients on work in progress and through ad hoc discussions. However, the structured nature of meetings results in the most effective way of communicating feedback. For one client which has multiple members, surveys are from time to time used. This does help gain quantitative picture of opinions. However, the feedback from the client is that they cannot be undertaken regularly so as not to encumber members with the cost of completing surveys and that meetings provide a more effective and nuanced forum for discussion. Further proof of the effectiveness of this approach is our stable and long-standing client base which demonstrates PIRC's ability to listen to clients and act on their views and requests. Of the few clients who choose not to continue with our services, we seek to understand why. This helps improve our services

and also the way we communicate with clients and them with us.

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

PIRC delivers proxy voting reports to clients at least 14 days before an Annual General Meeting (AGM) and at least 10 days before an Extraordinary General Meeting (EGM) to give them the opportunity to review the voting recommendations before the proxy voting is executed on their behalf. These timelines for delivery of reports are a good example of effective communications and partnership working as they have evolved out of conversations and feedback from clients about the time they need to review proxy documents.

In addition, PIRC drafts a weekly email update for one client, for example. This includes activities and engagements. For this client, engagement progress is shared at quarterly meetings; through the production of a quarterly engagement report, and through the production of an annual report that provides an overview of the client's engagement performance over the year. For wider engagement services, PIRC produces a Voice report covering the engagements undertaken over the previous quarter.

These stewardship reports set out engagements by outlining the materiality of the issue on which PIRC is seeking to engage, the objective, the engagement action that is being undertaken, the outcome and the next steps. This is aligned with our stewardship approach (set out earlier) and supports clients' own stewardship activities and reporting. Activity data is also broken down by type of engagement, who was engaged and the broad ESG issue category of the engagement.

As reported under Principle 4, PIRC also produces a weekly newsletter (PIRC Alerts), as well as occasional thought-leadership reports on current issues affecting companies and therefore investors.

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

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

PRINCIPLE SIX

Signatories review their policies and assure their processes.

Policy review systems and processes

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

In respect of seeking feedback from the companies on which it reports PIRC gives companies 48 hours in the UK, and 24 hours in the EU (for AGM issues) to provide feedback and 24 hours for EGM issues in both markets. This provides an external assurance mechanism for the quality of our work and provides PIRC with feedback about our policies.

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

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

PIRC consults with clients annually on each new edition of its UK Guidelines. Taking into account market developments and new issues that have arisen in the previous 12 months, PIRC sends the new, draft guidelines to clients for their review and input.

Once finalised the guidelines are sent to the constituents of the FTSE All Share index at the time of publishing and also sent to any companies that enter the universe during the calendar year. PIRC's disclosure of its guidelines to issuers ensures there is transparency about its approach and provides companies with the opportunity to give feedback.

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

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

Alongside PIRC's traditional review process, we also undertake in depth reviews of stewardship and voting policies. Commissioning internal and external reviews enables a fresh, independent perspective as well as affording the time for someone to undertake a deep dive into our approach. These reviews can also focus on new areas or where the stewardship environment is developing. These are designed to take a more fundamental look at specific policies and processes. Through this process, PIRC's enhanced approach to climate has been developed which has involved feedback from clients supporting the initiative.

PIRC has a process for reviewing engagement activity. This includes an annual review of engagements, where to focus resources and what policies or stewardship areas may require additional resources. PIRC also supports a client in their policy process. This includes reviewing relevant and emerging policy issues for engagement. This takes place on a quarterly basis and involves feedback from clients.

Voting Recommendation process

PIRC's voting process is underpinned by primary research, governed by the five main sections of the Shareholder Voting Guidelines:

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

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

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

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

Analysing Shareholder Proposals

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

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

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

Bespoke Recommendations

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

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

voting template has been made and is accurately reported on.

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

Process for Engagement with Companies

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

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

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

PIRC makes best efforts to review the materiality of any company concerns about its research or proxy reports within 48 hours of receiving notification. Detailed responses may take up to several weeks depending on materiality and business pressures.

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 a voting recommendation are identified and agreed upon, PIRC will re-issue an amended report to its clients and provide a copy to the company. Outside the UK, all companies should expect to receive a final copy of our proxy report. PIRC does not guarantee that this copy will be dispatched ahead of the company's individual proxy deadline.

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

Process for Voting Execution

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

PIRC's in-house program, ProxyCentral, tracks voting reports to provide a com-

prehensive overview of the production status of reports. Voting deadlines are tracked, and lists generated for all un-voted ballots approaching the voting deadline.

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

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

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

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

As they are required to multi-task across those services each year, all research and data staff are inducted in each principal geographical market, and in UK, USA, Europe and Emerging Market research data and analysis. Doing this ensures PIRC's service provision is protected against any effects from unplanned absences.

IT Assurance

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

Reporting Process

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

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

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

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

Our quarterly engagement reports again include summary information alongside detailed reports on selected engagements during the relevant period. In these



reports, we provide context for the engagement, a summary of the engagement and an assessment and expected next steps. Data for these reports is drawn directly from our Global Engagement Manager database to ensure that it is rooted in objective information.

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

Enhancing Transparency and Increasing Accountability

PIRC's clients use many of its inputs to help manage risk within their portfolios and, of course, to execute their voting rights and to engage with companies for change. As they do this, we are acutely aware that it is beholden on us to be transparent in what we do and to be held accountable for our contribution to their stewardship activities.

We have noted above the resources that PIRC commits to ensuring that the companies it analyses have the opportunity to review and feedback on the data that PIRC provides to its clients, and the culture of open dialogue that supports this. PIRC allows a sub-set of companies to review and comment on the reports before publication. Once the reports are published, all companies receive a copy of the report for their information and may submit comments via email and in meetings where possible. However, PIRC does not commit to making changes based on these later comments. Alongside the analysis, PIRC also circulates its Shareholder Voting Guidelines to FTSE companies.

To enhance the transparency of our service provision and to increase our accountability for performance we joined with four other service providers to develop guidance for our own performance. As such, PIRC is a founder member of the [Best Practice Principles Group \(BPPG\)](#) which has agreed a governance architecture for the independent oversight of member performance against a set of Principles, and against evolving market expectations.

The BPPG has subsequently established an Independent Oversight Committee to provide the international market with independent assurance that firms which comprise the proxy voting research and advisory industry are meeting agreed best practices, serving the interests of their investor customers while treating issuers and other stakeholders fairly, with accuracy, integrity, and responsiveness. The Committee has the further mandate to test whether current principles meet evolving market expectations and to initiate a process of revisions when appropriate.

Our annual application to be a signatory to the BPPG Principles, together with the disclosures required, forms part of the PIRC's assurance process in regard to the quality and scope of its service provision. The results of the BPPG's independent monitoring of PIRC's submission will be published in an annual report by the BPP Oversight Committee to be published on the BPPG website.

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.

Ensuring PIRC's reporting is fair, balanced and understandable

This report builds on PIRC's stewardship report for 2023/24. The report reflects previous feedback received from the FRC which has been integrated into prior reports. The report has been discussed with managers who provided input about the main activities from July 2024 – June 2025.

The report was then updated by a stewardship manager with input from the CEO. To ensure that the document provides a fair and balanced reflection of PIRC's work information for specific sections of the report was generated by relevant team managers. PIRC made use of its data systems to ensure an accurate picture of activity. The updates were reviewed to ensure the report is a fair and balanced statement of PIRC and its activities.

PIRC drew on its experience of reporting to help ensure that the document is understandable. Changes in parts of this year's report were aimed at making the report clearer. PIRC uses plain English in its reporting. This principle was used when drafting this report. The review process by senior managers helped ensure the clarity of the information presented.

The final report was reviewed and signed off by senior management. It was then reviewed by the board, final amendments made and signed off for submission.

2024/25 Stewardship Report

Pensions & Investment Research Consultants Limited

*Reporting against the UK Stewardship Code
This report covers the period July 2024 to June 2025*

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PIRC

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