

**Your voice
in the market
can now be
consistently
aligned to your
principles and
priorities...**



**PASS-THROUGH
VOTING SOLUTIONS
FOR POOLED FUNDS**

Helping you meet the growing responsible investment requirements that are being placed on you by regulators

Until now asset owners have not been able to vote their shares in pooled funds. This meant that a fund's stewardship principles and priorities could not be fully voiced and exercised because of one-size-fits all policies of managers representing multiple investors. Funds also faced having inconsistent positions between the shares they owned and could vote in segregated mandates and the shares they could not vote in passive funds.

Now pass-through voting solutions are changing that. PIRC is supporting you, including through our partnership with Tumelo, to be able to vote consistently according to your principle. This enables you to have a clear stewardship position with your investee companies and promoting better corporate practice required to protect and enhance investment value.



Empowering asset owners to vote in pooled funds

●
**PIRC's
shareholder
voting
guidelines
have been
tried and
tested over
decades**

Voting policies that fit your stewardship principles

PIRC was the UK's first proxy voting adviser and has for over 30 years been supporting clients to vote according to their responsible investment principles. Our shareholder voting guidelines have been tried and tested over decades and remain pioneering in focus and expectations they make of companies to protect and enhance shareholder returns. These guidelines are used by major international investors, and enable clients to take strong voting positions on governance and sustainability issues.

However, we also understand that many clients want something different. For these clients, PIRC's advisory service works with them to understand their priorities and design a tailored approach. Our experienced and specialist team provides a personal service to meet clients specific and unique proxy voting needs to deliver voting policies and recommendations that fit their stewardship principles.

Voting services tailored to your level of need

PIRC's personalised voting services are designed to meet the specific needs of its clients. This applies not only to voting policies, but also to the level of voting advice. While some clients may want to vote all the shares according to their own policy, we understand that others may wish to focus their resources on specific companies or issues.

PIRC can work with clients to select companies that they wish vote on, which fits with their responsible investment principles and policies. Similarly, we can take an issue-based approach, focusing on areas and resolutions that matter most to clients, be it climate change, executive pay or an issue unique to them.

PIRC



**PIRC
believes in
the right of
shareholders
to have
their say**

Shareholder rights

PIRC has long championed the rights of shareholders to have their say. This applies as much to votes in pooled funds as the one share, one vote principle.

PIRC believes that all managers, active or passive, should ultimately offer full pass-through voting, where the asset owners, if they wish, can apply their own policy directly.

tumelo

Tumelo is a fintech company that builds technology to make stewardship more impactful. Its products enable pass-through voting and expression of wish for fund managers, institutions and retail investors. Its customers win through cost-savings and simple integrations.

Expression of wish

Some asset owners may want to continue to entrust their votes to their selected asset managers but nevertheless provide their voting preference to the fund managers to shape the voting approach. This can now be done through our expression of wish offering. As part of the service, PIRC can work with the client to design voting guidelines, undertake company research, apply the guidelines to the company research and send the fund manager, via Tumelo, its expression of voting wish. PIRC then can provide voting alignment analysis which can be used in the asset owner's engagement with their fund managers.

"From expression of wish to pass-through voting (which we are enabling with PIRC), Tumelo has been at the forefront of giving clients their say on how their investments are voted. We've been careful to hear what asset owners and managers need from this process and integrated that purposefully into our technology. Take flexibility, for example: Asset owners can take their FM voting policy and override that with PIRC recommendations on issues they feel strongly about, like climate change or human rights. It's not a whole-policy-or-nothing approach.

"The industry is moving towards a future of stronger alignment between asset owners and their managers; we think enabling clients to direct their own voting in a flexible way is crucial to that."

Georgia Stewart, Co-founder & CEO, Tumelo

How it works

- 01** PIRC's Shareholder Voting Guidelines provide clients with robust voting positions on directors, report and accounts and shareholder resolutions to ensure the highest corporate governance and ESG standards.
- 02** PIRC works with clients that want to tailor voting positions to their individual ESG needs and expectations.
- 03** PIRC uses these guidelines alongside our comprehensive company research and risk rating analysis to provide proxy reports and make voting recommendations.
- 04** Following agreement from the client PIRC provides Tumelo with the voting recommendation to be executed to the vote-entitlement of the client. Alternatively, PIRC uses the asset manager's voting choice service to execute the client's voting preference.
- 05** PIRC provides analysis and feedback on voting results to its clients.

The PIRC logo consists of the letters "PIRC" in a bold, white, sans-serif font, positioned within a black square. The bottom-left corner of the square is cut off by a diagonal line, creating a triangular shape.

Greater voting consistency and alignment

In segregated mandates, Camden Pension Fund has voted according to its own specific needs for over 25 years. This has been done with the advice of PIRC, which continues to support Camden to design and develop its voting guidelines that meet its specific stewardship principles and needs.

- PIRC undertakes company research and applies Camden Pension Fund's guidelines to generate voting recommendations. These votes are then cast by PIRC in Camden's segregated funds.
- Analysis undertaken by PIRC showed that while its fund manager's approach took credible stewardship positions there was fundamentally misalignment between Camden's voting positions and those being taken by the asset manager.
- To address this situation PIRC in partnership with Tumelo and with the agreement of LGIM, are now enabling Camden to vote in pooled vehicles. This is done by PIRC providing LGIM with the vote recommendations who then vote the proportion of shares Camden holds.

The solution now means greater voting consistency and alignment on its responsible investment principles across Camden's segregated mandates and pooled funds.



“we are very pleased to finally be applying our own policy in our pooled holdings.”

- PIRC is supporting Hounslow Pension Fund to take advantage of BlackRock’s Voting Choice functionality, applying its own voting policy on a global index fund.
- Hounslow has its own voting policy that was developed with the insights and expertise of PIRC to meet its specific voting needs. However, until recently these could not be applied to pooled investments.
- In 2022, BlackRock started to offer institutional clients invested in certain pooled funds the opportunity to have their pro-rata portion of eligible shares held by the pooled funds voted according to their own voting policy or a third-party policy
- PIRC worked with BlackRock to apply the Hounslow Pension Fund’s voting policy in respect of its investment in ACS World Low Carbon Equity Tracker Fund.

“No two funds are alike in their policies and expectations, so we very much welcome BlackRock’s facilitation of proxy voting choice. Our primary fiduciary duty is to protect and enhance the long-term returns for our beneficiaries, and we want to be active in pursuing this objective. But taking our own position on the use of voting rights has in the past been precluded by pooled index fund structures. So we are very pleased to finally be applying our own policy in our pooled holdings.”

Patrick Kilgallen,
Head of Pensions,
Hounslow Pension Fund

Your voice in the market: louder and clearer.

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To learn more about how PIRC can support you and deliver your voting choices, contact:

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About PIRC

Pensions & Investment Research Consultants Ltd (PIRC) is Europe's largest independent corporate governance and shareholder advisory consultancy with over 30 years' experience in providing stewardship, engagement and proxy voting services to institutional investors on environmental, social and governance issues.



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