

# Financial Reporting Council UK Stewardship Code

## Compliance Statement

*Pioneer Investment Management Limited is an Irish Company authorised and regulated by the Central Bank of Ireland, hereinafter referred to as PIML. PIML has established a branch office in London, which is subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority (“FCA”) are available on request.*

This document sets out how PIML seeks to discharge its stewardship responsibilities in relation to each of the principles of *The UK Stewardship Code* published by the Financial Reporting Council, which took effect on 1 October 2012.

**PRINCIPLE 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.**

PIML takes an active approach to equity ownership rights and responsibilities, founded upon the principle that we are a fiduciary. We believe that we have an obligation to manage the assets entrusted to us in accordance with the return objectives and risk tolerances specified by our clients in the interests of the ultimate beneficiaries of those assets.

The main approach taken to meet this obligation is through research, in particular extensive fundamental research into the drivers of performance, both of companies and industries. Research drives our approach to stewardship.

This document sets out how PIML seeks to discharge its stewardship responsibilities.

**PRINCIPLE 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.**

We explain our approach to managing conflicts of interest in our Conflicts of Interest Policy, a copy of which is available upon request.

**PRINCIPLE 3: Institutional investors should monitor their investee companies.**

Monitoring companies in which we have invested on behalf of clients is a fundamental part of our research process. It is primarily the responsibility of our research analysts, and/or portfolio managers (hereinafter collectively referred to as investment professionals).

The investment professionals conduct comprehensive research and analysis that leads to an acquisition of a stake in the prospective companies. Typically, the research will include meetings with management and in-depth analysis of fundamental data and industry. Portfolio Managers will review any companies of interest which are not covered by our analysts. Once we have acquired a stake, investment professionals continue to monitor each company we own to understand developments likely to affect the value of our clients’ holdings. As part of this process, PIML’s Investment Professionals regularly meet management to discuss areas such as strategy, operations, internal controls and succession planning. Access to executive management is a key part of PIML’s investment process.

The primary objective of company meetings is to understand the business of the companies and industries within which we invest, in order to assess the likely risks and returns of holding the company’s shares in clients’ portfolios. Whilst meetings with management are used primarily to gather knowledge, rather than to offer a point of view, where relevant, we will offer our opinion on changes which we believe may lead to improved outcomes for investors. As a general policy we aim to support the management of the companies in which we invest, however we will, nonetheless form our own views on the strategy and

governance of a business and this forms part of our dialogue with companies.

Our monitoring of companies includes consideration of the effectiveness of their boards and committee structures, other governance questions and risks arising from social and environmental matters, to the extent that our research suggests that these issues are likely to be material to the risks and returns of investing in the company.

We do not impose a single mechanism for how investment professionals record their discussions with companies. As experienced professionals, they are best placed to judge what is most useful given the particular circumstances of the company and industry concerned.

PIML also has fund families that are managed using a mix of quantitative methodologies and algorithms (i.e. our Quantitative Equity and Fixed Income Funds) that do not avail of the traditional bottom up research process described above, however, there is collaboration with the Fundamental Research team in order to build investment cases and prioritise research coverage.

**PRINCIPLE 4: Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.**

Where there are concerns regarding a company's approach to protecting shareholders' interests, the investment professional may make these clear to the company's management. In cases where our concerns are accompanied by a failure to achieve our reasonable expectations for shareholder return, our senior investment professionals or Chief Investment Officer may escalate issues. Alternatively it may be in the best interests of our clients to dispose of the investment. In terms of escalating stewardship activities, PIML believes that each case should be judged on its individual merits, which in turn will determine the correct escalation approach. PIML's investment professionals and Chief Investment Officer work together and form a case-by-case judgement of how best to protect clients' interests.

**PRINCIPLE 5: Institutional investors should be willing to act collectively with other investors where appropriate.**

PIML will collaborate and maintain relationships with a wide spectrum of other shareholders as well as other institutional investors when engaging with companies if we believe that doing so is likely to advance clients' interests, is consistent with our firm's policies and procedures and is permissible under applicable laws and regulations.

**PRINCIPLE 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.**

PIML is committed to ensuring we make appropriate voting decisions. We use our best efforts to exercise our clients' proxy rights and routinely cast all our clients' votes in all markets including the UK.

PIML retains internal experts who are responsible for the management of our voting activities. Voting is cast in accordance with PIML's policies and voting guidelines following consultation with the relevant portfolio manager when deemed appropriate. Voting instructions are generally processed electronically via a proxy voting agent.

Outside of the UK, legal and practical hurdles sometimes stand in the way of our best efforts. PIML will consider such restrictions versus the impact of not voting and act in the best interests of our clients.

To ensure independence, proxy voting decisions are taken from a variety of sources, including advisory services, recommendations of external research providers and our company-specific research. Typically we will not disclose to the company our intention to abstain or vote against management in advance of the vote as doing so might expose our investment professionals to unhelpful pressure. However, we will always ensure that management understand the reason for our opposition. We tend to abstain in a limited number of circumstances. We do not normally attend general meetings of companies within which we invest

We regard the exercise of proxy votes on behalf of our clients as a confidential matter between our clients and ourselves. We disclose proxy votes publicly only to the extent that we are required to do so by law.

**PRINCIPLE 7: Institutional investors should report periodically on their stewardship and voting activities.**

We keep records of our voting decisions and the reasons for our votes. We provide regular reports to our clients upon request. At present, other than proxy voting, we typically provide formal reports on our engagement activities only in response to specific client requests, the format of which are dependent on client requirements.

**For further information, please contact one of the following individuals at the below address:**

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