Hewitt Risk Management Services Ltd Policy on Stewardship

On 2 July 2010, the UK's Financial Reporting Council ("FRC") introduced a new UK Stewardship Code (the "Code") which was the first code directed specifically at investors rather than companies.

The code was revised in 2012 and subsequently by the UK Stewardship Code 2020, which took effect from 1st January 2020 being a substantial revision to the 2012 edition of the Code.

The overall policy objectives of the Code are to:

- Set standards of stewardship to which institutional investors should aspire, and maintain the credibility and quality of these standards through independent input on the content and monitoring of the Code;
- Promote a sense of ownership of the Code amongst institutional investors in order to encourage UK and foreign investors to apply and report against it;
- Ensure that engagement is closely linked to the investment process within the investment firm;
- Contribute towards improved communication between investors and the boards of the companies in which they invest; and
- Secure sufficient disclosure to enable asset managers' prospective clients to assess how they are acting in relation to the Code so that this can be taken into account when awarding and monitoring fund management mandates.

The revised code acknowledges significant changes to the investment market since the publication of the first UK Stewardship code in 2010 and contains new expectations about how investment and stewardship is integrated, including environmental, social and governance (ESG) issues. The Code also asks investors to explain how they have exercised stewardship across asset classes. For example, for listed equity, fixed income, private equity, infrastructure investments, and in investments outside the UK.

Hewitt Risk Management Services Ltd (HRMSL) understands the needs of investors with regard to the sound corporate governance of companies, and, following on from this, the need to ensure that voting rights are used responsibly. However, as HRMSL's business model is to delegate the management of its portfolios to underlying investment managers it does not get involved in the actual buying and selling of shares in companies and is therefore one stage removed from being aware of, and, if necessary, acting on any concerns about a company's performance or governance. Accordingly, it is the underlying investment managers chosen by HRMSL who are responsible for direct trading in companies and for assessing and acting on concerns about these companies.

As part of its due diligence on the underlying managers which it uses, the business may consider how these managers implement the Stewardship Code and what their policies are in relation to shareholder activism. Any concerns in this regard form part of our overall picture and therefore the rating of the manager.

HRMSL had previously sought to meet its obligations by making available to clients a specialist third-party provider (TPF) which clients could contract with directly (at HRMSL-negotiated fees) if they wished to take up this service. This offering was discontinued in February 2014 as there had been zero interest from clients in it.

Hewitt Risk Management Services Ltd
Authorised and regulated by the Financial Conduct Authority
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