

Reuters Pension Fund

Statement of Investment Principles

December 2023

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Section 1: Introduction

- 1.1 Under Section 35 of the Pensions Act 1995 (Pensions Act) and as amended by the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005, trustees of a pension fund are required to prepare a statement of the principles governing investment decisions (“the Statement”). This document contains that Statement for the Reuters Pension Fund. This Statement reflects the current position of the Fund. This is expected to change over time as the investment policy of the Fund evolves.
- 1.2 The Trustee is responsible for all aspects of the operation of the Fund including this Statement. The Trustee has consulted with the Sponsor (Refinitiv Ltd) regarding the contents of this Statement, as required by the Act.
- 1.3 In drawing up this Statement, the Trustee has sought advice from the Fund's Investment Consultant and other advisers. The Trustee will review this Statement at least once a year, or where the Trustee considers a review is needed for other reasons. Before preparing this Statement, the Trustee has had regard to the requirements of the Pensions Act concerning diversification of investments and suitability of investments and the Trustee will consider those requirements on any review of this Statement or any change in the investment policy. The Trustee will refer to this Statement where necessary to ensure that it exercises its powers of investment so as to give effect to the principles set out in it as far as is reasonable.

Fund details

- 1.4 The Fund operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.
- 1.5 The Fund's benefits are provided on a salary related basis and the Fund's assets are held under the legal control of the Fund's Trustee. The operation of the Fund is governed by its Rules (as updated from time to time).
- 1.6 Until 5 April 2016 the members of the Fund were contracted out of the State Second Pension (S2P) under the Pension Schemes Act 1993. The Fund holds a contracting-out certificate issued by the Occupational Pensions Board.
- 1.7 Exempt approval has been granted by HMRC under Chapter 1 of part XIV of the Income and Corporation Taxes Act 1988.

Financial Services and Markets Act

- 1.8 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to the appointed Investment Managers. The Trustee may also invest Fund assets in pooled funds such as insurance policies. The Investment Managers shall provide the skill and expertise necessary to manage the investments of the Fund competently.

Section 2: Division of responsibilities

- 2.1 Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Fund. The Trustee of the Fund draws on the expertise of external advisers including the Investment Managers, Investment Consultant (Redington) and the Scheme Actuary (Aon).
- 2.2 The responsibilities of the various parties are outlined below:

Trustee

- 2.3 The Trustee has ultimate responsibility for strategic decision-making on investment matters and ensuring that appropriate systems and procedures are in place. However, as noted in 2.6 below an Investment Sub-Committee (ISC) handles certain investment matters and makes recommendations to the Trustee where decisions are required to be taken by the Trustee.
- 2.4 The Trustee's responsibilities include:
- Reviewing the suitability of the investment policy (setting the risk budget through asset liability modelling, and the allocation between return-seeking and liability matching investments), in consultation with the Investment Consultant and the Scheme Actuary.
 - Monitoring oversight of financially material risks and opportunities including, but not limited to, environmental, social and governance ("ESG") & climate-related risks.
 - Overseeing the stewardship practices of the Fund's investment managers to ensure they align with the Trustee's expectations.
 - Consulting with the Sponsor before amending this Statement. However, the ultimate decision-making power rests with the Trustee.
 - Setting objectives for the Investment Consultant.
- 2.5 Selection of specific investments is delegated by the Trustee to Investment Managers who are, where required, authorised under the Financial Services and Markets Act 2000.

Investment Sub-Committee

- 2.6 The Trustee is supported in its consideration of investment matters by the ISC.
- 2.7 The Trustee may vary the terms of reference and constitution of the ISC from time to time. It may also disband the ISC at any time if it so decides. The roles and responsibilities of the ISC are detailed separately in its Terms of Reference.

The Sponsor

- 2.8 The Trustee will work collaboratively with the Sponsor through the forum of the ISC regarding the investment policy (as defined above) of the Fund. The Sponsor may make investment proposals to develop the investment policy for discussion with the Trustee.
- 2.9 The Trustee receives recommendations regarding changes to the Fund's investment policy from the ISC, and thus will work collaboratively with the Sponsor to formulate the proposed changes.

Investment Managers

- 2.10 The Investment Managers' responsibilities include:

- For active managers at their discretion, but within any guidelines given by the Trustee, implementing changes in the asset mix and selecting securities within each asset class.
- Providing the Trustee with quarterly statements of the assets along with a quarterly report on actions and future intentions, and any changes to the investment processes applied to their portfolios.
- In the case of the LDI manager, to monitor collateral sufficiency and hedge ratio triggers, which have been pre-approved by the Trustee. If and when a collateral sufficiency trigger is hit, the LDI manager has been authorised to sell / buy external assets to achieve the agreed level of LDI collateral.

2.11 The Investment Managers are also expected to inform the Trustee of any material changes in the internal objectives and guidelines of any pooled funds used by the Fund and managed by the investment manager or an associated company in a timely manner.

Custodian

2.12 The Custodian's responsibilities include:

- The safekeeping of all the assets of the Fund
- Processing the settlement of all transactions
- Providing the Trustee with statements of the assets and the cashflows
- Undertaking all appropriate administration relating to the Fund's assets
- Processing all dividends and tax reclaims in a timely manner, including sweeping distributions to the Fund's trustee bank account where instructed
- Dealing with corporate actions
- Dealing with administrative requests from the Fund's investment managers

Investment Consultant

2.13 The role of the Investment Consultant is to make recommendations or give advice and reporting to the Trustee and ISC in the following areas:

- The formulation of an efficient governance structure particularly in the light of The Pensions Regulator's Investment Governance Guidance "IGG" Principles
- The regular updating of the Statement of Investment Principles
- The development of a clear investment strategy for the Fund
- The asset-liability modelling and risk budgeting process
- The construction of a strategic asset allocation benchmark given the liabilities of the Fund and the risk and return objectives of the Trustee
- The construction of an overall investment management structure that meets the objectives of the Trustee
- The selection and appointment of appropriate investment management organisations
- The consultant's current views of the Investment Managers employed by the Fund
- Advice in relation to the on-going suitability of the Fund's liability hedging programme
- Advice in relation to the Fund's collateral policy, including the on-going monitoring of collateral levels
- Commentary on investment performance and risk taken by the Investment Managers
- Trustee education on investment matters

- ESG and carbon reporting of individual manager mandates on an annual basis
- Oversight of the Fund's investment managers stewardship activities, including voting and engagement
- General advice in respect of the Fund's investment activities.

Scheme Actuary

2.14 The Scheme Actuary's responsibilities include:

- Liaising with the Investment Consultant and Trustee on the suitability of the Fund's investment strategy given the financial characteristics of the Fund
- Assessing the statutory funding position of the Fund and advising on the appropriate response to any shortfall
- Reviewing the suitability of the liability cashflow benchmark as required
- Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.

2.15 Decisions affecting the Fund's investment strategy are taken with appropriate advice from the Fund's Scheme Actuary and Investment Consultant and the Trustee's other advisers.

Section 3: Investment Strategy

- 3.1 The Trustee's primary investment objective is to enable the Fund to provide the benefits to members as set out in the Rules of the Fund.
- 3.2 In deciding on the most appropriate investment strategy, the Trustee takes account of a range of other factors, including (but not limited to):
- the covenant of the Sponsor, and the impact this may have on the level of investment risk that is appropriate
 - the extent to which advance credit is taken for future investment returns in determining the funding basis for the Fund
 - the opportunity for discretionary increases to pensions.

3.3 Pension Risk Management Framework

The Trustee has worked collaboratively with the Sponsor to adopt a Pension Risk Management Framework ("PRMF") to guide the strategic asset allocation ("SAA") and risk management strategy of the Fund. The PRMF sets out the key investment objectives of the Fund, the metrics used to measure these objectives and the constraints within which the objectives will be targeted.

The agreed objectives and constraints include:

1. **Investment objective:** to reach 105% of full funding by December 2030 on a Gilts +0% basis. "Full funding" is defined as the point at which the value of the assets is equal to the accrued value of the liabilities on this basis inclusive of any Cost of Living Adjustments ("COLAs") that have been mutually agreed by the Trustee and Sponsor.
2. **Risk Budget:** The maximum loss the Fund could face in a 1-year (1-in-20) downside scenario should be less than 7% on the Gilts +0% basis (as measured by Funding Ratio at Risk).
3. **Hedging:** Nominal and Inflation Hedge Ratio to be kept within +/- 3% of the target Hedge Ratio (set equal to the Funding Ratio by the Trustee) .
4. **Liquidity Constraint:** Sufficient cash/collateral should be maintained to meet collateral calls that could arise from the Fund's derivative positions in a stressed scenario.
5. **Manager Fees:** To monitor total fees paid to Fund Managers by a weighted average charge.
6. **Climate Risk:** Monitor the Fund's performance against the NGFS 2 Degrees Celsius Disorderly Transition Scenario¹.
7. **Carbon Footprint:** Reduce the Fund's baseline carbon emissions by 50% by 2030 compared to 31/12/2021 levels.

The asset return required to achieve the investment and funding objectives ("required return") is assessed on an ongoing basis against the expected return on the Fund's assets. If expected return is below required return, the Trustee, based on recommendation from the ISC, may adjust the strategic asset allocation to ensure that the Fund remains on course to achieve its objective. Similarly, if expected return is above required return, the Trustee may reduce expected return and investment risk to enable the fund to progress on a less volatile path towards the funding objective.

¹ NGFS 2 Degrees Celsius Disorderly Transition Scenario shows the impact of the Fund's funding level in a scenario in which climate-related policies are delayed or divergent across countries and sectors and the global economy fails to decarbonise in an orderly manner.

Required return, expected return, risk and collateral requirements are calculated and reported to the ISC on a quarterly basis by the Fund's Investment Consultant while the funding position is calculated and reported to the ISC by the Fund's Actuary.

The kind of investments and the balance between different kinds of investments is driven by the objectives and constraints from the Pension Risk Management Framework, which helps balance the risks and returns required to reach full funding.

Interaction between Funding and Investment objectives

- 3.4 The Funding and Investment objectives are interlinked. It is important the investment policy is considered in conjunction with the Statement of Funding Principles which is prepared in conjunction with each actuarial valuation.

Additional Voluntary Contributions (AVCs)

- 3.5 The Fund no longer provides facilities for members to pay AVCs to enhance their benefits at retirement. Accumulated AVC assets are invested through RPF (with Prudential and Utmost Life). There are also AVCs paid by RPF members held externally with the Legal & General Master Trust, having been previously held in and then transferred from the Refinitiv Retirement Plan (RRP).

Environmental, Social and Governance Factors

- 3.6 The Trustee seeks to incorporate all financial considerations which are relevant and material to the Fund into its decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible.
- 3.7 The Trustee believes that environmental, social and governance factors (including but not limited to climate risk) will be financially material over the time horizon of the Fund and should therefore be considered as part of investment strategy and implementation decisions. This will have varying levels of importance for different types of assets invested in by the Fund. These factors may, in particular, be of limited or no application for the Fund's investment strategy comprising gilts and hedging instruments and any buy-in policy.
- 3.8 The Trustee's Investment Consultant incorporates environmental, social and governance factors into their manager research process, which informs advice provided to the Trustee on selecting, reviewing and changing individual managers. Each time a new active manager is selected, or an existing active manager is reviewed, integration of environmental, social and governance factors is (to the extent relevant to the asset class) one of the key factors considered by the Trustee. The Trustee has also developed with its Investment Consultant a process for monitoring periodically managers' approach to these factors, which includes requesting relevant information from the managers.
- 3.9 Having delegated responsibility for the selection, retention and realisation of investments to the investment managers, the Trustee expects the Fund's investment managers to take account of environmental, social and governance considerations insofar as they believe such considerations will benefit performance and/or reduce risk.
- 3.10 The Trustee does not factor non-financial considerations (such as member ethical views) into its investment decision-making.
- 3.11 The Trustee will aim to use its influence as an asset owner to ensure best practices are reflected in the integration of environmental, social and governance factors. The Fund has a standalone Stewardship Policy which describes the Trustee's approach to stewardship and engagement in more detail. The Stewardship Policy is outlined in full in Attachment A of this Statement.

Risks

3.12 The Trustee recognises a number of risks involved in the investment of the assets of the Fund, including:

Solvency risk and mismatching risk:

- are measured through a qualitative and quantitative assessment of the expected development of the liabilities relative to the current and alternative investment policies
- are managed through assessing the progress of the actual growth of the liabilities relative to the selected investment policy
- mismatch risk can include inflation and interest rate risk (where the assets have a different sensitivity to inflation and interest rate changes than the liabilities).
- mismatch risk can also include the difference between the performance of the Fund's assets and the price of insuring the Fund's liabilities with a third-party insurer.

Investment Manager risk:

- is measured by the expected deviation of the prospective return, as set out in the manager objectives, relative to the investment policy
- is managed by monitoring the actual deviation of returns relative to the objective and factors supporting the investment process for each Investment Manager
- is managed through the diversification of the Fund's assets between active and passive Investment Managers and negotiation of suitable Investment Management Agreements.

Liquidity risk:

- is measured by the level of cashflow required by the Fund over a specific period
- is managed by the Fund's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.

Collateral resilience risk:

- is managed by monitoring sufficient collateral within the Fund's LDI policy
- is also managed by monitoring liquidity of the Fund's growth assets, with a view to utilising these assets as a secondary pool of collateral, as required
- the Fund has a standalone collateral management policy which outlines this framework in full.

Funding COLAs risk:

- the value of the Fund's accrued liabilities may change as a result of COLAs awarded on pensions accrued prior to 7 April 1997
- any such adjustments and the approach taken to funding these may influence the appropriate level of investment risk and return, and the PRMF would be updated accordingly
- any investment implications of such adjustments will be considered by the Trustee as appropriate.

Custodian risk:

- is measured by assessing the custodian bank, Bank of New York Mellon, and the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody
- is managed by monitoring the custodian's activities and discussing the performance of the custodian with the Investment Managers when appropriate.

Political risk:

- is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention
- is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

Sponsor risk:

- The strength of the Sponsor's covenant is measured by the level of ability and willingness of the Sponsor to support the continuation of the Fund and to make good any current or future deficit and through regular formal specialist covenant assessments
- is managed by assessing the interaction between the Fund and the Sponsor's business.

Derivative risk:

- Counterparty risk - addressed through the investment manager, banks and custodian guidelines with respect to cash management; in the use of derivatives this risk is mitigated through the exchange of collateral or margin;
- Basis risk – the returns from the backing assets used to meet the payable leg of a derivative may not match exactly. This risk is addressed through the investment policy adopted by the Trustee for the backing assets and the Investment Managers' asset management capabilities;
- Liability risk – pension liabilities can only be estimated and there is a risk of unanticipated changes in the assumptions used to value the Fund's liabilities, hence there may be a divergence between the performance of the derivatives and the actual value of the liabilities. This risk is managed by constructing a derivative strategy based on a best estimate of future Fund cashflows. The cashflows will also be updated at appropriate regular intervals to help further manage this risk
- Legal and operational risk – the successful operation of derivatives is dependent on various legal documents governing the contracts and the correct completion of some operational tasks. The Trustee takes appropriate advice in putting in place legal documents and appointing providers capable of carrying out the required operational tasks
- The Trustee is also aware of the risks relating to the initial terms of entry (for example purchasing the swap contracts at a competitive price) and the valuation of the derivatives on an ongoing basis and, with the help of their advisors, the Trustee monitors these positions on a regular basis.

These measures do not render the investment policy free of risk. Rather, the measures endeavour to balance the need for risk control and the need to allow the Investment Managers sufficient flexibility to manage the assets in such a way as to achieve the required performance target.

Suitability

- 3.13 The Trustee has taken advice from both the Scheme Actuary and the Investment Consultant to ensure that the asset allocation of the Fund is suitable for the Fund given its liability profile.

Liquidity

- 3.14 The Trustee, together with the Fund's administrators, will ensure that sufficient cash is held to meet the likely benefit outgo from time to time. The Trustee's policy is that there should be sufficient investments in liquid or readily realisable assets to meet unexpected cashflow requirements in the majority of foreseeable circumstances so that realisation of assets will not disrupt the Fund's overall investment policy where possible.
- 3.15 The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Investment Managers, within certain guidelines and restrictions.

Investment Manager Structure

- 3.16 The Trustee has considered the use of both index-tracking and active investment management when reviewing the Fund's strategy. The Trustee's general policy is to utilise passive management where suitable passive funds exist. Active management will be used where passive funds are not available or deemed inappropriate for a particular asset class. This policy on the use of active and index-tracking management was formed following consideration of the efficiency, liquidity and level of transaction costs likely to prevail within each market as well as the impact of the investment manager fees on future expected returns net of fees.
- 3.17 The Fund employs a number of Investment Managers, for whom the overall benchmark and asset ranges specified are designed to ensure that the Fund's investments are adequately diversified and suitable for the Fund given its liability profile. In this regard, the Trustee has taken written advice from the Investment Consultant.
- 3.18 The Investment Managers have been set mandate-specific benchmarks which have clear performance objectives.
- 3.19 The expectation is that the Investment Managers should achieve their objectives in the majority of three-year periods under consideration. It is not expected that the Investment Managers will achieve these objectives in every three-year period. Investment Managers should, however, demonstrate that the skill they exercise in managing the Fund's assets and the process that they follow is consistent with these objectives given the level of risk adopted.

Section 4: Monitoring

- 4.1 As and when required, the ISC meets with the Investment Managers to satisfy themselves that they continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments of the Fund.
- 4.2 The appointment of the Investment Managers will be reviewed by the ISC from time to time, based on the recommendations of the Fund's Investment Consultant, and the results of their monitoring of performance and process. The Trustee will monitor the extent to which the Investment Managers give effect to the policies set out in it.
- 4.3 The Investment Consultant provides quarterly updates of performance to assist in the reviews of the Fund's and Investment Managers' performance against the benchmarks.

Selection criteria

- 4.4 The Trustee has identified the criteria by which Investment Managers should be selected. These include:
- Past Performance
 - Quality of the Investment Process (including the integration of ESG risk factors, including climate)
 - Role Suitability: level of fees, reputation of the manager, familiarity with the mandate, internal objectives, and restrictions of any pooled funds
 - Service: reporting, administration
 - Team Proposed: the individual fund managers working for the Fund
 - Quality of stewardship and engagement.

De-selection criteria

- 4.5 Investment Managers may be replaced, for example, if:
- They fail to meet the objectives of the mandate; and/or
 - The Trustee believes that the manager is not capable of achieving the performance objectives in the future
 - The manager fails to comply with this Statement.

Section 5: Asset Manager Policy

- 5.1 For segregated arrangements, the terms of the long-term relationship between the Trustee and its managers are set out in separate Investment Management Agreements (IMAs). These document the Trustee's expectations of their managers, alongside the investment guidelines they are required to operate under.
- 5.2 The investment guidelines are based on the policies set out in this Statement (the SIP). The Trustee shares its SIP with the managers periodically, with the aim of ensuring managers invest in line with the Trustee's policies.
- 5.3 For pooled arrangements, the Fund's investments are managed according to standardised fund terms. These are reviewed by the Fund's legal adviser and Investment Consultant at the point of investment and following any material changes notified by the manager to ensure that they are aligned with the Fund's long-term investment strategy and market best practice.
- 5.4 When relevant, the Trustee requires its investment managers to invest with a medium-to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. For some asset classes, the Trustee does not expect the respective asset managers to make decisions based on maximizing long-term performance. These may include investments that provide risk reduction through diversification or through hedging, consistent with the Trustee's strategic asset allocation.
- 5.5 The Trustee appoints its investment managers with the expectation of a long-term partnership, which encourages active ownership of the Fund's assets. When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe, subject to a minimum of three years.
- 5.6 The Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors such as a significant change in business structure, the investment team or non-alignment with the Trustee's principles. Managers' alignment with the Trustee's principles are monitored periodically.
- 5.7 Managers are generally paid an ad valorem fee for a defined set of services. Performance fees may be agreed where appropriate to the mandate in question. The Trustee reviews the fees periodically to confirm they are in line with market practices.
- 5.8 On behalf of the Trustee, the Investment Consultant will periodically review the portfolio transaction costs and managers' portfolio turnover ranges, where the data is disclosed and available. If the Investment Consultant determines the costs incurred to be outside of reasonable expectations, this will be raised with the Trustee accordingly. Where appropriate the Trustee, through its Investment Consultant, will then raise these costs with the respective manager.

Attachment A: Stewardship Policy

Introduction

This policy sets out how the Trustee of the Reuters Pension Fund (the “Fund”) practises effective stewardship as part of its fiduciary duty to act in the best financial interests of its members. It should be read alongside the Trustee’s Statement of Investment Principle and is deemed to form part of that Statement.

The Trustee understands good stewardship to be the responsible allocation, management and oversight of capital to create long-term value for the Fund’s members and to promote the long term sustainability of the Fund’s investments, also leading to sustainable benefits for the economy, the environment and society. The Trustee will aim to use its influence as an asset owner to ensure best practices are reflected in terms of environmental, social and governance (“ESG”) factors, and will hold the Fund’s investment managers to account for the effective use of their influence as owners of assets.

Resourcing stewardship

The Trustee’s approach to stewardship reflects its broad investment approach: its role is to hire investment managers and to hold them to account for delivery, rather than to invest directly. In a similar way, the Trustee carries out stewardship activities through oversight and challenge of the Fund’s investment managers rather than operating as active stewards of the underlying assets in which it invests.

The Trustee hires appropriately skilled investment managers, sets clear expectations, assesses the quality of their performance and holds them to account where deficiencies or areas for further improvement are identified. The Trustee believes that this approach enables it to strive for continuous improvement, deploy the best skill available in the market and not duplicate effort.

The role of the Investment Sub-Committee (“ISC”) – acting under delegated authority of the Trustee – is to provide oversight of the investment managers. The ISC meets with its investment managers as required and questions them on their activities with respect to stewardship.

All actions undertaken throughout the year with regards to stewardship will be disclosed by the Trustee in the Fund’s annual implementation statement.

Focus on key themes

To best channel its stewardship efforts, the Trustee believes that it should focus on key themes. Initially, **Climate Change** and **Diversity, Equity and Inclusion** have been selected. This is because they are likely to be financially material risks relevant to the Fund and its members. In addition, the maturity and development of thinking around these themes allow for ease of integration into the Trustee’s stewardship approach.

The Trustee may choose to focus on other themes in the future, recognising that there are other sustainability-related challenges facing global societies and the natural environment which will have financial implications for the Fund.

Significance of stewardship in appointment and monitoring of investment managers

It is the responsibility of the ISC to lead the Trustee’s engagement with the Fund’s investment managers. The Trustee will not appoint new investment managers that cannot demonstrate the standards to which existing investment managers are held. These expectations can be summarised as:

- Effective processes for and delivery of stewardship activity, alignment with leading standards and evidence of positive engagement outcomes related to the key themes;
- Embedding and maintaining an inclusive and supportive corporate culture;
- Managing conflicts of interests, including any conflicts arising from stewardship activities;
- Provision of tailored reporting on stewardship activities and outcomes;
- Participation as appropriate in public policy debates and the development of best practices.

The Trustee requires its investment managers to provide specific evidence that they have acted in accordance with these expectations, which should provide enough insight to ascertain whether they are practising effective stewardship that is best aligned with members' long-term interests. Where deficiencies are identified, the Trustee will escalate accordingly, with the ultimate response being the removal of mandates where it is believed that it is in the members' best interests to do so. The Trustee views incremental improvements by its investment managers as the key success measure of its own stewardship activities.

Engagement: expectations and process

The Trustee expects investment managers to engage with issuers on relevant matters to maintain or enhance long-term value of its investments and limit negative externalities on the planet and society. This includes performance, strategy, risks, capital structure, conflicts of interest, and environmental, social or governance considerations.

The Trustee recognises that there is no 'one-size-fits-all' stewardship approach and instead encourages its investment managers to prioritise stewardship opportunities and apply the most suitable/influential engagement strategies based on their in-depth knowledge of a given asset class, sector, geography and/or specific company or other asset.

Investment managers are required to have robust ESG, climate change and stewardship policies and processes in place. These are used to define how underlying companies are monitored and engaged with, how progress is measured and when escalation is required. The Trustee expects manager engagement with companies to be underpinned by engagement on public policy matters where relevant. The investment managers are expected to track these assessments and progress in stewardship over time, to maintain continuity of activity and to assess the effectiveness of stewardship delivery. The Trustee will challenge its investment managers when their engagements are deemed to be of deficient quality.

In order to drive corporate change, and where initial engagement has made little progress, the Trustee expects its investment managers to escalate engagement accordingly. The managers are given discretion over the appropriate tools to deploy; however, the Trustee expects escalations to be clearly communicated to issuers' management teams and/or boards. Should there still be little progress made after escalation, the investment managers are expected to consider divestment as a final course of action. Any decision to divest following escalation not being successful should also be accompanied by a clear communication to the issuer.

Voting: expectations and process

The exercise of voting rights for the Fund's equity holdings within pooled funds is undertaken by the pooled fund's investment managers. The Trustee therefore does not direct how votes are exercised within these mandates and does not have its own proxy voting provider. Nonetheless, the Trustee fully recognises and appreciates the value of voting as a signal or ultimate sanction in influencing company behaviour. As asset owners, it is the Trustee's responsibility to hold investment managers to account for their voting activities to ensure they are exercising voting rights in the Trustee's best interests. As

such, the Trustee considers investment managers' voting policies and records, and requires investment managers to report significant votes as relevant.

Investment managers are expected to have their own voting policies, informed by leading global standards, and that fully integrate ESG considerations. The Trustee recognises that its investment managers may be informed by the views of proxy voting service providers but retain ultimate ownership of the decision and are expected to apply judgement as to whether they follow the recommendation provided by the proxy voting service providers. The exercise of voting rights should form part of a wider engagement dialogue and if investment managers wish to vote contrary to management recommendations, the Trustee expects this is communicated and investment managers' views expressed to the company.

Whereas voting responsibilities are undertaken by its investment managers, the Trustee recognises that it has a fiduciary and regulatory responsibility to retain agency in the process. Investment manager oversight is the key mechanism for this, and working with the Fund's Investment Consultant, the Trustee therefore holds its investment managers accountable not only for voting activity as a whole, but also how they have voted in significant votes. It is the Trustee's responsibility to define the significance of votes placed on its behalf, and to be transparent with stakeholders and beneficiaries regarding outcomes.

Significant votes have been defined as votes which meet one or more of the following criteria:

- Votes relating to one of the Trustee's key stewardship themes;
- Votes relating to an issuer to which the Fund has a large £ exposure;
- Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

Current advisers and Investment Managers

Scheme Actuary	Jonathan Wicks, Aon
Actuarial Consultant	Aon
Investment Consultant	Redington
Global custodian	Bank of New York Mellon
Performance measurer	Bank of New York Mellon
Legal Advisers / Solicitors	Sacker & Partners LLP
Auditors	Grant Thornton LLP
Administrators	Isio
Investment Managers	
Private equity managers	Morgan Stanley Investment Management Abbott Capital Management LLC
Diversified Risk Premia manager	Bridgewater Associates
Diversified Risk Premia manager	AQR Capital Management
Liability Driven Investment manager	BlackRock
Currency hedging manager	BlackRock
Insurance-linked securities manager	Nephila Capital Ltd
Sustainable Active Equity manager	Impax Asset Management
Multi-Class Credit manager	TwentyFour Asset Management
Multi-Class Credit manager	CQS
Absolute Return Bonds (Credit) manager	Federated Hermes Limited
Pensioner Buy-In Policy	Canada Life

Note: the fund has small residual investments with the following terminated managers – CB Richard Ellis Global Investors (European Property manager), BlackStone Alternative Asset Management LLC (Fund of Hedge Funds), Securis Investment Partners LLP. These investments are being disposed of in an orderly manner.