

Trustees' Report

Implementation Statement

Introduction

Under new regulatory requirements now in force, the Trustee is required to produce an annual Implementation Statement setting out how voting and engagement policies in the Statement of Investment Principles (the "SIP") have been implemented. This document also includes a brief summary of updates to the SIP over the reporting period.

This document has been prepared by the Trustee of the Reuters Pension Fund, covering the period 1 January 2021 to 31 December 2021. This time period has been covered in order to report up to the end of the Scheme year on the regulations that came into force in October 2019.

The document looks to set out how the Trustee's policy on stewardship and engagement has been implemented during the reporting period. Where relevant, the document describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. Disclosed is also the Trustee's opinion on the outcomes of voting and engagement activity for managers that hold listed equities, where stewardship and engagement are most relevant within the portfolio.

Overall, the Trustee is comfortable that the voting and engagement policies set out in the SIP have been properly adhered to over the period.

Changes to the SIP over the period

Changes to the SIP were made in November 2021 to align the SIP with the upcoming requirements of the Taskforce for Climate-related Financial Disclosures ("TCFD"), which the Fund will be subject to from 1st October 2022. The changes are as follows:

- The addition to the Trustee's stated responsibilities of monitoring ESG and climate-related risks
- The inclusion of provisions for limiting climate risk within the Fund's existing risk budget
- The statement that the Trustee is exploring the adoption of a "Net Zero" climate objective
- The incorporation of additional or strengthened climate-related considerations around the selection and monitoring of the Fund's managers.

Stewardship, engagement and voting behaviour

Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Fund's investment managers. The Trustee's ability to influence investment managers' stewardship activities will depend on the nature of the investments held.

The majority of the Scheme's non-LDI assets are invested in pooled funds where the Trustee holds units in a fund rather than having any direct ownership rights over the underlying assets. Accordingly, the Trustee's policy is to delegate responsibility for engagement, which includes the exercising of rights (including voting rights) attached to investments, to the relevant investment managers. The Trustee expects all of its investment managers to practise good stewardship and seeks to choose managers that align with its beliefs regarding this. When selecting new managers, the Trustee's Investment Consultant assesses the ability of each investment manager to engage with underlying companies to promote their long-term success. Additionally, if a manager's approach is deemed to be inadequate, the Trustee will engage with the investment manager to better align it with the Trustee's policy.

Trustees' Report

Stewardship and engagement (including the use of voting rights) is most likely to be financially material in the sections of the portfolio where physical equities are held (Impax Global Equity Opportunities, Bridgewater Optimal II, and AQR Diversified Risk Premia). For the relevant managers that invest in physical equity, further details and an overview of votes cast during the year are provided in the appendix. Engagement is also considered to be of importance for the Fund's other investment managers, though data to evidence their approach is more difficult to obtain.

The Trustee is comfortable that the voting and engagement policies have all been adequately followed over the reporting period, noting a number of recent changes to regulations in this area and that disclosures are likely to improve over time.

Appendix – Voting disclosure tables

Below is the voting activity over the period for the Fund's asset managers which held listed equities over the period. Where significant votes have been identified by managers, a single vote has been selected to ensure the Statement remains concise, further examples can be provided upon request. The Trustee is comfortable with these details, and will continue to disclose this information in the next iteration of the Implementation Statement.

Impax Global Equity Opportunities

Key Voting Statistics (Jan 2021 – Dec 2021)	Number
Number of holdings at period end	40
Value of Trustee's Assets	£115.2m
Number of meetings eligible to vote during the period	37
Number of resolutions eligible to vote during the period	524
% of resolutions voted	100%
% of resolutions voted with management	93.1%
% of resolutions voted against management	4.6%
% of resolutions abstained	1.7%
% of meetings with at least one vote against management	43.2%
% of resolutions where manager voted contrary to recommendation of proxy adviser	4.2%
Any use of proxy voting services during the period	Impax has engaged Glass, Lewis & Co. ("Glass Lewis") to facilitate voting execution, record keeping, and to help inform its analysis of relevant proxy issues and proxy votes. Ultimately Impax makes its own voting decisions, based on its ESG and voting policies.

Trustees' Report

Example of a significant vote	
Company name	Microsoft Corporation
Approximate value of holding at time of vote	4.4%
Is this one of your top 5 (or 10) holdings?	Yes
Summary of resolution	Elect John W. Thomson
How manager voted?	Against.
Where manager voted against management, did the manager communicate intent to company ahead of vote?	No.
Rationale (brief) for voting decision	Concerns regarding the Company's historical and contemporary response to allegations of sexual harassment and misconduct.
Outcome of vote	Passed (91.4% of votes FOR).
Implications of outcome – e.g. manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	Ongoing monitoring of the company.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Against management recommendations.
Consistent with RPF's view of significant voting matters?	Yes – there's significant research to suggest that board diversity can be financially material.

AQR Diversified Risk Premia

Key Voting Statistics (Jan 2021 – Dec 2021)	Number
Number of holdings at period end	2,043*
Value of Trustee's Assets	£134.5m
Number of meetings eligible to vote during the period	727
Number of resolutions eligible to vote during the period	8,292
% of resolutions voted	97%
% of resolutions voted with management	94%
% of resolutions voted against management	6%
% of resolutions abstained	0%
% of meetings with at least one vote against management	23%
% of resolutions where manager voted contrary to recommendation of proxy adviser	1%
Any use of proxy voting services during the period	AQR utilises Institutional Shareholder Services' Sustainable proxy voting policy for all of their commingled funds and for their default vote-handling program, but they also leverage internal proprietary research on proxy issues related to significant corporate actions and in making individual voting decisions. AQR has also retained Glass Lewis for proxy voting research and recommendations.

- Please note – AQR does not currently differentiate between significant or non-significant votes. While AQR does not categorize votes (and generally vote all proxies), AQR's portfolio companies may request reactive engagement on certain votes based on their assessment of significance. AQR are working to implement a policy for defining significant votes and expect to be able to report on this in the future.
- *Does not include equity index futures

Trustees' Report

Bridgewater Optimal II

Key Voting Statistics (Jan 2021 – Dec 2021)	Number
Number of holdings at period end	1,040
Value of Trustee's Assets	£152.1m
Number of meetings eligible to vote during the period	2,052
Number of resolutions eligible to vote during the period	19,405
% of resolutions voted	99.4%
% of resolutions voted with management	86.7%
% of resolutions voted against management	13.0%
% of resolutions abstained	1.6%
% of meetings with at least one vote against management	39.9%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.0%
Any use of proxy voting services during the period?	Bridgewater has engaged Glass, Lewis & Co. ("Glass Lewis") to vote proxies on behalf of their clients.

- *Please note – Bridgewater has not adopted a policy for identifying "significant votes" as their view is that any particular voting matter's outcome is considered as inconsequential in the context of the overall portfolio. As a global macro investor, any one security is likely to represent a small share of the portfolio and the ownership share in each company is quite small.*