

Reuters Pension Fund Task Force on Climate-Related Financial Disclosures ("TCFD") Report – Member Summary

For Fund year-end 31 December 2023

Member Summary

The Trustee of the Reuters Pension Fund (“the Fund”) has prepared the following statement in response to requirements for pension schemes under the Climate Change Governance and Reporting Regulations and accompanying statutory guidance issued by the Department of Work and Pensions (June 2021). The regulation sets out four elements which are based on the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”) and a summary of the Fund’s position against each element is given below:

Governance

The Trustee of the Reuters Pension Fund retains ultimate responsibility for the management of climate-related risks and opportunities. Day-to-day management and oversight are delegated to the Investment Sub-Committee. The Fund’s Climate Policy lays out a governance structure which specifies roles regarding the management of climate change risks and opportunities. Climate beliefs are also articulated within the Policy. To stay abreast of new and emerging climate-related risks and opportunities, the Trustee continues to receive training. In 2023, the Trustee received training on using stewardship as an effective tool in managing climate change risk.

Strategy

In last year’s report, the Trustee performed scenario analysis on the assets, liabilities, and sponsor covenant of the Fund under three climate scenarios. Given there have been no significant changes to the Fund’s strategic asset allocation, or to the scenario analysis methodology used since the last analysis, the Trustee chose to not update the scenario analysis for the current reporting period. The Trustee will keep abreast of evolving best practice and review this decision again next year.

For the period under review, the Trustee is comfortable the Fund’s strategy remains resilient to climate-related risks. The Trustee continues to consider climate-related risks and opportunities over the short, medium, and long term, and will incorporate risks identified when evaluating the Fund’s strategy. This will include, for instance, assessing the stewardship capabilities of managers as a way of managing transition risks arising from climate change.

Risk Management

The Trustee recognises the Fund is exposed to climate related risks, and incorporates these risks into its wider risk management and decision-making frameworks. It identifies these risks through conducting climate scenario analysis, as well as reviewing other climate reporting (including carbon emissions from the Fund’s assets) prepared by the Fund’s investment consultant.

Once identified, the Trustee seeks to manage these risks in two principal ways – through asset allocation and manager selection, and engagement and voting. Regarding the former, over the reporting period the Trustee appointed one new manager, Hermes. Prior to selecting Hermes, the Investment Sub-Committee conducted a rigorous assessment of the manager’s approach to climate integration and stewardship capabilities. Hermes was found to be ahead of its peers in this respect.

As mentioned, the Trustee also took steps to enhance its approach to stewardship and engagement over the reporting period. The Trustee received training on stewardship before articulating a stewardship policy, which included climate change as a key theme for the

Fund. The Trustee requires its investment managers to provide specific evidence that they have considered the Trustee's stewardship themes when making investment decisions.

Metrics and Targets

Over the reporting period, the Trustee reviewed and updated its non-emissions-based metric. Whereas previously the Trustee monitored a measure of climate risk based on the output of the Fund's scenario analysis, the Trustee now reports on the reliability of emissions data. The change in metric is reflective of the improved data provision and quality which has been seen across the finance industry over the past year.

The Trustee continues to measure the following other metrics:

1. Total greenhouse gas emissions of the Fund's assets ("absolute emissions metric")
2. Carbon footprint – i.e. total carbon dioxide emissions for the portfolio per million pounds invested ("emissions intensity metric")
3. Science Based Targets initiative ("SBTi") portfolio alignment metric ("portfolio alignment metric")

The Trustee continues to target alignment of the Fund's investment strategy with the goals of the Paris Agreement, i.e. to aim to reduce the greenhouse gas emission intensity of the Fund's assets to net zero by 2050. Given this is a long-term target, the Trustee has set an interim target of a 50% reduction of carbon footprint by 2030 (compared to a baseline as of 31 December 2021).

Against this target, the Trustee reports that, although the Fund's carbon footprint has increased slightly since 2022, there has been a 15% reduction from the baseline and the Fund remains on track to reach its interim target.

The Task Force on Climate-related Financial Disclosures was set up in 2015 by the Financial Stability Board to encourage companies and investors to report the financial risks associated with climate change. If members wish to understand more, further information can be found on their website [here](#).