

Reuters Pension Fund

Implementation Statement

Introduction

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

This Statement has been prepared by the Trustee of the Reuters Pension Fund, covering the period 1 January 2022 to 31 December 2022.

This Statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended, and the guidance published by the Pensions Regulator.

The Statement looks to set out how the Trustee’s policy on stewardship and engagement has been implemented during the reporting period. Where relevant, the Statement 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

There were no changes to the SIP during the period covered by this Implementation Statement.

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 Adviser 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.

Being cognisant of the DWP’s updated guidance emphasising the need for asset owners to be more “active” in their approach to stewardship, the Trustee has begun reviewing the above policy with a view to bringing it more in-line with the new guidance.

The Trustee intends to review this policy in 2023 and will share an updated stewardship policy in the next Implementation Statement.

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 – oting 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 sample of votes have been selected to ensure that 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 Statement.

Impax Global Equity Opportunities

Key Voting Statistics (Jan 2021 – Dec 2021)	Number
Number of holdings at period end	41
Value of Trustee's Assets	£8.6m
Number of meetings eligible to vote during the period	41
Number of resolutions eligible to vote during the period	619
% of resolutions voted	100.0%
% of resolutions voted with management	90.5%
% of resolutions voted against management	8.7%
% of resolutions abstained	0.8%
% of meetings with at least one vote against management	75.6%
% of resolutions where manager voted contrary to recommendation of proxy adviser	6.8%
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.

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	Linde Plc	Ashtead Group Plc	EcoLab	Keyence Corporation
Date of vote	Not specified	Not specified	Not specified	Not specified

	Vote 1	Vote 2	Vote 3	Vote 4
Approximate size of % holding as at the date of the vote	3.7%	1.0%	0.0%	2.4%
Summary of the resolution	Remuneration Report	Elect Brendan Horgan	Elect John J. Zillmer	Elect Yu Nakata
Impax's vote	Against	Against	Against	Against
Rationale	Pay and performance misalignment	CEO sitting on the nominating committee	Director is a CEO and serves on two or more public boards	Multiple issues: lack of key board committee, we vote against the Chairman when CEO and Chair are held by the same person and a lead independent director has not been appointed

	Vote 5	Vote 6	Vote 7	Vote 8	Vote 9
Company name	Evotec SE	IQVIA Holdings Inc	Visa Inc.	Kubota Corporation	Linde Plc
Date of vote	Not specified	Not specified	Not specified	Not specified	Not specified
Approximate size of % holding as at the date of the vote	1.8%	3.8%	2.1%	2.5%	3.7%
Summary of the resolution	Remuneration Report	Advisory Vote on Executive Compensation	Elect Lloyd A. Carney	Elect Toshikazu Fukuyama	Elect Edward G. Galante
Impax's vote	Against	Against	Against	Against	Against

	Vote 5	Vote 6	Vote 7	Vote 8	Vote 9
Rationale	Company had very significant votes against management compensation in 2021. The company has since made some improvements to comp structures, but high, new discretionary management payments took place, as well as LTI vesting below median and the LTI still consisting of multiple short performance periods.	Relative industry pay and performance disconnect remains and internal pay inequity. Weak STI target disclosures.	Overboarded: Director is a CEO and serves on two or more public boards.	The Board of Statutory Auditors is not majority independent.	Vote against nominating or governance committee members when there are less than three women on the board of directors, unless more than 30% of the directors are women.

AQR Diversified Risk Premia

Key Voting Statistics (Jan 2021 – Dec 2021)	Number
Number of holdings at period end	1953
Value of Trustee's Assets	£11.5m
Number of meetings eligible to vote during the period	734
Number of resolutions eligible to vote during the period	8,802
% of resolutions voted	99.2%
% of resolutions voted with management	91.6%
% of resolutions voted against management	8.4%
% of resolutions abstained	0.0%
% of meetings with at least one vote against management	34%
% of resolutions where manager voted contrary to recommendation of proxy adviser	1.7%
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.

Bridgewater Optimal II

Key Voting Statistics (Jan 2021 – Dec 2021)	Number
Number of holdings at period end	947
Value of Trustee's Assets	£107.1m
Number of meetings eligible to vote during the period	2,051
Number of resolutions eligible to vote during the period	19,438
% of resolutions voted	99.9%
% of resolutions voted with management	87.2%
% of resolutions voted against management	12.6%
% of resolutions abstained	0.7%
% of meetings with at least one vote against management	41.8%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.6%
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. Bridgewater generally subscribes to the proxy voting policy adopted by Glass Lewis but reserves the right to direct Glass Lewis to vote in a manner that is contrary to such policy where appropriate, or as specifically directed by a client.

- *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.*