

Reuters Supplementary Pension Scheme

Implementation Statement

Introduction

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 Supplementary Pension Scheme, 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.

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

No changes were made to the SIP over the period (1/1/2021 – 31/12/2021); however, there was a material change to the investment strategy. In October 2021, the Trustee purchased a bulk annuity insurance contract with Legal & General Assurance Society Limited which covers all members of the Scheme. A new SIP was agreed post year end in April 2022.

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 Scheme’s investment managers. The Trustee’s ability to influence investment managers’ stewardship activities will depend on the nature of the investments held. Prior to the aforementioned buy-in transaction, the Scheme’s assets were invested in pooled funds – where the Trustee holds units in a fund rather than having any direct ownership rights over the underlying assets. As such, the Trustee has more limited scope to influence managers’ stewardship activities.

The Trustee’s policy is to delegate responsibility for the engagement with relevant persons, which includes the exercising of rights (including voting rights where applicable) attached to investments made by the 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.

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. Over the period the Scheme had no exposure to physical equity holdings. Engagement is also considered to be of importance for the Scheme’s other (non-equity) 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.