

DC Governance Statement

Introduction

This Statement has been prepared by the Trustee of The Thomson Corporation PLC Pension Scheme ('the Scheme') in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations ('the Administration Regulations') 1996 (as amended).

This Statement covers the Datastream Money Purchase Section of the Scheme and the legacy money purchase AVC arrangements for the Datastream, IDS, ICS and Biosis Sections of the Scheme. This Statement covers the twelve months to 30 June 2022 (the "Scheme Year") and describes how the Trustee of the Scheme has met the statutory governance standards in relation to:

- the current default investment strategy for the Datastream Money Purchase Section of the Scheme and other default arrangements
- requirements for processing financial transactions
- assessment of charges and transaction costs
- value for money assessment
- the requirements for trustee knowledge and understanding

As part of its oversight and effective running of the Scheme, the main Trustee Board meets four times a year. In addition, the Trustee has established sub-committees to which certain duties are delegated. The details of each sub-committee, including the composition and operation of each, are included within a Terms of Reference document for each sub-committee.

- **Investment sub-committee:** is responsible for matters relating to the investment of the Scheme assets to ensure they are being run in a professional manner with due attention to the needs of the Scheme's beneficiaries. The sub-committee meets quarterly.
- **Operations sub-committee:** this committee replaced the Administration sub-committee and the communication sub-committee from January 2021. It is responsible for monitoring the delivery of services to members by the Scheme Administrators and for assessing their performance against the standards set out in the Administration Agreement. The sub-committee is also responsible for monitoring, periodically, the effectiveness of the Scheme's financial, operational and compliance controls and associated risk management, and for recommending to the Trustee Board any improvements considered necessary. The committee has also taken over the responsibility for communications, to ensure that members understand the benefits provided by the Scheme, and are kept up-to-date with the developments of the Scheme, including matters relating to the investment strategy and the Scheme's funding. The sub-committee meets quarterly

General investment principles

The Trustee has in place a Statement of Investment Principles¹ ("SIP"), which governs decisions about investments and sets out the aims and objectives of the Scheme's investment strategy. It includes information about the investment strategy for the Datastream Money Purchase Section of the Scheme and, in particular, it covers the following:

- The Trustee's investment policy on risk, balancing and realising assets, investment returns and ethical investing
- How the investment strategy is intended to ensure that assets are invested in the best interests of members and beneficiaries

The Trustee has decided not to offer any investment choice to members of the Datastream Money Purchase Section (who are all deferred members), due to the existence of a Defined Benefit (DB) underpin in that Section. Instead, the Trustee has decided to provide a default 'lifestyle' strategy that aims at balancing the need to achieve

¹ Prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005

sensible growth with the need to avoid excessive investment risk that could result in not enough money being available in the members' money purchase pots to cover the DB underpin that must be provided by the Scheme.

An extract from the Scheme's SIP in relation to DC investments is attached as an appendix of this document.

Investment strategy

In normal circumstances, the Trustee expects to review the investment strategy of the Datastream Money Purchase Section at least every 3 years, but this might happen more frequently if there are significant changes in investment policy or in the make-up of the Scheme membership.

Datastream Money Purchase Section

The investment strategy for this Section is a 'lifestyle' strategy that takes into consideration the DB underpin which members have as a result of this Section of the Scheme having been contracted out of the Additional State Pension until 5 April 2016.

The 'lifestyle' approach allows for investment in a mixture of UK and overseas equities, as well as corporate bonds and several alternative assets during the Accumulation phase through a 'Diversified Fund' for members more than 5 years away from their normal retirement date. In the Composite phase (which is the five years leading up to the members' normal retirement age), each member's assets are gradually switched into a mixture of different types of bonds and cash assets in order to track closely annuity prices on retirement through a "Pre-retirement Fund". All funds are provided by Legal & General.

The structure of the Accumulation and the Composite phases is as follows:

Accumulation phase	Percentage invested
LGIM Diversified Fund	100.0%
Total	100.0%
Composite phase	Target investment at age 65
LGIM Pre-Retirement Fund	75.0%
LGIM Cash Fund	25.0%
Total	100.0%

Legacy DC AVC arrangements

There is no default fund or lifestyle strategy in place for members who made contributions into the legacy DC AVC arrangements with Legal & General, Aviva, Utmost and Scottish Widows. Members had to make an investment decision at the time they started to invest, or at a later time if they decided to switch from within the fund range offered.

Investment Monitoring

The Trustee reviews the performance of the investment strategy of the Datastream Money Purchase Section on a quarterly basis.

The Trustee, with the help of its investment advisers, monitors the performance of the investment managers for the Datastream Money Purchase Section of the Scheme and the legacy DC AVC arrangements against agreed performance objectives. The Trustee may decide to replace an investment manager if considered appropriate.

The Trustee has the appropriate knowledge and understanding to provide sound and prudent oversight of the investment strategy and to evaluate critically its associated risks.

Financial transactions

The Trustee regularly monitors the core financial transactions of the Scheme. These include fund switches and payments from the Datastream Money Purchase Section of the Scheme and from the legacy DC AVC arrangements. No new contributions are paid into the Datastream Money Purchase Section or the legacy DC AVC arrangements. Since October 2018, any members who wish to pay AVCs contributed to the funds offered by the Thomson Reuters Section of the Fidelity Master Trust.

The Trustee monitors the quarterly administration reports on performance under the Scheme's Service Level Agreement ('SLA') with the Scheme's Administrator, which have been agreed to reflect the Trustee's expectations for the promptness of processing financial transactions. The overall SLA performance for both the DC and DB Sections of the Scheme during the year was:

Q4 2021: 99.8%

Q1 2022: 96.9%

Q2 2022: 92.8%

Note: SLA performance for Q3 2021 not available due to the administration having been transitioned to the new Scheme's Administrator during that time.

Lifestyle switching and benefit/SMPI statements were issued in line with expectations and agreed SLAs.

The Trustee is pleased that following the review of the Scheme's administrator earlier in the year and the transfer of Scheme's administration from Capita to Premier Pensions, the performance against SLAs has significantly improved. The change of Scheme's administrator was completed on 1 October 2021.

The Scheme's financial statements are audited annually by the Scheme's appointed independent auditors.

The Trustee reviews the accuracy of the Scheme's common and conditional member data regularly to ensure that financial transactions can be processed promptly and accurately.

Whilst overall the Trustee is satisfied that during the Scheme year the Scheme's core financial transactions were processed efficiently and accurately managed, members are expected to benefit from improved SLA performance from the Scheme's new Administrator.

Performance against the Pensions Regulator Code of Practice

During the Scheme year, the Trustee reviewed and assessed the Scheme's arrangements against the Pensions Regulator Code of Practice No. 13 (the "DC Code"), with the assistance of its advisers. Based on this assessment, the Trustee believes that it has adopted the standards of practice set out in the DC Code and regulatory guidance and continues to monitor and improve the standards through the monitoring against the Trustee's Risk Register where many of the standards are documented.

1. Charges and transaction costs

Datastream Money Purchase Section

The Scheme is structured as an 'unbundled' DC pension arrangement and, as such, the cost of the administration services in respect of the Money Purchase Section benefits is met wholly through fees paid by the participating employers. Therefore, members are only responsible for meeting the cost of investment management fees levied by the fund manager.

Fund name	Annual Management Charge	Additional Expenses	Total Expense Ratio
Lifestyle funds			
Current Accumulation Fund	0.18%	0.03%	0.21%
Current Composite Fund	0.13%	0.01%	0.14%
Legacy Accumulation Fund	0.13%	0.02%	0.15%
Legacy Composite Fund	0.13%	0.00%	0.13%

The annual investment charges for each of the funds utilised for the Money Purchase benefits are set out in the table below:

Fund name	Investment Management Charge	Additional Expenses	Total Expense Ratio
LGIM Diversified Fund	0.18%	0.03%	0.21%
LGIM Pre-Retirement Fund	0.15%	0.00%	0.15%
LGIM Cash Fund	0.12%	0.00%	0.12%
LGIM Global Equities Fixed Weights (50:50) Index Fund	0.17%	0.05%	0.22%
LGIM AAA-AA-A Corporate Bond - All Stocks	0.07%	0.00%	0.07%
LGIM All Stocks Index-Linked Gilts	0.10%	0.00%	0.10%
LGIM AAA-AA Fixed Interest Over 15 Years Targeted Duration Fund	0.15%	0.00%	0.15%

Source: LGIM 30 June 2022

Legacy AVC benefits

The charges applied to the AVC arrangements vary between each of the AVC providers. For those AVC invested with LGIM the same unbundled charging structure outlined above applies i.e. the member levied charges cover only the investment costs. For completeness, details of the annual charges are set out in the table below:

Fund name	Investment Management Charge	Additional Expenses	Total Expense Ratio
LGIM Global Equities Fixed Weights (50:50) Index Fund	0.17%	0.05%	0.22%
LGIM All Stocks Index-Linked Gilts	0.10%	0.00%	0.10%
LGIM Over 15 Year Gilts Fund	0.10%	0.00%	0.10%
LGIM Cash Fund	0.12%	0.00%	0.12%

Source: LGIM 30 June 2022

By comparison, the AVC benefits invested with Utmost, Aviva and Scottish Widows are all structured on a 'bundled' charging basis, which means that the member levied charges cover all aspects of managing the benefits, namely administration, communication and investment. As a consequence, bundled charging structures will generally be higher than their unbundled counterparts.

As part of the process for preparing this statement, each of the bundled AVC providers was asked to provide details of the explicit charges applied to members' benefits. The information received from the providers is included below.

Utmost Life & Pensions

All AVCs with Utmost are invested in the 'Investing by Age' default strategy that switches members' funds from a mix of shares and bonds during the growth phase gradually into cash at the expected time of retirement.

Fund name	Total expense ratio
Utmost Managed Fund	0.75%
Utmost Secure Cash Fund	0.50%

Source: Utmost June 2022

Scottish Widows have a fixed charge of 0.875% which is applied to the value of the policy regardless of which fund the member invests in. There is also a monthly policy fee payable of £1.99, which is capped at 0.125% of the value of the policy. As such, the charges levied by Scottish Widows on these AVC benefits will not exceed 1.00%.

Source: Scottish Widows January 2022

Aviva also apply a fixed policy charge of 0.70%, but no additional monthly policy fee.

Source: Aviva June 2022

The Trustee is currently reviewing the legacy AVC arrangements of the Scheme with assistance from the Scheme investment advisers, Redington. The is considering factors such as the performance of and charges applied to individual AVC funds as well as how they are managed by the providers. Consideration will be given to the possibility of consolidating legacy policies in order to improve value for members. The results of the review and any action agreed as a result of it will be included in future DC Governance Statements for the Scheme.

Transaction costs

The Trustee is also required to document in this Statement the level of transaction costs that members have incurred over the year by investing in each fund. Transaction costs are incurred by investment managers as a result of buying, selling, lending or borrowing investments.

Some of these are implicit within the unit price of the funds but were not previously required to be quantified and disclosed separately by the investment managers. With effect from January 2018, firms are required, on request, to provide information about administration charges and transaction costs.

The method and process for collecting transaction cost data (known as 'slippage') can result in 'negative costs'. This can happen, for example when buying an asset, if the actual price paid ended up being lower than the mid-market price at the time of placing the order, for example because something happened in the market that pushed the price of the asset down.

The following table provides details of the transaction costs quoted by Legal & General in relation to the funds used for the Datastream Money Purchase strategy and AVCs for the period ended 30 June 2022:

Fund name	Transaction costs (2020/2021)
Lifestyle funds	
Current Accumulation Fund	-0.02%
Current Composite Fund	0.00%
Legacy Accumulation Fund	-0.00%
Legacy Composite Fund	-0.01%

Transaction costs for each individual fund utilised for the Money Purchase investment strategy:

Fund name	Transaction cost
LGIM Diversified Fund	-0.02%
LGIM Pre-Retirement Fund	-0.01%
LGIM Cash Fund	0.02%
LGIM Global Equities Fixed Weights (50:50) Index Fund	0.02%
LGIM AAA-AA-A Corporate Bond - All Stocks	-0.02%
LGIM All Stocks Index-Linked Gilts	0.01%
LGIM AAA-AA Fixed Interest Over 15 Years Targeted Duration Fund	0.14%
LGIM Over 15 Year Gilts Fund	0.03%

Source: LGIM 30 June 2022

To demonstrate the impact of the costs and charges applied through the Scheme, in this year's Governance Statement the Trustee has produced illustrations in line with September 2018 guidance from the Department for Work & Pensions entitled "Cost and charge reporting: guidance for trustees and managers of occupational schemes". These illustrations are set out below and are designed to cater for representative cross-sections of the membership of the Scheme's DC arrangements.

For each individual illustration, each savings pot has been projected twice; firstly, to allow for the assumed investment return gross of the costs and charges of the fund, and then again, but adjusted for the cumulative effect of the costs and charges of the fund.

To determine the parameters used in these illustrations, the Trustee has analysed the membership of the Datastream Money Purchase Section relevant to the reporting period of this statement and ensured that the illustrations take into account the following:

- A representative range of pot sizes
- A representative range of real terms investment returns (gross of costs and charges). As per the Statement Money Purchase Illustrations, two separate basis have been used for this

- A representative range of costs and charges
- A representative period of Scheme membership, covering the approximate duration that the youngest Plan member would take to reach target investment age

No future contributions are included in these illustrations as the Datastream Money Purchase Section is closed to new contributions. There are external legacy AVC arrangements associated with the Scheme; however, these are also closed to new contributions and only represent a very small proportion of the Scheme's assets. Therefore, they have been excluded.

Basis 1

Default Strategy – Current Lifestyle Investment Strategy

The Lifestyle Strategy is the current Default Strategy for members of the Datastream Money Purchase Section.

Years to Retirement	Starting pot size: £10,000		Starting pot size: £20,000		Starting pot size: £50,000	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£10,024	£10,009	£20,048	£20,019	£50,120	£50,047
3	£10,122	£10,075	£20,244	£20,150	£50,610	£50,375
5	£10,221	£10,141	£20,442	£20,282	£51,105	£50,706
10	£10,473	£10,308	£20,946	£20,616	£52,364	£51,541
15	£10,731	£10,478	£21,462	£20,956	£53,654	£52,390
20	£10,995	£10,651	£21,990	£21,301	£54,975	£53,254
25	£11,266	£10,826	£22,532	£21,652	£56,329	£54,131
30	£10,992	£10,491	£21,985	£20,982	£54,962	£52,456

Note on how to read this table: If a member has invested £20,000 in this strategy on 30 June 2022, when they come to retire in 20 years, the fund could grow to £21,990 if no charges are applied, but to £21,301 with charges applied.

Default Strategy – Historic Lifestyle Strategy

A different Lifestyle Strategy (the 'Historic Lifestyle Strategy') was the default strategy for the Scheme prior to 2016. A number of Datastream MP Section members remain invested in this strategy.

Years to Retirement	Starting pot size: £10,000		Starting pot size: £20,000		Starting pot size: £50,000	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£9,973	£9,959	£19,946	£19,919	£49,864	£49,797
3	£9,958	£9,916	£19,916	£19,831	£49,791	£49,578
5	£9,944	£9,872	£19,887	£19,744	£49,718	£49,361
10	£9,907	£9,764	£19,815	£19,529	£49,536	£48,821

15	£9,871	£9,658	£19,742	£19,315	£49,355	£48,288
20	£9,835	£9,552	£19,670	£19,104	£49,175	£47,760
25	£9,545	£9,206	£19,091	£18,412	£47,727	£46,030
30	£8,672	£8,312	£17,344	£16,624	£43,361	£41,559

Note on how to read this table: If a member has invested £20,000 in this strategy on 30 June 2022, when they come to retire in 20 years, the fund could grow to £19,670 if no charges are applied but to £19,104 with charges applied.

Basis 2

Default Strategy – Current Lifestyle Investment Strategy

Years to Retirement	Starting pot size: £10,000		Starting pot size: £20,000		Starting pot size: £50,000	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£10,202	£10,188	£20,405	£20,375	£51,012	£50,938
3	£10,706	£10,657	£21,412	£21,315	£53,530	£53,286
5	£11,235	£11,1458	£22,469	£22,297	£56,173	£55,742
10	£12,673	£12,478	£25,347	£24,956	£63,366	£62,389
15	£14,296	£13,966	£28,592	£27,931	£71,480	£69,829
20	£16,127	£15,631	£32,253	£31,262	£80,633	£78,155
25	£18,192	£17,495	£36,383	£34,990	£90,958	£87,475
30	£19,372	£18,489	£38,743	£36,978	£96,858	£92,444

Note on how to read this table: If a member has invested £20,000 in this strategy on 30 June 2022, when they come to retire in 20 years, the fund could grow to £32,253 if no charges are applied, but to £31,262 with charges applied.

Default Strategy – Historic Lifestyle Strategy

Years to Retirement	Starting pot size: £10,000		Starting pot size: £20,000		Starting pot size: £50,000	
	Before Charges	After Charges	Before Charges	After Charges	Before Charges	After Charges
1	£10,156	£10,142	£20,311	£20,284	£50,778	£50,711
3	£10,551	£10,507	£21,101	£21,013	£52,753	£52,533

5	£10,961	£10,884	£21,922	£21,768	£54,806	£54,420
10	£12,059	£11,888	£24,117	£23,776	£60,294	£59,440
15	£13,266	£12,985	£26,532	£25,969	£66,331	£64,924
20	£14,594	£14,183	£29,189	£28,365	£72,972	£70,913
25	£15,594	£15,050	£31,187	£30,099	£77,968	£75,248
30	£15,478	£14,847	£30,956	£29,694	£77,391	£74,236

Note on how to read this table: If a member has invested £20,000 in this strategy on 30 June 2022, when they come to retire in 20 years, the fund could grow to £29,189 if no charges are applied, but to £28,365 with charges applied.

Notes to the above illustrations

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. It is for this reason that some funds show negative real growth.
2. Under the assumptions for Basis 1, the historic lifestyle strategy is expected to provide members with negative real returns in the long term. This means that, although these savings are likely to increase in nominal terms, they are not expected to keep pace with inflation over time.
3. Inflation is assumed to be 2.5% each year
4. No further contributions are assumed to be paid
5. Values shown are estimates and are not guaranteed
6. Charges for each fund used in the illustrations are those outlined in this statement
7. The projected growth rates, gross of costs and charges, for each fund or arrangement are in line with those produced for the Scheme's 2022 Statutory Money Purchase Illustrations (SMPI) provided by Willis Towers Watson (Scheme Actuary), and are as follows:

Fund	Assumed investment return p.a. (Basis 1)	Assumed investment return p.a. (Basis 2)
Current and Historic lifestyle Strategies		
• Accumulation phase	3.0%	5.0%
• Composite phase	1.0% (0.5% for members 5 years or less to retirement)	2.0%

Value for Members (VFM)

The Trustee is required to consider the extent to which the charges and transaction costs as well as the benefits offered by the Scheme represent good value for members.

Both the Trustee and the Governance Working Group (“GWG”) that includes also a Company representative, met during the year to consider any improvements to the current governance arrangements. The GWG also agreed the basis for the recommended 2022 assessment with their advisers before reaching their own assessment of value for members. In setting the areas of the assessment framework, the GWG analysed guidance issued by the Pensions Regulator (i.e. Code of Practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits, known as the “DC Code”).

The review examined:

- › Governance and management in relation to investment matters, including operational and investment governance undertaken at a fund level;
- › The structure of the investment options offered to members and the investment management charges; and
- › The efficiency and quality of the administration services offered to members.

In addition, the Trustee has also considered the wider services members benefit from through the Scheme. It believes that many aspects of the management of the Scheme demonstrate a well-governed scheme that offers good value to its members. For example: in assessing value for members, the Trustee was guided by the principles that:

- › All members should receive good value;
- › Value does not necessarily equate to low cost; and

Different members will place different value on the services provided.

The conclusion reached by the Trustee is that overall the Datastream Money Purchase Section of the Scheme represents excellent value for members as the benefits provided by it are considered suitable and relevant, and appear to be valued by members. The main reasons the Trustee reached this conclusion are:

- › Continuation of strong governance and oversight from the Trustee Board, with the Investment Sub-Committee reviewing the performance of the DC funds on a quarterly basis.
- › A competitive contribution structure and DB underpin, whilst all investment costs paid by members are low compared to the market and significantly lower than the 0.75% charge cap for auto enrolment schemes.

The Trustee also believes that the Scheme’s services to members performed effectively over the past Scheme year and that they will continue to perform effectively. Over the Scheme year, the Trustee did take the following steps to improve value for members:

- › The Scheme’s administrator changed during the Scheme year from Capita to Premier Pensions in light of the Trustee’s concerns around the outgoing administrator performance against agreed service levels agreements. For the quarters where Premier administered the Scheme, there was an improvement to performance against the Service Level Agreements.
- › The Trustee started an investment review of the default investment option for the Datastream Money Purchase Section. The review is expected to be completed during the next Scheme year.

Overall, the Trustee is of the view that members have access to a well-governed arrangement at an appropriate and competitive cost.

Trustees’ knowledge and understanding (“TKU”)

The Trustee’s relevant knowledge and understanding has been assessed during the Scheme year and, where necessary, additional training has been provided. The Trustee Secretary maintains a TKU log of both required and voluntary training. Regular training sessions are held throughout the year as part of the annual cycle of Trustee meetings.

Newly appointed Trustee Directors undergo specific training that is designed to ensure that they have the required skills and knowledge to carry out their duties. The training takes into account the individual knowledge and experience of the new Directors and is carried out by the Scheme advisers and by the Trustee Secretary. Within

6 months of appointment, new Trustee Directors are expected to have completed the Pensions Regulator Toolkit and after a period of 12 months, they are expected to study for and to pass the examination for the Pension Management Institute 'Award in Pension Trusteeship'.

During the Plan Year, the Trustee received support from their professional advisers to:

- Agree the new Statement of Investment Principles;
- Review the strategic objectives for their investment advisers, in the light of the requirements from the Competition and Markets Authority;
- Undertake the Value for Member's assessment and complete a DC Governance Statement; and
- Consider administrative matters arising from errors made by the administrator and the exceptions identified in the internal controls reports.

An annual review of potential conflicts of interest was completed and the conflicts of interest register updated. The Trustee also refers at each meeting to the Risk Register to ensure appropriate actions take place and that risks pertinent to the Scheme are managed accordingly. Input is given to the discussion by the professional advisers.

Regular training sessions are held throughout the year as part of the regular cycle of Trustee meetings. In the Scheme Year the whole Trustee Board received training on several topics including:

- Legislative updates and developments in the defined benefits and defined contribution pensions market, including an overview of the Pension Scheme Act 2021
- The Shareholder Rights Directive II in relation to the Scheme investment strategy and governance
- Environmental, Social and Governance ('ESG') and stewardship regulations
- Further training on the Taskforce on Climate-related Financial Disclosures ("TCFD") – a framework that specifically relates to incorporating climate-related financial risks and opportunities into investment strategy, including the types of reporting metrics and targets that the Scheme could adopt e.g. "Net-Zero"
- Cyber security risks for pension schemes, including a training session that covered two practical case studies
- Guaranteed Minimum Pension ('GMP') equalisation issues
- The Pension Dashboard

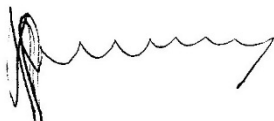
All Trustee Directors are encouraged to check their skills against the Pensions Regulator's Toolkit at least every 3 years and a more in-depth assessment of the Trustee Board effectiveness is carried out every 2 years to ensure not only that each individual Director has the required knowledge and expertise required for the role, but also that the Trustee Board and its sub-committees work well and effectively.

As a result of the training activities which have been completed by the Trustee Directors individually and collectively as a Board and taking into account the professional advice available to the Trustee from its advisers, the combined knowledge and understanding of the Trustee enables it to exercise properly its functions as the Trustee of the Scheme.

On behalf of the Trustee of The Thomson Corporation PLC Pension Scheme, I confirm that the Trustee is satisfied that the Scheme has met the minimum governance standards as defined in the Occupational Pension Scheme (Charges and Governance) Regulations 2015 during the period 1 July 2021 to 30 June 2022.

The DC Governance Statement was approved by the Trustee and signed on its behalf by:

Nigel Brockmann
Chairman



Signed:

Date: 31 January 2022