

The Thomson Corporation PLC Pension Scheme

Statement of Investment Principles

September 2024

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Section 1: Introduction

- 1.1 This document constitutes the Statement of Investment Principles ("the Statement") for The Thomson Corporation PLC Pension Scheme (the "Scheme").
- 1.2 The Scheme was established in June 1977 to provide defined retirement and death benefits for Scheme members. The Scheme's benefits are provided from a pension fund of assets ("the Scheme") which is held under the legal control of the Scheme's Trustee ("the Trustee"), under a trust constituted between the Principal Company, TR Organisation Limited ("the Company") and the Trustee. The operation of the Scheme is governed by a Definitive Trust Deed dated 27 November 2009 which adopted the Scheme's Rules, together with any subsequent Deeds of Amendment.
- 1.3 The purpose of this Statement is to document the investment principles, guidelines and procedures which are appropriate for the Scheme, in a manner consistent with the requirements of the Pensions Act 1995 – as subsequently amended from time to time and the Occupational Pension Schemes (Investment) Regulations 2005 (as amended) (collectively the "Pensions Act 1995"). This Statement has been prepared in accordance with Section 35 of the Pensions Act 1995 and replaces all previous Statements.
- 1.4 Any party providing services in connection with the operation of the Scheme shall accept and adhere to this Statement. However, the Trustee recognises that their contractual relationship with their investment managers ("the Managers") is governed by the terms of the particular Investment Management Agreements ("the Mandates").
- 1.5 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Scheme competently.
- 1.6 In the event that the Trustee does select a specific investment, it will obtain and consider the written advice of a suitably qualified person with regard to the suitability of that investment. It is therefore the Trustee's policy to obtain appropriate advice regarding the suitability of such investments on a regular basis (and at least once every three years).

Section 2: Trustee investment objectives and strategy, and administration of the Scheme

- 2.1 The Trustee is responsible for all aspects of the Scheme's operation, including this Statement. However, the Company has been consulted regarding the contents of the Statement, as required by the Act. The Trustee will consult with the Company on any future changes to this Statement. The Trustee has received written investment advice regarding this Statement's contents from Redington (the "Investment Adviser"), the Scheme's Investment Consultant.

Investment Objectives and Strategy

- 2.2 The Trustee sets the investment strategy using a Pension Risk Management Framework ("PRMF"). The PRMF sets out the key investment objectives of the Scheme, the metrics used to measure these objectives and the constraints within which the objectives will be targeted. The agreed objectives and constraints include:

- Long-term investment objective: to reach a funding level of 106% by 2034 on a Gilts Flat basis. This objective has been chosen as a proxy for achieving full funding on a Buy out basis.
- Medium-term funding objective: to reach full funding by 2030 on the Gilts Flat basis.
- Risk Constraint: The investment strategy should not risk the funding level declining by more than 7% with 95% confidence on a Gilts Flat basis.
- Hedging Strategy: Interest rate / inflation hedge ratios to be maintained in line within 3% of the funding ratio on a Gilts Flat basis.
- Liquidity Constraint: Sufficient eligible collateral should be maintained to cover potential collateral calls in a downside scenario.
- The asset return required to achieve the investment and funding objectives ("required return") is assessed on an ongoing basis against the expected return on the Scheme's assets.
- The expected return on the Scheme's assets is calculated by Redington and updated on a regular basis to reflect changes in market conditions. The calculation varies by asset class, and is expressed net of asset management fees and the risk-free rate (Gilts).

- Climate Risk: Monitor the Scheme's performance against the NGFS 2 Degrees Celsius Disorderly Transition Scenario¹.
- Carbon Footprint: Reduce the Scheme's baseline carbon emissions by 50% by 2034 compared to 30/06/2021 levels.

- 2.3 If expected return is below required return, the Trustees may adjust the strategic asset allocation to ensure that the Scheme remains on course to achieve its objective. Similarly, if expected return is above required return, the Trustees may reduce expected return and investment risk to enable the Scheme to progress on a less volatile path towards the funding objective.
- 2.4 Required return, expected return, funding ratio-at-risk, value-at-risk, scenario analysis (including asset-only climate scenario analysis) and collateral requirements are calculated and reported to the Trustee on a quarterly basis by the Scheme's Investment Advisor, while the funding position is calculated by the Scheme's Actuary.
- 2.5 The Trustee monitors the actual allocation of Scheme assets on a quarterly basis and will adjust the allocation as needed to bring the strategy in line with the PRMF.
- 2.6 The Trustee oversees financially material risks and opportunities (including, but not limited to, ESG & climate-related risks).
- 2.7 The Trustee considers it appropriate to assume that growth assets will outperform government bonds over the long term. The growth portfolio is therefore expected to deliver a long-term investment return in excess of the liabilities of the Scheme, contributing to recovery of the deficit (as measured on the Gilts Flat basis).
- 2.8 The Trustee will consider employing active managers where pricing inefficiencies in the market persist, where greater due diligence in selecting investments is needed or warranted and where sufficient expertise exists, as advised by our investment advisor, such that the added value outweighs the associated costs.
- 2.9 The liability matching portfolio is designed to match the movements in specified portions of the Scheme's liabilities. The portfolio is expected to deliver a long-term investment return broadly in line with the return on government bonds for the amount and nature of the Scheme's liabilities it is replicating. It aims to reduce the Scheme's exposure to movement in the Scheme's liabilities.
- 2.10 The Trustee recognises the potential volatility in returns from growth assets, both in absolute terms and relative to the Scheme's liabilities, and the risk that the fund managers do not achieve the targets set. When choosing the Scheme's target asset allocation, the Trustee considered written advice from its investment advisers and, in doing so, addressed the following:

¹ NGFS 2 Degrees Celsius Disorderly Transition Scenario shows the impact of the Scheme's funding level in a scenario in which climate-related policies are delayed or divergent across countries and sectors and the global economy fails to decarbonise in an orderly manner.

- The need to consider a full range of asset classes including equities, multi-class credit, alternative risk premia, and absolute return funds.
- The risks and rewards of a range of alternative asset allocation strategies including the use of Gilts, index-linked Gilts, Gilt repo and swaps to reduce interest rate, inflation and longevity risks.
- The suitability of each asset class.
- The need for appropriate diversification.

2.11 In addition, the Trustee also consulted with the sponsoring employer when setting this strategy.

2.12 The Trustee, on advice from its investment advisers, will vary the mix from time to time in order to retain the best possible balance between risk reduction and return potential.

2.13 The actual balance of assets in the Scheme will tend to move because the performances of the various investment markets and of the investment managers will differ. The Trustee monitors this and has a policy on when and how to rebalance assets based on the expected return of the portfolio compared to the required return within the Pension Risk Management Framework. This is considered on a quarterly basis.

2.14 In addition to the above, the Trustee recognises its obligations to comply with the Statutory Funding ("scheme-specific funding") requirements of the Pensions Act 1995 (as amended) and the Trustee policy is set out in its Statement of Funding Principles.

Administration

2.15 The Trustee shall seek regular advice from the Investment Adviser.

2.16 The Trustee shall maintain a description of the manager structure and keep a current copy of each Manager's Mandate.

2.17 Where the Trustee wishes to invest in funds of an insurance company, pooled funds or mutual funds eligible for pension fund investment (collectively "Pooled Funds"), the Trustee shall satisfy itself that the investment policy of such Pooled Fund is consistent with this Policy.

2.18 The Trustee shall not select securities for the Scheme. The Trustee shall retain one or more Managers to invest for the Scheme.

2.19 The financial statements of the Scheme shall be audited by an independent auditor at least annually.

2.20 The Trustee may rely on independent experts for certain aspects of the Scheme's operations where expert knowledge is required or desired or where a potential or actual conflict of interest exists.

Section 3: Risks

Risk Management

3.1 The Trustee recognises a number of risks involved in the investment of the assets of the Scheme.

Solvency risk and mismatching risk

- are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities under current and alternative investment policies;
- are managed through assessing the progress of the actual growth of the assets relative to the liabilities under current and alternative investment policies.

Manager risk

- is measured by the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy;
- is managed by the ongoing monitoring of the performance of the investment managers as well as a number of qualitative factors supporting the managers' investment process.

Liquidity risk

- is measured by the level of cashflow required by the Scheme over a specified period;
- is managed by assessing the level of cash held to limit the impact of the cashflow requirements on the investment policy; The Trustee's policy is that there should be sufficient investments in liquid or readily realisable assets to meet unexpected cashflow requirements in most foreseeable circumstances so that realisation of assets will not disrupt the Scheme's overall investment policy where possible.
- The Trustee has invested in a cash fund within the LDI portfolio to manage this risk.

Currency risk

- is measured by the level of overseas investment denominated in local currency leading to the risk of an adverse influence on investment values;
- is managed by investing predominantly in fund structures which hedge the overseas investments' currency exposure for those overseas currencies that can be hedged efficiently.

Custodial risk

- is addressed through investment in pooled vehicles, with the investment manager responsible for selecting suitable custodians. In addition, restrictions are applied as to who can authorise transfers of cash and the accounts to which transfers can be made.

Political risk

- is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention;
- is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

Sponsor risk

- is measured by the level of ability and willingness of the sponsor to support the continuation of the Scheme and to make good any current or future deficit;
- is managed by assessing the interaction between the Scheme and the sponsor's business, as measured by the number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the financial strength of the sponsor.

Derivatives risk

- Counterparty risk – is addressed through the investment manager guidelines with respect to cash management.
- Basis risk – the returns from backing assets used to meet the payable leg of a derivative contract may not match exactly. This risk is addressed through the investment policy adopted by the Trustee for the backing assets and the investment managers' asset management capabilities.
- Liability risk – pension liabilities can only be estimated and there is a risk of divergence between the performance of the derivatives/matching assets and the actual value of the liabilities (for example, due to changes in assumptions or demographics). This risk is mitigated by updating the liability hedging benchmark at appropriate regular intervals.
- Legal and operational risk – the successful operation of derivatives depends on the various legal documents governing the derivative contracts and the correct completion of some operational tasks. Where relevant, the Trustee takes appropriate advice when putting in place legal documents, reviewing legal documents already in place and appointing and monitoring providers capable of carrying out the required operational tasks.
- The Trustee is also aware of the risks relating to the initial terms of entry in derivative contracts (for example, purchasing the contracts at a competitive price) and the valuation of the derivatives on an

ongoing basis. With the help of their advisors, the Trustee monitors these positions on a regular basis.

- 3.2 These measures do not render the investment policy free of risk. Rather, the measures endeavor to balance the need for risk control and the need for assets which are likely to achieve the required performance target.
- 3.3 Furthermore, the Trustee recognizes that there are a number of risks that might be considered to be specific to the Datastream DC Section of the Scheme and DC AVC funds, these are as follows:

Capital risk

- the risk that the value of the investment will fall in value over any period of time.

Inflation risk

- the risk that the contributions fail to provide an adequate level of benefits. This could be by failing to achieve an adequate level of return in excess of price inflation commensurate with the term of investment. The Trustee makes use of equity funds to manage this risk.

Pension conversion risk

- the risk that the value of a member's account does not reflect the change in the cost of purchasing an annuity at retirement. The Trustee uses a lifestyle strategy to manage this risk.

Contribution shortfall risk

- the risk that members do not contribute sufficiently to the Scheme and are therefore left with an inadequate pension at retirement. This is a difficult risk for the Trustee to address as the Datastream DC section and DC AVC funds are closed to future contributions. All members' circumstances will be different but, where possible and appropriate, encouragement will be given to contribute adequately to their overall pension provision.

The Trustee continues to monitor the risks mentioned above. The Investment Sub-Committee and Trustee consider the impact of downside risks of adverse scenarios on the Scheme, monitor the level of interest rate and inflation hedging.

Section 4: The investment managers

- 4.1 The Trustee monitors the performance of its investment managers against the following benchmarks. These have been selected as the most relevant market comparators for the allocations in question.

Asset Class	Manager	Performance benchmark
Developed Market Equities	LGIM	FTSE All-World ex CW Climate Balanced Factor Total Return GBP Index
Emerging Market Equities	LGIM	Solactive L&G ESG Emerging Markets Equity Index
Diversified Risk Premia	Bridgewater	50% S&P Risk Parity Index - 10% Target Volatility (GBP Hedged) / 50% GBP SONIA
Diversified Risk Premia	Man Group	SG Multi Alternative Risk Premia Index
Multi-Class Credit	TwentyFour Asset Management	50% European High Yield / 25% European Leveraged Loan / 25% Global IG (GBP)
Absolute Return Bonds	PIMCO	1m GBP SONIA+ 2.0% pa
Structured Credit	Schroders	BAML US Floating Rate Asset Backed Securities Index
Liability Driven Investment	LGIM	n/a

- 4.2 The Trustee will monitor the investment returns relative to the above benchmarks.

Section 5: Datastream money purchase arrangements and DC AVC arrangements

Datastream Defined Contribution Section

- 5.1 Members who joined the Scheme from The Datastream Pension and Life Assurance Scheme accrued benefits in a defined contribution arrangement rather than a defined benefit arrangement. This features a single 'lifestyle' investment option, considered suitable by the Trustee for the average member.
- 5.2 The underlying funds are invested passively. They are all managed by Legal & General Investment Management (LGIM).
- 5.3 The 'lifestyle' nature of the fund allows for investment in the LGIM Diversified Fund (the Accumulation Fund), for members under 55. The assets of each member are gradually switched between age 55 and age 65 into the Composite Fund consisting of the LGIM Diversified Fund and the LGIM Cash Fund.
- 5.4 The structures and benchmarks of the Accumulation Fund and Composite Fund are given below:

Asset Class	Asset allocation benchmark	Benchmark
Accumulation Fund		
Diversified Fund	100	Cash + 3.0%
Composite Fund		
Diversified Fund	20.0	Cash + 3.0%)
Cash Fund	80.0	GBP SONIA

- 5.5 As part of the transition from the Legacy Datastream funds, members who had already started their de-risking phase (in the 10 years prior to retirement) retained the existing underlying funds. The structures and benchmarks of the Legacy Accumulation Fund and Composite Fund are given below:

Asset Class	Asset allocation benchmark	Index
Accumulation Fund		
Global Equity 50:50 Index Fund	55.0	Composite Index of 50%/50% distribution of UK and Overseas Equities
AAA-AA-A Corporate Bond All Stocks Fund	45.0	i-Boxx non-Gilts index ex-BBB
Composite Fund		
LGIM AAA-AA Fixed Interest Over 15 Years Fund	37.5	FTSE-A Government (Over 15 Year) Index
All Stocks Index-Linked Gilts Fund	37.5	FTSE-A Index-Linked All Stocks
Cash Fund	25.0	GBP SONIA

Illiquid Asset policy

- 5.6 Illiquid assets are not deemed appropriate for either the Accumulation or Composite Fund of the default lifestyle strategy, given the strategic considerations and specific characteristics of the Datastream DC Section. In particular, the Datastream DC Section benefits from a Defined Benefit ("DB") underpin, and a liquid investment strategy was deemed appropriate for that underpin. Given these circumstances, the Trustee has deemed it appropriate that the Datastream DC Section will not invest in illiquid assets in the future.

AVCs

- 5.7 Active members of the Scheme can accrue additional retirement benefits by paying Additional Voluntary Contributions ("AVCs"). Since 1 April 2010 the Defined Contributions ("DC") AVCs policies with external investment managers have been closed to new contributions. Active members were able to pay AVCs to the Refinitiv Retirement Plan (formerly known as the Thomson Reuters Retirement Plan) until 30 September 2018. Since 1 October 2018 all active members can choose to pay AVCs into the Thomson Reuters Master Trust with Fidelity.
- 5.8 The AVC arrangements available before 1 April 2020 varied according to whether the member joined through one of the "Transferring Schemes" (namely, the Datastream Pension and Life Assurance Scheme (which includes a money purchase section), The Biosis UK Pension and Life Assurance Scheme, The

International Correspondence Schools Limited Pension and Life Assurance Scheme and the Incomes Data Services Limited Pension and Life Assurance Plan) on 30 April 2006 or was already a member of the Scheme at that date.

- 5.9 For members who did not join from one of the Transferring Schemes ('TTC Section members'), the Trustee offered additional "defined benefit" in return for the AVCs as the AVCs are invested directly in the Scheme. However, currently only TTC Section members who had been paying in-Scheme AVCs prior 1 July 2017 are allowed to continue to pay AVCs in this way.
- 5.10 Prior to 1 April 2010, members who joined from The Datastream Pension and Life Assurance Scheme had access to a DC arrangement where contributions were invested in the following funds with LGIM / Equitable Life. Members can switch between funds subject to terms and conditions, though no new contributions can be made to these arrangements:

LGIM	Equitable Life
Global Equity (50:50) Index Fund	With Profits
Over 15 Year Gilts Index Fund	Managed Fund
All Stocks Index-Linked Gilts Index Fund	
Cash Fund	
Diversified Fund	
Pre-Retirement Fund	

- 5.11 In 2014 the Trustee reviewed the AVC arrangement of the former Datastream scheme and agreed to add the LGIM Diversified Fund and LGIM Pre-Retirement Fund to the range of funds available to offer a greater range of products to members who had been paying AVCs into that arrangement.
- 5.12 Prior to 1 April 2010, members who joined from the Incomes Data Services Limited Pension and Life Assurance Plan had access to a DC arrangement where contributions were invested with both Equitable Life and AVIVA. With AVIVA, members have the option to invest in a range of self-selected funds or the following two lifestyle funds:
- Lifestyling Opportunity
 - Lifestyling Balanced
- 5.13 The members who joined from the International Correspondence Schools Limited Pension and Life Assurance Scheme had access to a DC arrangement where contributions were invested with Scottish Widows.
- 5.14 The Trustee reviewed the legacy AVC arrangements periodically.

Section 6: Corporate governance and socially responsible investment

Environmental Social and Governance (ESG) Factors

- 6.1 The Trustee incorporates all financially material considerations into decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible.
- 6.2 The Trustee believes that environmental, social and governance factors (including but not limited to climate risk) will be financially material over the time horizon of the Scheme and should therefore be considered as part of investment strategy and implementation decisions. This will have varying levels of importance for different types of assets invested in by the Scheme. The Trustee will also consider Scheme demographics when applying the ESG policy to the Scheme investments.
- 6.3 The Trustee's investment advisor incorporates environmental, social and governance considerations into their manager research process, which informs advice provided to the Trustee on selecting, reviewing and changing individual managers. Specifically, this includes:
 - Appointment: Each time a manager is selected or reviewed, ESG integration is one of the key selection factors considered by the Trustee.
 - Annual survey: Managers are surveyed annually to ensure any changes to the ESG integration process are captured (e.g. data sources, reporting lines, etc).
- 6.4 Having delegated responsibility for the selection, retention and realisation of investments to the investment managers, the Trustee requires the Scheme's investment managers to take account of environmental, social and governance considerations insofar as they believe such considerations will benefit performance and/or reduce risk.
- 6.5 The Trustee does not ordinarily factor non-financial decisions into its investment decision-making.

Section 7: Monitoring investment performance

7.1 The Trustee shall review on a regular basis:

- (a) the assets and net cash flow of the Scheme;
- (b) the current asset mix of the Scheme;
- (c) statistics on the investment performance of the Scheme and each Manager relative to the objectives of the Policy and of the Mandates, including integration of ESG & climate factors. To this end, ESG/Carbon reporting of individual manager mandates is monitored on an annual basis; and
- (d) the fees and expenses incurred in managing the Scheme.

7.2 The Trustee shall meet with the Managers as necessary to discuss investment performance, investment strategies, expected future performance and any changes in the Manager's organisation, investment processes and professional staff.

7.3 The primary focus of performance assessment will normally be on a rolling three-year average basis, but performance over shorter time periods and the Manager's performance for other comparable accounts prior to appointment for the Scheme may also be considered. The Manager will not necessarily be faulted for under-performing the agreed standard over short time periods. However, the Trustee may conclude that significant short-term under performance renders it unlikely that the performance standard can reasonably be achieved at an appropriate risk level over the remainder of a market cycle.

Section 8: Asset Manager Policy

- 8.1 Due to the benefits of cost and ease of implementation, the Trustee mainly invests in pooled investment vehicles. The Trustee recognises that due to the collective nature of these investments, there is less scope to directly influence how the asset manager invests. However, the Trustee's investment advisers ensure the investment objectives and guidelines of the manager are consistent with those of the Trustee.
- 8.2 The Trustee requires its investment managers to invest with a medium to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. The Trustee does not expect the respective asset managers to make decisions based solely on maximising long-term performance. Other objectives may include providing risk reduction through diversification or through hedging, consistent with the Trustee's strategic asset allocation.
- 8.3 The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe (a minimum of three years other than in exceptional circumstances).
- 8.4 The Trustee would not expect to terminate a manager's appointment based purely on short-term performance. It is possible (but unlikely) that a manager's appointment could be terminated within the first three years due to other factors such as a significant change in business structure or the investment team.
- 8.5 Managers are generally paid an ad valorem fee for a defined set of services. Performance fees may be agreed where appropriate to the mandate in question. The Trustee reviews the fees periodically to confirm they are in line with market practices, including in respect of when the Trustee expects the manager to take an active ownership approach and consider long-term ESG (including climate) factors.
- 8.6 The Trustee reviews the portfolio transaction costs and portfolio turnover range of managers periodically, where the data is disclosed and available. The Trustee may take steps to request disclosure if it is not offered. The Trustee will then determine whether the costs incurred were within reasonable expectations.

Section 9: Stewardship & Engagement Policy

- 9.1 The Trustee believes that effective stewardship is part of its fiduciary duty to act in the best financial interests of its members. The Trustee understands good stewardship to be the responsible allocation, management and oversight of capital to create long-term value for the Scheme's members, and to promote the long-term sustainability of the Scheme's investments, also leading to sustainable benefits for the economy, the environment and society.
- 9.2 The Trustee will aim to use its influence as an asset owner to ensure best practices are reflected in terms of environmental, social and governance ("ESG") factors, and will hold the Scheme's investment managers to account for the effective use of their influence as owners of assets.

Resourcing stewardship

- 9.3 The Trustee's approach to stewardship reflects its broad investment approach: its role is to hire investment managers and to hold them to account for delivery, rather than to invest directly. In a similar way, the Trustee carries out stewardship activities through oversight and challenge of the Scheme's investment managers, rather than operating as active stewards of the underlying assets in which it invests.
- 9.4 The Trustee hires appropriately skilled investment managers, sets clear expectations, assesses the quality of their performance, and holds them to account where deficiencies or areas for further improvement are identified. The Trustee believes that this approach enables it to strive for continuous improvement, deploy the best skill available in the market, and not duplicate effort.
- 9.5 The role of the ISC – acting under delegated authority of the Trustee – is to provide oversight of the investment managers. The ISC meets with its investment managers as required and questions them on their activities with respect to stewardship.
- 9.6 All actions undertaken throughout the year with regards to stewardship will be disclosed by the Trustee in the Scheme's annual implementation statement.

Focus on a key theme

- 9.7 To best channel its stewardship efforts, the Trustee believes that it should focus on a key theme – climate change. This theme was selected by assessing its relevance to the Scheme and its members, the financially material risks it poses, and the maturity and development of thinking within the industry that allows for ease of integration into the Trustee's approach.

- 9.8 The Trustee may choose to focus on a different theme – or more than one theme – in the future, recognising that there are other sustainability-related challenges facing global societies and the natural environment, which will have financial implications for the Scheme.

Significance of stewardship in appointment and monitoring of investment managers

- 9.9 It is the responsibility of the ISC to lead the Trustee's engagement with the Scheme's investment managers. The Trustee will not appoint new investment managers that cannot demonstrate the standards to which existing investment managers are held. These expectations can be summarised as:
- a. Effective processes for and delivery of stewardship activity, alignment with leading standards and evidence of positive engagement outcomes related to the key theme selected;
 - b. Managing conflicts of interests, including any conflicts arising from stewardship activities;
 - c. Provision of tailored reporting on stewardship activities and outcomes;
 - d. Participation as appropriate in public policy debates and the development of best practices.
- 9.10 The Trustee requires its investment managers to provide specific evidence that they have acted in accordance with these expectations, which should provide enough insight to ascertain whether they are practising effective stewardship that is best aligned with members' long-term interests. Where deficiencies are identified, the Trustee will escalate accordingly, with the ultimate response being the removal of mandates where it is believed that it is in the members' best interests to do so. The Trustee views incremental improvements by its investment managers as the key success measure of its own stewardship activities.

Engagement: expectations and process

- 9.11 The Trustee expects investment managers to engage with issuers on relevant matters to maintain or enhance long-term value of its investments and limit negative externalities on the planet and society. This includes performance, strategy, risks, capital structure, conflicts of interest, and environmental, social or governance considerations.
- 9.12 The Trustee recognises that there is no 'one-size-fits-all' stewardship approach, and instead encourages its investment managers to prioritise stewardship opportunities and apply the most suitable/influential engagement strategies based on their in-depth knowledge of a given asset class, sector, geography and/or specific company or other asset.
- 9.13 Investment managers are required to have robust ESG, climate change and stewardship policies and processes in place. These are used to define how underlying companies are monitored and engaged with, how progress is measured, and when escalation is required. The Trustee expects manager engagement with companies to be underpinned by engagement on public policy matters where

relevant. The investment managers are expected to track these assessments and progress in stewardship over time, to maintain continuity of activity, and to assess the effectiveness of stewardship delivery. The Trustee will challenge its investment managers when their engagements are deemed to be of deficient quality.

- 9.14 In order to drive corporate change, and where initial engagement has made little progress, the Trustee expects its investment managers to escalate engagement accordingly. The managers are given discretion over the appropriate tools to deploy; however, the Trustee expects escalations to be clearly communicated to issuers' management teams and/or boards. Should there still be little progress made after escalation, the investment managers are expected to consider disinvestment as a final course of action. Any decision to divest following escalation not being successful should also be accompanied by a clear communication to the issuer.

Voting: expectations and process

- 9.15 The exercise of voting rights for the Scheme's equity holdings within pooled funds is undertaken by the pooled fund's investment managers. The Trustee therefore does not direct how votes are exercised within these mandates and does not have its own proxy voting provider. Nonetheless, the Trustee fully recognises and appreciates the value of voting as a signal or ultimate sanction in influencing company behaviour. As asset owners, it is the Trustee's responsibility to hold investment managers to account for their voting activities to ensure they are exercising voting rights in the Trustee's best interests. As such, the Trustee considers investment managers' voting policies and records, and requires investment managers to report significant votes as relevant.
- 9.16 Investment managers are expected to have their own voting policies, informed by leading global standards, and that fully integrate ESG considerations. The Trustee recognises that its investment managers may be informed by the views of proxy voting service providers but retain ultimate ownership of the decision and are expected to apply judgement as to whether they follow the recommendation provided by the proxy voting service providers. The exercise of voting rights should form part of a wider engagement dialogue and if investment managers wish to vote contrary to management recommendations, the Trustee expects this is communicated and investment managers' views expressed to the company.
- 9.17 Whereas voting responsibilities are undertaken by its investment managers, the Trustee recognises that it has a fiduciary and regulatory responsibility to retain agency in the process. Investment manager oversight is the key mechanism for this, and working with the Scheme's Investment Consultant, the Trustee therefore holds its investment managers accountable not only for voting activity as a whole, but also how they have voted in significant votes. It is the Trustee's responsibility to define the significance of votes placed on its behalf, and to be transparent with stakeholders and beneficiaries regarding outcomes.
- 9.18 Significant votes have been defined as votes which meet one or more of the following criteria. Please note the more of these criteria a vote meets, then the more significant the vote is likely to be deemed, with the most significant votes to be disclosed in the Scheme's Implementation Statement (rather than all significant votes):

- a. Votes relating to the Trustee's key stewardship theme;
- b. Votes relating to an issuer to which the Scheme has a large £ exposure;
- c. Votes identified due to potential controversy, driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

Section 10: IGG (formerly Myners) principles

- 10.1 This section looks at each of six principles set out in the “Myners Review: Institutional Investment in the UK” (revised) as adopted by the Investment Governance Group (IGG), and sets out how the Trustee of the Scheme meets these requirements.

Effective decision-making

- 10.2 The Trustee will ensure individuals making investment-related decisions will have the appropriate level of expertise and training to evaluate critically any advice they take.
- 10.3 The Trustee has appointed an Investment Sub-Committee to deal with specific issues where this is appropriate. The terms of reference of this Investment Sub-Committee set out the duties and responsibilities of the sub-committee and how it will interact with the Trustee. A copy of this document is attached as an appendix.

Clear objectives

- 10.4 The Trustee’s objectives are set out in Section II. These objectives have been arrived at after consideration of the nature of the Scheme’s liabilities, and the financial position of the Scheme.

Risk and liabilities

- 10.5 As set out in Section III, the asset allocation strategy of the Scheme has received, and will continue to receive, the attention of the Trustee. The Trustee has considered a full range of investment opportunities, undertaken an asset/liability review and engaged with the Company regarding its objectives.

Performance assessment

- 10.6 The Trustee reviews the performance of the Scheme at each Trustee’s meeting. In addition, an annual assessment of the performance of the Scheme is performed as part of the preparation of the annual Report of the Trustee and Financial Statements document. The Trustee will consider a formal assessment of its own procedures and decisions, and the results of such assessments will be made available to Scheme members. Consideration is also to be given by the Trustee to an assessment of the performance of advisers and investment managers.

Responsible ownership

- 10.7 Please see section 6 above.

Transparency and reporting

- 10.8 The Statement of Investment Principles sets out:
- a. the decision-making structure of the Scheme and details of delegation;
 - b. the Scheme's investment objectives and the principles underpinning the current investment strategy and asset allocation;
 - c. the key risks in the Scheme and how these are managed ; and
 - d. the manner in which the mandates given to all advisors and managers will be set out.
- 10.9 The Trustee will publish key investment performance metrics in their annual Report of the Trustee and Financial Statements document. The Trustee will consider a formal assessment of its own procedures and decisions, and the results of such assessments will be made available to Scheme members.

Section 11: Policy review

- 11.1 This Policy shall be reviewed at least annually or when any significant scheme changes occur, if earlier, in order to determine whether any modifications are necessary or desirable. Such review shall consider whether there has been:
- (a) a fundamental change in the design of the Scheme;
 - (b) significant revisions to the expected long-term trade-off between risk and reward on key asset classes;
 - (c) a major change in the membership/liability distribution, or the contribution/expense expectation in respect of the Scheme;
 - (d) a significant shift in the financial risk tolerance of the Company;
 - (e) shortcomings of the Policy that emerge in its practical operation;
 - (f) significant recommendations by a Manager;
 - (g) changes in applicable legislation; or
 - (h) changes in the Scheme's governance structure.
- 11.2 A copy of this Policy and any amendments to it shall be delivered to the Scheme Actuary.

Appendix: Investment Sub-committee of the Trustee of The Thomson Corporation PLC Pension Scheme

Terms of Reference

Definitions

The Trustee: The Thomson Corporation Pension Trust Limited

The Sub-Committee: The Investment Sub-Committee

The Scheme: The Thomson Corporation PLC Pension Scheme

Composition

- There shall always be at least 3 members of the Sub-Committee each of whom must be current Directors of the Trust.
- At least 2/3rds of the Sub-Committee members must be present to form a quorum.
- The members of the Sub-Committee shall always include the Chairman of the Trust Board.
- Any member of the Sub-Committee who ceases to be a Director of the Trust for whatever reason will immediately cease to be a member of the Sub-Committee.
- Any member of the Sub-Committee may resign as a member of the Sub-Committee by written notice to the Secretary to the Trustee.
- The Directors of the Trust may agree to change the members of the Sub-Committee at any time.
- The Trustee shall have power to remove any person from membership of the Sub-Committee.

Conduct of Business

- The Sub-Committee will conduct its business in accordance with the provisions of the Articles of Association of the Trustee for the time being in force.

Duties and Responsibilities

- The key responsibilities of the Sub-Committee shall be, on behalf of the Trustee:
 - to review the strategic asset allocation for the Scheme's assets and appropriate measurement benchmarks;
 - to review the AVC options available to members;
 - to review the structure of the investment arrangements;
 - to make recommendations regarding the appointment of investment managers, including the preparation of short-lists of candidate investment managers for consideration by the Trustee;
 - to ensure that appropriate agreements (including instructions procedures) are in place from time to time in respect of all investment and custody arrangements;
 - to receive regular communications and presentations from the investment manager(s) for the Scheme as well as for any AVC facilities made available to members;
 - to review periodically the performance of investment manager(s), including the performance of the AVC options;
 - to make recommendations on the removal of investment managers;
 - to ensure that the Statement of Investment Principles is maintained and reviewed;
 - to produce appropriate communications and information to be provided to members on the performance of the Scheme's investments and the AVC options as requested from time to time;
 - to take such action as may, in the opinion of the Sub-Committee, acting with appropriate advice, be desirable having regard to the above matters but acting within the authorities delegated to the Sub-Committee by the Trustee from time to time.

Delegated Authority

The Sub-Committee shall have such powers, duties and discretions in relation to investment and application of Scheme assets and their safe-keeping as are vested in the Trustee of the Scheme from time to time except that the Sub-Committee will refer the following matters back for consideration by the Trustee, making such recommendations as it sees fit:

- any proposed change to the strategic asset allocation of the Scheme;

- any proposed change in investment managers; and
- any instructions or procedures relating to the disinvestment or payment or transfer of assets from the Scheme.

The Sub-Committee may also refer any other matters arising back to the Trustee and make such recommendations for that purpose as it sees fit.

The Sub-Committee shall report matters considered and decisions taken to the Trustee. It is however, confirmed that this is a reporting requirement and does not derogate from the powers and discretions delegated to the Sub-Committee.