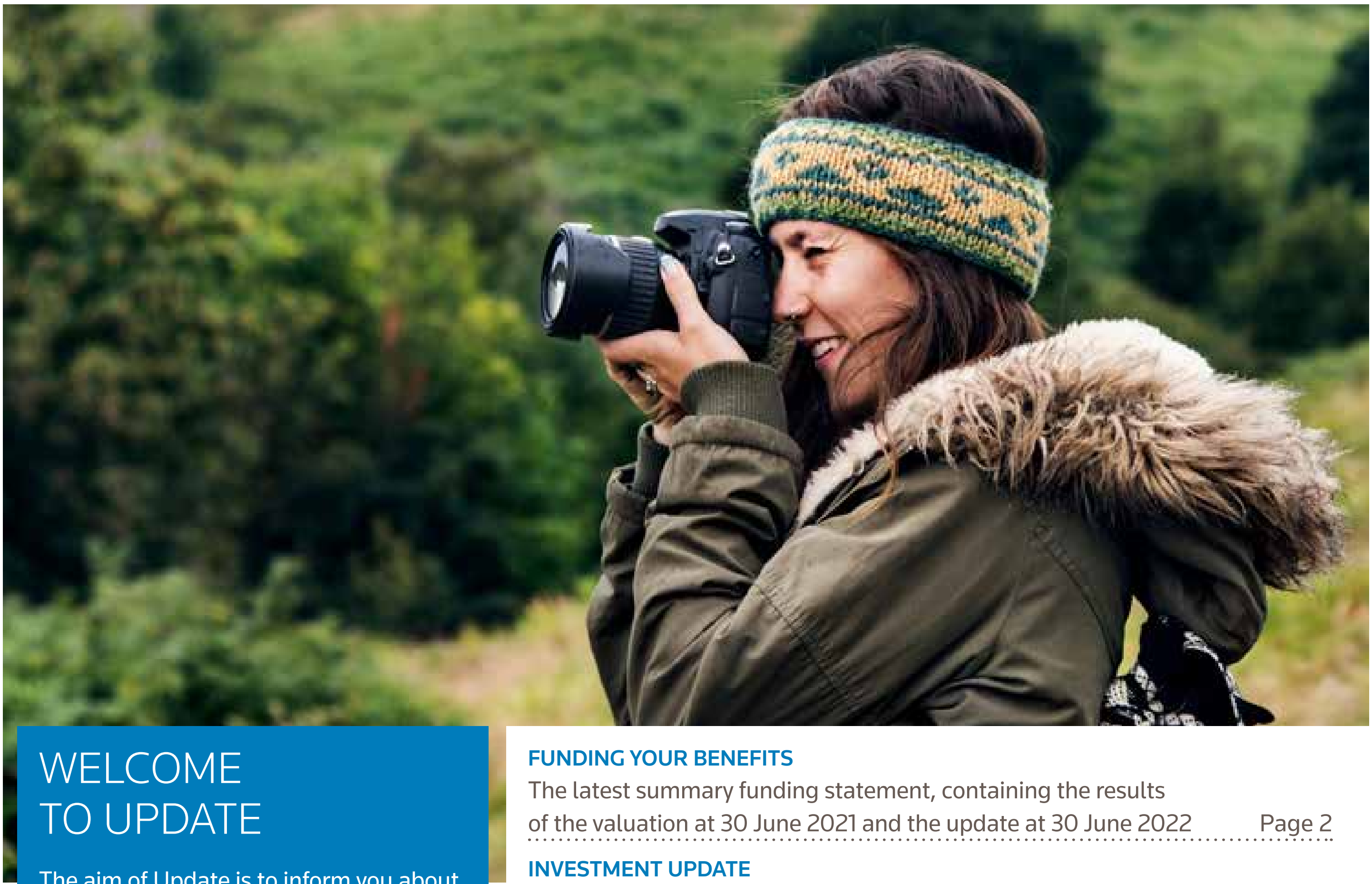
UPDATE

TO MEMBERS OF THE THOMSON CORPORATION PLC PENSION SCHEME

FROM THE BOARD OF THE THOMSON CORPORATION PENSION TRUST LIMITED (THE 'TRUSTEE') **JUNE 2023**



WELCOME TO UPDATE

The aim of Update is to inform you about developments in The Thomson Corporation PLC Pension Scheme (the 'TTC Scheme').

If you would like more information about the TTC Scheme and how it works, or if you have a question about your benefits, please get in touch. The contact details you need are on page 10.

THOMSON REUTERS

FUNDING YOUR BENEFITS

AN UPDATE FROM KATHERINE ROBERTS, TTC SCHEME ACTUARY

HOW YOUR BENEFITS ARE SECURED

Security for your benefits is provided principally by the assets held by the TTC Scheme, and the sponsoring employers' continuing support. When the TTC Scheme was open to benefit accrual, the TTC Scheme's assets built up from the contributions that the sponsoring employers and the active members paid into a common fund. These assets were then invested.

Since the TTC Scheme has closed to future accrual, no further ongoing contributions are due from the members or sponsoring employer.

Separate funds are not held for each individual, except for those with money purchase benefits. The Trustee of the TTC Scheme, with professional advice, decides on how the assets of the TTC Scheme are invested.

HOW THE FINANCIAL POSITION OF THE TTC SCHEME IS MONITORED

An actuarial valuation of the TTC Scheme is carried out every three years. At each actuarial valuation the Trustee monitors how the TTC Scheme's assets compare with the value of benefits already built up to assess the TTC Scheme's funding level. The Trustee also considers and comes to an agreement with the sponsoring employers on the appropriate level of future contributions to be made to the TTC Scheme, should any be required. Actuarial valuations can be done in many ways and the Trustee does not rely on a single set of figures.

The Trustee also monitors the funding level of the TTC Scheme on a quarterly basis, with more detailed updates being monitored annually.

The financial position of the TTC Scheme is set out in the actuarial valuation report. The report also includes information about the many factors that may change the TTC Scheme's financial position in the future. It provides useful background to the information in this statement.

LATEST FINANCIAL POSITION

The latest full actuarial valuation was carried out by the Scheme Actuary as at 30 June 2021, and a subsequent annual update was obtained as at 30 June 2022. A summary of the results is shown below, along with the 30 June 2020 figures for comparison.

The ratio of assets over the predicted cost of providing members' benefits as at 30 June 2022 is estimated to have decreased slightly to 103% over the year.

The main factor contributing to this change is the reduction in the value of assets (although the predicted cost of providing members' benefits has also fallen during the year, reflecting changes in market conditions, the assets have fallen by a higher percentage overall).

The surplus of assets over the cost of providing members' benefits is estimated to have decreased to £18.2 million over the year.

The next annual update will be carried out as at 30 June 2023 and the next full actuarial valuation will be carried out as at 30 June 2024. We will write to you with a summary of the results when available.

The Trustee invests the TTC Scheme's assets in a diversified portfolio, holding a wide range of different types of assets that appropriately balance risk and potential reward. In the unlikely event that the TTC Scheme were to be terminated and wound up, the Trustee would use the TTC Scheme's assets to buy insurance policies designed to guarantee members' pensions. This is a hypothetical situation as there is no intention of ceasing the TTC Scheme, but if this did happen, the TTC Scheme's Actuary estimated that at 30 June 2021 the assets represented around 81% of the amount required to purchase annuities with an insurance company. This is lower than the level of cover if the TTC Scheme continues, as insurance companies take a very cautious view of the future and need to make a profit, so their rates are expensive. By contrast, our funding plan assumes that TTC will continue in business and support the TTC Scheme.

The Trustee also has a legal agreement with Thomson Reuters Corporation (the Parent Company Guarantee), under which if the TTC Scheme were to be wound up, and the sponsoring employers are unable to meet any shortfall, Thomson Reuters Corporation would make payment to the TTC Scheme to cover the shortfall up to a defined limit.

If the sponsoring employers were to become insolvent and there was a shortfall in the TTC Scheme after application of the Parent Company Guarantee, the Pension Protection Fund, set up by the Government, might be able to take over the liabilities of the TTC Scheme and pay compensation to members.

Inclusion of this information is a legislative requirement and does not imply that TTC is considering winding up the TTC Scheme.

PAYMENT TO THE SPONSORING EMPLOYERS

The Trustee confirms that no payment was made to the sponsoring employers in the twelve months prior to this statement. Similarly, the Trustee confirms that no modifications to the TTC Scheme or specific directions on the funding of the TTC Scheme have been made by the Pensions Regulator.

FUNDING CHECK AT 30 JUNE 2020

106%

FUNDING CHECK AT 30 JUNE 2021

104.0%

FUNDING CHECK AT 30 JUNE 2022

103.0%

	30 June 2020	30 June 2021	30 June 2022
Value of assets	**£947 million**	**£923 million**	**£731 million**
Predicted cost of providing members' benefits	£898 million	£884 million	£713 million
Excess	£49 million	£39 million	£18 million
Funding level	106%	104%	103%

INVESTMENT UPDATE

FROM REDINGTON, THE TTC SCHEME INVESTMENT ADVISER

WHAT HAPPENED IN THE MARKETS DURING 2022?

2022 was a difficult year for traditional asset classes; both equity and fixed income markets were down with the MSCI World Index (a benchmark for global equities) returning -17.1% in local currency terms over the year and material increases in interest rates causing bond valuations across many regions to decline.

Equity markets reacted negatively to the change in monetary policy from central banks, as they tried to curb rampant inflation across all major economies by consecutively hiking interest rates over the course of several months. The Bank of England increased the UK base rate from 0.25% at the beginning of 2022 to 3.50% by the end of the year. Government bond yields (30 year real gilt yields) increased materially in 2022, having increased from -2.28% at the beginning of 2022 and peaking at 1.92% at the end of September (Source: Refinitiv).

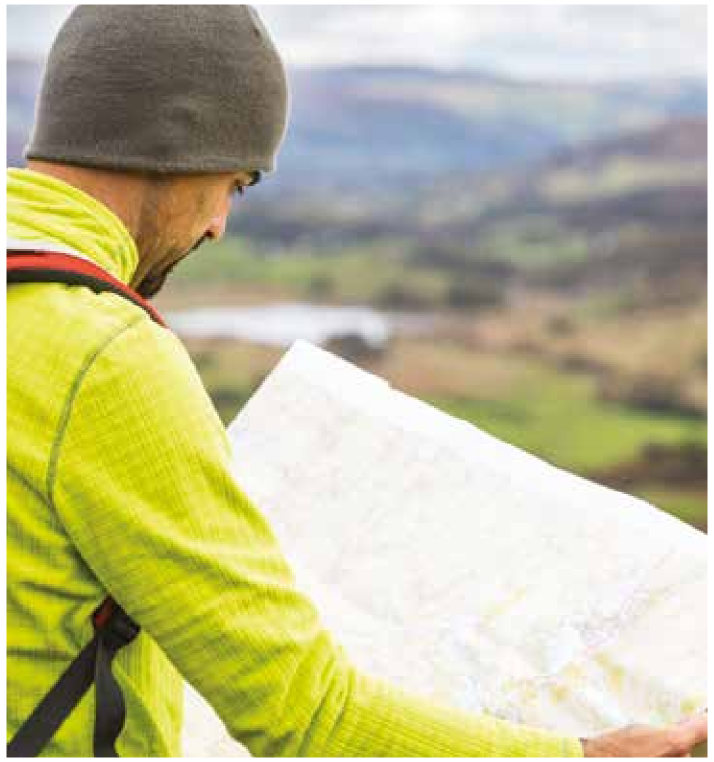
Rising energy prices were the main driver of inflationary pressures, largely as a consequence of the Russian invasion of Ukraine in February 2022. In the UK for example, CPI (Consumer Price Index), one of the main indicators for inflation, peaked at 11.1% a year in October 2022 (Source: ONS). There remains significant risk that bringing inflation back to target may require more rate increases than are priced in, or that by subduing inflation the economy will be pushed into recession, reducing corporate earnings and equity prices in the coming year.

September and October of 2022 were marked by a period of extreme volatility in the UK markets, under the new governance of Liz Truss and Chancellor, Kwasi Kwarteng. Following the 'mini budget' on 23 September, gilt prices fell sharply as markets reacted negatively to the additional borrowing needed to finance the new Conservative government's growth-oriented policies. The scale and speed of the fall in gilt prices resulted in some institutions who adopt Liability Driven Investment ('LDI') strategies – which are designed to ensure that an increase or fall in a scheme's liabilities will be matched by a similar change to the scheme's assets – struggling to meet collateral calls. Some schemes became a forced seller of other assets to prevent hedging positions being liquidated.

WHAT DID THIS MEAN FOR THE SCHEME?

Like most UK defined benefit ('DB') pension schemes, the TTC Scheme uses LDI to mitigate interest and inflation risks by investing in instruments that respond to changes in interest and inflation in a similar way to the Scheme's liabilities. Due to the material increases in real yields over 2022, the TTC Scheme's liabilities fell significantly, which was matched by a commensurate reduction in the value of the Scheme's LDI portfolio. We took action to reinforce our collateral levels by rebalancing from our liquid return seeking assets into the LDI portfolio and the TTC Scheme ended the year in a healthy collateral position.

Although the decrease in the TTC Scheme's assets may appear alarming for some members, the most important metric for assessing the Scheme's progress towards its long-term objectives is the funding level, which is the ratio of assets and liabilities. The TTC Scheme's funding level remained relatively stable over the period despite the turbulent market conditions that DB pension schemes have faced, falling only modestly, due to the difficult environment for equities and other return-seeking assets.



FROM THE FINANCIAL STATEMENTS

The figures in the table below are taken from the TTC Scheme's Annual Report for the year ended 30 June 2022.

PricewaterhouseCoopers, who confirmed that they are true and fair, have audited them. If you would like to see a copy of the full report, please contact Premier, the Scheme's administrator (see page 10).

	Defined Benefit Section (£'000)	Defined Contribution Section (£'000)	Total 2020 (£'000)
Benefits paid	(20,913)	(245)	(21,158)
Transfers to other schemes	(4,439)	(160)	(4,599)
Administration expenses	(906)	-	(906)
Net withdrawals from dealings with members	**(26,258)**	**(405)**	**(26,663)**
Return on investments			
Investment management expenses	(238)	(56)	(294)
Investment income	890	-	890
Change in market value of investments	(166,214)	(720)	(166,934)
Net return on investments	**(166,562)**	**(776)**	**(166,338)**
Net decrease in the fund during the year	**(191,820)**	**(1,181)**	**(193,001)**
Net assets at 1 July 2021	**922,740**	**11,604**	**934,334**
Transfers between sections	73	(73)	-
Net assets at 30 June 2022	**730,993**	**10,350**	**741,343**

THERE WERE 4,188 MEMBERS IN THE TTC SCHEME ON 30 JUNE 2022.

	Defined Benefit Section	Defined Contribution Section*
Deferred members	1,885	865
Pensioners	1,426	12
Total	**3,311**	**877**

* The membership of the Defined Contribution Section has been determined by considering the Defined Benefit Underpin that applies to members of the Section. Where the Underpin calculated as at 30 June 2021 was expected to bite at retirement, the members have been included within the DC (DB Underpin) membership Sections. This includes 640 deferred members and 12 pensioners. The assets relative to these members' benefits are included in the assets of the Defined Benefit Section.

PENSIONS AND THE LAW

AN UPDATE FROM ANDY CORK, THE TTC SCHEME'S LEGAL ADVISER

There is a good reason why I write about the spectre of pension scams in all of my updates. Since unsolicited cold calls were made illegal in 2019, legislators and regulators have only strengthened their campaign to combat fraudsters and to raise awareness of the risks involved with pension transfers.

For over a year now, legislation has required pension schemes like the TTC Scheme to conduct enhanced due diligence before complying with a member's request to transfer their pension. This includes a new system of red and amber flags that are set out in regulations: where there is an amber flag, the member must attend a guidance session with MoneyHelper (a free Government help service) before their transfer can proceed. Where there is a red flag, the member loses their statutory transfer right, and the transfer request must be refused. These new rules, though they can appear burdensome at times, give trustees and administrators greater scope to protect members from scammers where there is cause for concern.

Trustees such as the TTC Scheme Trustees do what they can to protect members, but it is important to remember that you are also responsible for your own financial wellbeing. Before considering a transfer, it is vital (and is usually legally required) to get good independent advice that you trust, from advisers that you know are acting in your best interests.

The Government has also recently confirmed that the earliest age at which pension savers can normally start to take their pension benefits will increase from age 55 to 57, taking effect from 6 April 2028. We are awaiting full details, but this will not affect exceptional cases like members retiring early due to ill-health. The TTC Scheme Trustees will be in touch in due course with more information on how this will impact Scheme members.

On the horizon is the Pensions Dashboard Programme, a Government initiative that will create an online platform where individuals can see all their pension savings in one place – including state, workplace and personal pensions. This will help you to keep track of your pension pots, find any lost ones, and plan for your retirement. Pension schemes will begin to connect to the platform later this year, and this process will continue into 2025.

Finally, you may have read last autumn about volatility in the gilts market affecting defined benefit pension schemes. Though an issue that has attracted the attention of the Pensions Regulator and Parliamentary time, you can be reassured that the TTC Scheme has professional investment advisers and managers in place to structure and monitor the Scheme's investment strategies. We will of course monitor any regulatory or legal developments in this space if they emerge.

BULLETIN

HIGH INFLATION AND YOUR PENSION

You will have seen in the news reports of the historically high rates of inflation – and you have probably experienced the impact of that inflation on the prices of everyday goods first-hand.

Published inflation rates over the last six months of 2022 showed price inflation was at its highest level in 40 years. You may be worried about how this affects your pension. This article addresses that question.

There are two main measures of inflation mentioned here: Retail Price Inflation ('RPI') and Consumer Price Inflation ('CPI'). They are both indices that track the prices of a basket of goods over time, but they use slightly different baskets, and different formula to compare the price changes. Historically RPI was the main measure of inflation in the UK but has now been replaced by CPI as the official measure. In many cases however (including some pension increases and index-linked bonds issued by the government) RPI is still required (for example if it is specified in the bond contract or the pension scheme rules).

A pick-up in inflation over 2022

Until 2022, inflation had remained relatively contained over the past 25 years – coinciding with the Bank of England having a mandate to target CPI inflation of 2% a year – and, overall, at a level broadly aligned with that target.

Recent global developments, including energy price increases and the after-effects of the onset of the coronavirus pandemic, have contributed to significant upward pressure in inflation, with annual January 2023 CPI being 10.1% and RPI being 13.4%. This is 12% higher than the equivalent RPI statistic from January 2021.

What's driving inflation?

Rising energy costs are a significant driver of higher inflation and geopolitical events such as the Ukraine-Russia conflict have exacerbated this. There were also widespread reports of disruptions to supply chains, in part exacerbated by the pandemic and Brexit. Transport costs have also risen fast and are another significant contributor to inflation rates.

The Bank of England have stated they are taking action designed to bring inflation back to the Government set inflation target of 2%, but this is likely to take at least a couple of years. The market view (based on RPI-linked products) appears to predict that the current high inflation is expected to reduce over the next few years, though is expected to settle to around 3% to 3.2% in the long term.

INCREASES TO YOUR PENSION

Most pensions paid by the TTC Scheme increase once a year. The increases are determined in line with the Scheme Rules and depend upon which section of the Scheme you are in (reflecting the rules of your predecessor scheme), and also when the pension was earned.

In some cases the annual increase is a set amount (e.g. 3% a year) but in most cases (in line with most other pension schemes), where pensions increase in line with inflation there are 'caps' on the level of pension increases that are granted each year. This means the maximum annual increase will never exceed the cap. The caps were designed to protect the TTC Scheme in periods of very high inflation and ultimately to reduce the cost of the Scheme to members and the Company.

Continued on the next page

In recent years, the relatively low rates of inflation have meant that these caps have not applied and full inflation increases have usually been granted to pensions in payment. However, given that UK inflation is currently increasing at a faster rate unfortunately this means that most pensions will not keep pace with inflation this year.

Example 1 – a TTC Scheme member with pension in payment

In the TTC Section of the Scheme, pension increases are applied every 1 July based on the annual increase in the January RPI of that year (published in February), with a cap of 5% or 2.5% depending on when the pension was earned.

The July 2022 increase was 7.8% but because this was above the pension increase caps in 2022, the increases were restricted below the level of inflation due to the pension increase caps being applied under the rules.

By comparison, the annual increase in the January RPI 2021 was 1.4% which was below the pension increase caps, so an increase in line with inflation of 1.4% was granted.

Example 2 – a TTC Scheme member who left the Scheme in 2015, and is retiring at their normal retirement age in 2023

The increase in inflation from 2015 to 2023 was 23.5% (based on the increase in CPI from September 2014 to September 2022). This is subject to a cap of 5% a year for pension earned before 1 December 2009, and a cap of 2.5% a year for pension earned after 30 November 2009. The increase on the pension earned after 30 November 2009 is capped at 21.8% (2.5% a year for 8 years). However, in this case, the 5% a year cap is not exceeded, so the member's pension earned before 1 December 2009 is revalued up to retirement by the full 23.5% inflation increase.

Example 3 – a TTC Scheme member who left the Scheme in June 2021, and is retiring at their normal retirement age in December 2023

The increase in inflation from 2021 to 2023 was 10.3% (based on the increase in CPI from September 2020 to September 2022). The increase on the pension earned after 30 November 2009 is capped at 2.5% a year which is 5.1%. A capped increase of 10.25% (5% a year for two years) applies to the pension earned before 1 December 2009.

Most pensions payable by the TTC Scheme also increase in deferment (the period of time between leaving service and drawing your pension) reflecting the increase in inflation over the period. These increases are also subject to caps, but they apply in a different way – since they are measured over the whole period of deferment, rather than annually. As historic inflation has been below the cap for many years, it is possible that the cap on increases in deferment might not apply unless high inflation persists for a number of years. However this will depend on your individual circumstances – most significantly the section of the TTC Scheme you are in, the types of pension you earned and when you left service.

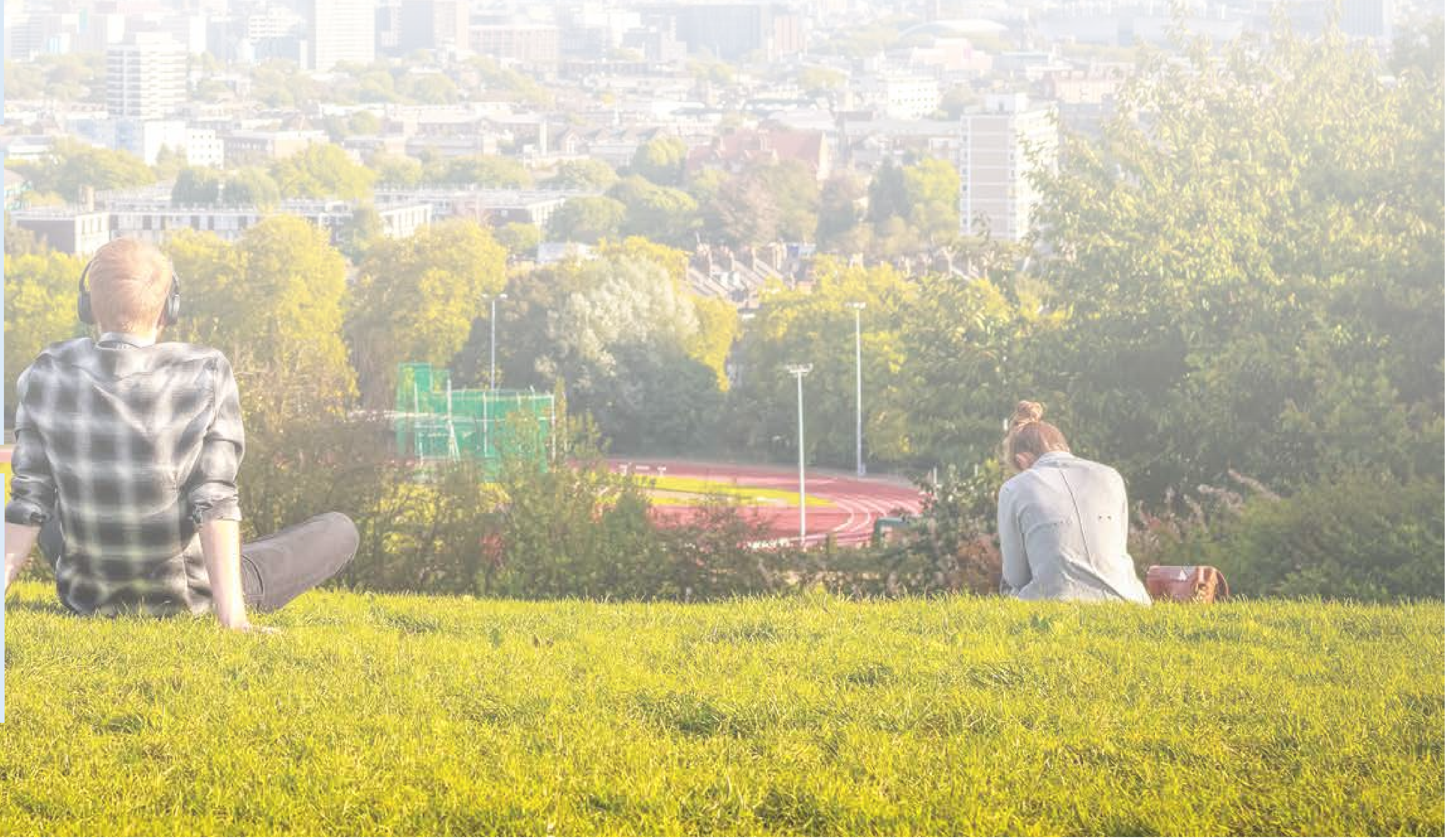
Should I be worried about the security of the TTC Scheme?

In short, no. The Trustee takes advice from a range of professionals including investment consultants and actuaries. Based on this advice, the Trustee has in place a range of investments that are designed to hedge the financial risks presented by the TTC Scheme's liabilities (the benefits promised to individual members). When inflation rises, the cost of providing those benefits rises, but so too does the value of the TTC Scheme's investments. This means the overall funding level of the TTC Scheme, and hence the security it offers, is broadly protected from changes in inflation. Together with their advisors, the Trustee is monitoring the situation to ensure the asset strategy and hedging programme remain appropriate.

CHANGES TO THE NORMAL MINIMUM PENSION AGE FROM 2028

The Government has confirmed that the earliest age at which pension savers can normally start to take their pension benefits will increase from age 55 to 57. The change will take effect from 6 April 2028. If you are thinking about taking a transfer with an expectation that you can start to take benefits from the receiving arrangement prior to age 57, you should consider this and discuss it with your financial adviser. This change doesn't impact the ability to take pension benefits before the normal minimum pension age because of ill-health.

If you have any questions on this matter, including whether you may have a 'Protected Pension Age', please contact Premier, the Scheme's administrator (see page 10).



CONTACT POINTS

IF YOU NEED MORE INFORMATION

If you have any questions about your benefits or the TTC Scheme, please contact Premier, the Scheme's administrator.

Phone:	**0800 488 0797**
Email:	**ttcpension@premiercompanies.co.uk**
Post:	**Premier, PO Box 108, Blyth, NE24 9DY**
Website:	**https://www.yourpremier.co.uk**

IF YOU WISH TO BRING SOMETHING TO THE ATTENTION OF THE TRUSTEE BOARD

Please contact Peter Clarke, the Scheme Secretary:

Post:	**Peter Clarke, Scheme Secretary, The Thomson Corporation PLC Pension Scheme, Barnett Waddingham LLP, 2 London Wall Place, London EC2Y 5AU**
Email:	**Peter.Clarke@Barnett-Waddingham.co.uk**

IF YOU NEED ADVICE

If you are considering making any changes to your pension, you may want to consider taking independent financial advice.

If you do not currently have a financial adviser, there is information on how to find one on the MoneyHelper website. There is also a directory of IFAs who are regulated by the Financial Conduct Authority. Go to **www.moneyhelper.org.uk** and search 'Find a retirement adviser'.

You can also check the details of any IFA you are thinking of using on the Financial Conduct Authority website at **https://register.fca.org.uk**. Alternatively, phone their contact centre on 0800 111 6768 and ask them to check for you.

Remember that you may have to pay a charge for any advice that you receive.

Members' rights are governed by the TTC Scheme Rules. In the event of any apparent conflict with this newsletter, the Rules will prevail.

If you would like more detailed information about the TTC Scheme and how it works, there are a number of documents available:

- The Trust Deed and Rules are the legal documents that govern the way the TTC Scheme works.
- The current Statement of Investment Principles explains how we invest the money paid into the TTC Scheme.
- The current Schedule of Contributions shows how much money is being paid into the TTC Scheme.
- The latest Trustee Report and Financial Statements show how the TTC Scheme developed over the year which ended on 30 June 2022.
- You can also ask to see a copy of the full Actuarial Valuation Report on the Actuary's latest assessment of the TTC Scheme (as at 30 June 2021).
- The GDPR Policy and Privacy Notice explain how we protect your personal details. They were updated in 2022.

If you would like to see a copy of any of these documents, please contact Premier, the Scheme's administrator.

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