

Reuters Supplementary Pension Scheme

Scheme Registration Number: 10060926

**Trustee's Annual Report and Financial Statements
For the Year Ended 31 December 2020**



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Trustee and Advisers

Corporate Trustee

Reuters SPS Trustee Limited

Trustee Directors

Appointed by the Sponsoring Employer:

Greg Meekings (Chair)

Rachel Croft – representing Independent Trustee Services Limited

Mike Sayers

Martin Vickery

Member Nominated:

Jeremy Penn

Geoffrey Sanderson

Secretary to the Trustee

Claudia Bunney

Barnett Waddingham LLP

2 London Wall Place

London EC2Y 5AU

Sponsoring Employer

Refinitiv Limited

Five Canada Square

Canary Wharf

London E14 5AQ

Independent Advisers

Scheme Actuary

Michael Maltwood FIA

Aon Solutions UK Limited

122 Leadenhall Street

London

EC3V 4AN

Administrator

Capita Pension Solutions Limited

PO Box 555

Stead House

Darlington DL1 9YT

Independent Auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London WC2N 6RH

Trustee and Advisers

Investment Managers

Aegon Asset Management Europe (Ireland) ICAV
25-28 North Wall Quay
Dublin 1
Ireland

BMO Asset Management
Exchange House
Primrose Street
London EC2A 2NU

PIMCO
11 Baker Street
London W1U 3AH

Schroder Pension Management Limited
31 Gresham Street
London EC2V 7QA

PFS TwentyFour Asset Management
Springfield Lodge
Colchester Road
Chelmsford
Essex CM2 5PW

Investment Advisers

Redington Limited
Floor 6, One Angel Court
London EC2R 7HJ

Life Assurers

Legal and General Assurance Society Limited
Legal and General House
Kingswood
Tadworth
Surrey KT20 6EU

Zurich Assurance Limited
PO Box 3512
Swindon SN3 9AH

AVC Provider

The Prudential Assurance Company Limited
PO Box 2734
2nd Floor Abbey Gardens
Reading RG1 3UG

Trustee and Advisers

Legal Adviser

Sacker & Partners LLP
20 Gresham Street
London EC2V 7JE

Banker

National Westminster Bank
42 High Street
Sheffield S1 1QG

Trustee's Report

The Trustee is pleased to present the annual report and financial statements of the Reuters Supplementary Pension Scheme ("the Scheme") for the year ended 31 December 2020.

The Scheme was established under the provisions of a Trust Deed dated 29 December 1978. The Scheme is a defined benefit scheme providing benefits for employees of the Sponsoring Employer.

Until 5 April 2016, members were contracted out of the State Second Pension under a Certificate issued by the HM Revenue & Customs National Insurance Contributions office.

The Scheme is registered under the Finance Act 2004. Prior to the introduction of this Act, the Scheme was an "exempt approved scheme" under the terms of the Income and Corporation Taxes Act 1988.

Scheme Management

The Scheme is managed by a Corporate Trustee for the benefit of the members and their dependants in accordance with the Scheme Rules. The Corporate Trustee of the Scheme is Reuters SPS Trustee Limited. The provisions for appointing and removing the Corporate Trustee rest with the Sponsoring Employer. Four of the Directors of the Trustee, including the Chair, are appointed and may be removed by the Sponsoring Employer. The remaining two Directors are Member Nominated Directors (MNDs) who must be active, deferred or pensioner members of the Scheme and elected by active, deferred and pensioner members. Each MND normally holds office for five years.

The full Trustee Board met 4 times during the year to discuss the ongoing strategy and management of the Scheme. The Investment sub-committee and the Communications sub-committee (CSC) of the Trustee Board also met regularly during the year to discuss their designated areas. The sub-committees do not have delegated powers from the main Trustee Board. In April 2020, a new Operations sub-committee (OSC) that operates jointly for the Scheme and for the Reuters Pension Fund was put in place. The OSC has replaced the CSC in dealing with communication-related matters for the Scheme.

Governance and Risk Management

The Trustee has prepared a forward-looking business plan, setting out what issues should be considered and when. This is reviewed regularly. During the year, the Trustee addressed, amongst others, the issues on the below and on the following page:

(i) Risk Management

The Trustee is responsible for risk management of the Scheme and for the underlying controls mitigating identified risks, which are included in the Scheme's Risk Register. During the year, the Register was reviewed and updated. The risk management process is designed to manage, rather than to eliminate, the risk of error, loss or failure to comply with regulatory requirements.

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(ii) Changes to the Scheme's Rules

There were no changes to the Scheme's Rules during the year.

(iii) Trustee Knowledge and Understanding

During the year, the Trustee received training from their advisers on current issues in order to maintain the level of knowledge and understanding required to perform the role of Scheme Trustee. Individual Trustee Directors also attended external training sessions and conferences on investment and current pension issues.

GMP equalisation

In October 2018, the High Court ruled that pension schemes are required to equalise benefits between men and women for the effect of Guaranteed Minimum Pensions (GMP) which were accrued on or after 17 May 1990.

The High Court has since determined that trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis trustees are under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Trustee is reviewing, with their advisers and the Sponsoring Employer, the implication of these rulings in the context of the Scheme rules and the value of any liability. On completion of the review the Trustee will put together a plan for correcting past benefits as well as inequalities in benefits coming into payment.

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on 30 January 2020, caused disruption to businesses and economic activity which was reflected in fluctuations in global stock and financial markets. The Trustee has been coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK Government and general pandemic response best practice. The Trustee also put in place a special temporary delegation of powers to a Trustee sub-group to ensure that the Scheme would continue to run efficiently in the event that some of its Directors become ill and unable to carry out their duties, although there has been no need so far for the sub-group to be activated. The Trustee continues to monitor developments relating to COVID-19 on the bases of guidance from the UK Government.

London Stock Exchange acquisition of Refinitiv

On 1 August 2019, London Stock Exchange Group Plc ('LSEG') announced that it had agreed with Thomson Reuters and the Blackstone consortium the acquisition of Refinitiv in an all share transaction completed on 29 January 2021. The Trustee is in receipt of a guarantee dated 28 January 2021, signed by members of the Sponsoring Employer's group, whereby the financial obligations of the Scheme's Sponsoring Employer have been guaranteed up to a maximum value of £120m.

Trustee's Report

Scheme Membership

Details of the current membership of the Scheme are given below:

	31 December 2020	31 December 2019
Active members	1	1
Deferred Members	19	22
Pensioners	151	149
	171	172
Active members		
Active members at start of year	1	1
Active members at end of year	1	1
Deferred members		
Deferred members at start of year	22	25
Less: Retirements	(1)	-
Transfers out	(2)	(3)
Deferred members at end of year	19	22
Pensioners		
Pensioners at start of year	149	152
Adjustment to previous year	1	-
Plus: Retirements	1	-
New spouse pension	1	2
Less: Deaths	(1)	(5)
Pensioners at end of year	151	149

Included in the pensioner figure above are 17 (2019: 15) pensions covering spouses and dependants.

Trustee's Report

Pension Increases

Pensions in payment received the following increases during the year in line with requirements under legislation and the Scheme's Rules:

- Pensions earned before 6 April 1997 received a discretionary increase of 2.4% (2019: 2.5%) with effect from 1 January 2020. Discretionary increases were awarded by the Employer and Trustee for 2020 and will continue to be granted until 1 January 2024.
- Pensions earned between 6 April 1997 and 5 April 2005 received a statutory increase of 2.4% (2019: 3.3%) with effect from 1 January 2020.
- Pensions earned after 6 April 2005 received a statutory increase of 2.4% (2019: 2.5%) with effect from 1 January 2020.
- Post 88 GMP pensions in payment received an increase of 1.7% (2019: 2.4%) with effect from 1 January 2020.

Pensioners with individual increase guarantees received increases in line with their specific arrangements.

Transfer Values

Transfer values paid during the year were calculated and verified in accordance with the appropriate regulations under the provisions of the Pension Act 1993 and guidelines issued by the Institute of Actuaries. No transfer values were paid during the year which were less than the full value of the member's preserved benefits. No transfer values paid were reduced below the level calculated using tables supplied by the Scheme Actuary.

No allowance is made for discretionary pension increases in the calculation of transfer values.

Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under section 41 (1) and (6) of the Pensions Act 1995.

The active members pay contributions at a rate of 6% of pensionable salaries. For members who elected to join the Pension Adjustment, member contributions reduced to nil with effect from 1 June 2005 and the Sponsoring Employer has met the cost of the corresponding member contributions.

Trustee's Report

The Scheme met all expenses. The Sponsoring Employer met the cost of externally insuring the lump sum death in service benefit provided by the Scheme and contributed to the Scheme the National Insurance savings it made through the Pension Adjustment.

	2020
	£'000
Contributions and other receipts	5,227
Benefits paid and other expenses	(17,021)
Net withdrawals from dealings with members	(11,794)
Net returns on investments	25,331
Net assets at 1 January	308,889
Net assets at 31 December	322,426

Additional Voluntary Contributions

Up until 5 April 2006 the Rules of the Scheme permitted members to pay Additional Voluntary Contributions (AVCs) to arrangements with Prudential in order to augment their pensions or lump sum death benefits. After that date, the Refinitiv Retirement Plan (formerly 'Thomson Reuters UK Retirement Plan') (RRP) was opened as an AVC vehicle for active members of the Scheme and all new AVCs were invested in RRP.

Actuarial Valuation

A full actuarial valuation of the Scheme was undertaken as at 31 December 2019 and disclosed that assets exceeded liabilities at that date, resulting in a surplus of £18.1 million. This was equivalent to a funding level of 106%.

A summary of the results of the full actuarial valuation is included in the Actuary's Report on pages 19 to 20. In addition, the Actuary's Certificate in respect of the adequacy of rates of contributions agreed as part of the valuation, is reported on page 21 of this Report.

The next formal actuarial valuation as at 31 December 2022.

Trustee's Report

Investment Matters

Overview

The Trustee, with the assistance of its appointed Investment Adviser, determines the overall investment strategy for the Scheme and sets out the broad policy to be adopted by each of the appointed fund managers.

BMO operate a Qualifying Investment Fund (QIF) structure which encompasses the external Pooled Investment Vehicles (Aegon, TwentyFour and PIMCO) and the instruments used within the Liability Driven Investment (LDI) portfolio (bonds, derivatives and cash). Under this arrangement BMO are able to manage the allocations to the external Pooled Investment Vehicles under predefined parameters outlined in the Investment Management Agreement (IMA).

Investment Managers

The names of the managers who managed the Scheme's investments during the year are listed on page 3. The Trustee has delegated the day-to-day management of investment to its appointed fund managers. A written agreement between the Trustee and each manager sets out the terms on which the manager will act.

The Trustee has set up an Investment Sub Committee (ISC) which comprises two Trustee Directors, currently Michael Sayers and Jeremy Penn, and a representative from the Sponsoring Employer, Andrew Perrin, who was replaced by Ava Lau in March 2021.

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, the Trustee has produced a Statement of Investment Principles (SIP).

The SIP is required by law and summarises how the Trustee:

- sets the investment policy and chooses the most suitable types of investments for the Scheme;
- delegates buying and selling investments to the Scheme's investment managers.
- monitors the performance of the Scheme's investments.

A copy of the Statement is available on request from the Administrator at the address on page 3 of this report.

The Trustee has considered ethical and socially responsible investments and has delegated to the investment managers responsibility for taking environmental, social and governance (ESG) and ethical considerations into account when assessing the potential and suitability of investments and for exercising rights attaching to the Scheme. The managers' duties also include voting and corporate governance in relation to the Scheme's assets. The Trustee has reviewed each of the investment managers' policies on these issues and believes that the policies adopted by the managers are consistent with its own views. During the year the Scheme's investment holdings were broadly in line with the target asset allocation in the SIP.

Trustee's Report

Custodial arrangement

The investment managers of the pooled funds in which the Trustee invests use their own custodians. The custodians are responsible for the safe keeping of all the assets of the Scheme. The Trustee is ultimately responsible for ensuring that the Scheme's assets continue to be held securely, and it will review the custody arrangements from time to time.

Asset allocation

As at 31 December 2020, the Scheme's underlying assets within the QIF were invested with the following managers:

Manager	Mandate	Market Value (£m)	Weight (%)
BMO	LDI Fund (net of repos)	205.0	64.5
	Currency Hedging	(1.5)	(0.5)
Aegon	European ABS Composite Fund - UCITS	44.6	14.0
PIMCO	Global LIBOR Plus Bond Fund	45.9	14.4
TwentyFour	Dynamic Bond Fund I	24.1	7.6
Total Fund		318.1	100.0

Source: BMO

Figures may not total due to rounding. The total excludes the balance in the Trustee's Bank Account which totalled £4.9m as at 31/12/2020.

There was a material funding level improvement from the actuarial valuation as at 31 December 2019 and the Trustee took the opportunity to de-risk the portfolio as a result. The Trustee agreed to sell 50% of the TwentyFour Dynamic Bond fund and 50% of the Schroder Multi-Asset Total Return (MATR) fund in June. The proceeds were invested in the LDI portfolio.

In September, the Trustee decided to disinvest the remaining holdings in the Schroders fund. This was in light of a manager rating downgrade from "Preferred" to "Remove" by the Investment Adviser. All sale proceeds were invested into BMO LDI.

Trustee's Report

Review of investment performance

Fund	12 month performance to 31 December 2020	
	Fund (%)	Benchmark (%)
BMO - Passive LDI¹	7.4	7.6
Schroders Investment Management – Multi-Asset Total Return²	(3.6)	1.9
Aegon – European ABS Composite Fund	1.1	0.8
PIMCO – Global LIBOR Plus Bond Fund	1.7	2.3
TwentyFour – Dynamic Bond Fund I	6.5	4.5

Source: Individual managers. All performance figures are shown net of fees.

¹This signifies the unlevered LDI return.

²Note that the performance figures quoted for Schroders Multi-Asset Total Return reflect performance from 31/12/19 – 15/09/20 i.e. the day of the final redemption from the fund. Source: Refinitiv.

Estimated Scheme Performance	12 Months	3 Years (p.a.)	5 Years (p.a.)
Reuters SPS	7.8%	0.8%	1.9%

Sources: BMO, BNYM, Redington. Estimated Scheme level performance is for invested assets only and excludes currency overlay.

Investment manager remuneration

The Trustee has entered into an agreement with each fund manager whereby its fee is based on the assets under its management for each of the funds. The Trustee pays a fixed fee to BMO to operate the currency overlay mandate.

Marketability of Investments

The majority of the Scheme's assets are held in pooled funds which have daily or weekly dealing cycles and are therefore expected to be realised in a short timeframe.

Derivative policy

The Trustee has implemented a currency hedging programme (using currency forward contracts) to reduce the impact of exchange rate fluctuations in meeting the Scheme's Swiss Franc and US Dollar denominated liabilities, which are considered an unrewarded risk over the long term.

The LDI funds make extensive use of derivatives (including interest rate swaps, inflation swaps and gilt repos) to hedge the impact of changes to interest rates and inflation on the Scheme's funding position.

Some of the active investment managers that are employed by the Trustee utilise other derivative instruments (such as futures and options) to facilitate efficient portfolio management; allowing short-term, low-cost exposure to certain markets.

Employer-related investments

There were no directly or indirectly held employer-related investments at the year end (2019: none).

Further Investment disclosures

Further details on the Investment Strategy, objectives and Investment risks are disclosed in note 18 on pages 36 to 37.

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Implementation Statement

Introduction

Under new regulatory requirements now in force, the Trustee is required to produce an annual Implementation Statement setting out how voting and engagement policies in the Statement of Investment Principles (the "SIP") have been implemented. This is the first such statement produced. This document also includes a brief summary of updates to the SIP over the reporting period.

This document has been prepared by the Trustee of the Reuters Supplementary Pension Scheme, covering the period 1 January 2020 to 31 December 2020. This time period has been covered in order to report up to the end of the Scheme year on the regulations that came into force in October 2019. As this is the first Implementation Statement to be produced by the Trustee, it is expected to evolve over time.

The document looks to set out how the Trustee's policy on stewardship and engagement has been implemented during the reporting period. Where relevant, the document describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. Disclosed is also the Trustee's opinion on the outcomes of voting and engagement activity for managers that hold listed equities, where stewardship and engagement are most relevant within the portfolio.

Overall, the Trustee is comfortable that the voting and engagement policies set out in the SIP have been properly adhered to over the period.

Changes to the SIP over the period

Changes to the SIP were made in July 2020 to comply with new regulation, specifically the incorporation of the Shareholder Rights II Directive ('SRD II') into UK law, which requires defined benefit pension scheme SIPs to be updated to include further details on:

- The arrangements with investment managers, including how they are incentivised to behave and invest in line with the Trustee's policies and how the Trustee will monitor managers' performance, fees and portfolio costs.
- Engagement policy, including the exercise of the rights (including voting rights) attaching to the investments.

SRD II applies more widely than just to pension schemes and the directive aims to further encourage appropriate long-term investment decision-making and engagement.

Stewardship, engagement and voting behaviour

Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Scheme's investment managers. The Trustee's ability to influence investment managers' stewardship activities will depend on the nature of the investments held. As the Scheme's assets are invested in pooled funds – where the Trustee holds units in a fund rather than having any direct ownership rights over the underlying assets – the Trustee has more limited scope to influence managers' stewardship activities.

The Trustee's policy is to delegate responsibility for the engagement with relevant persons, which includes the exercising of rights (including voting rights) attached to investments made by the investment managers. The Trustee expects all of its investment managers to practise good stewardship and seeks to choose managers that align with its beliefs regarding this. When selecting

Trustee's Report

new managers, the Trustee's Investment Consultant assesses the ability of each investment manager to engage with underlying companies to promote their long-term success. Additionally, if a manager's approach is deemed to be inadequate, the Trustee will engage with the investment manager to better align it with the Trustee's policy.

Stewardship and engagement (including the use of voting rights) is most likely to be financially material in the sections of the portfolio where physical equities are held (Schroder Multi Asset Total Return Fund, which was disinvested entirely during the period). For the Scheme's managers that hold physical equity holdings, further details and an overview of votes cast during the year are provided in the appendix. Engagement is also considered to be of importance for the Scheme's other investment managers, though data to evidence their approach is more difficult to obtain.

The Trustee is comfortable that the voting and engagement policies have all been adequately followed over the reporting period, noting a number of recent changes to regulations in this area and that disclosures are likely to improve over time.

Appendix – Voting disclosure tables

Below is the voting activity over the period for the Scheme's asset managers which held listed equities over the period. This solely applies to the Schroders Multi Asset Total Return Fund which was fully disinvested from over the period (15th September 2020). Schroders were unable to identify a significant vote that occurred whilst the Scheme was invested in the mandate. The Trustee is comfortable with the wider voting statistics for the fund.

Schroder Multi Asset Total Return Fund

Key Voting Statistics (Jan 2020 – Dec 2020) ¹	Number
Number of holdings at period end	Nil ¹
Value of Trustee's Assets	Nil ¹
Number of meetings eligible to vote during the period	699
Number of resolutions eligible to vote during the period	7991
% of resolutions voted	99.2%
% of resolutions voted with management	90.6%
% of resolutions voted against management	9.1%
% of resolutions abstained	0.3%
% of meetings with at least one vote against management	42.1%
% of resolutions where manager voted contrary to recommendation of proxy adviser	N/A
Any use of proxy voting services during the period	Institutional Shareholder Services (ISS) and the Investment Association's Institutional Voting Information Services (IVIS)

¹The Scheme's holding was fully disinvested during the period (15th September 2020) meaning that Trustee assets and number of holdings were nil at the end of the period. For clarity, the remaining figures in the table reflect key voting statistics for the entire period.

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Compliance Matters

Taxation

The Scheme is a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004.

The Money and Pensions Service

With effect from 1 January 2019, The Money and Pensions Service ("MAPS") brings under one new organisation the services delivered by The Pensions Advisory Service ("TPAS"), the Money Advice Service and Pension Wise providing information to the public on matters relating to workplace and personal pensions. Money and Pensions Service, 120 Holborn, London, EC1N 1TD

Telephone: 0115 965 9570

Email: contact@maps.org.uk

Web: <https://moneyandpensionsservices.org.uk>

Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Scheme in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Scheme and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme. The Pensions Ombudsman may be contacted at: 1st Floor, 10 South Colonnade, Canary Wharf, London, E14 4PU

Telephone: 0800 917 4487

Early resolution email: helpline@pensions-ombudsman.org.uk

Email: enquiries@pensions-ombudsman.org.uk

Pension Tracing Service

A register is maintained to help current or former members to trace their pension rights. The Scheme is registered and relevant details have been given to the Regulator who can be contacted at: Pensions Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

Telephone: 0800 731 0193

Web: <https://www.gov.uk/find-lost-pension>

The Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisors have failed in their duties. The contact details are: The Pensions Regulator, Napier House, Trafalgar Terrace, Brighton, BN1 4DW

Telephone: 0345 600 7060

Web: www.thepensionsregulator.gov.uk

Email: customersupport@tpr.gov.uk

Trustee's Report

Statement of Trustee's Responsibilities

The Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for the maintenance and integrity of the Reuters SPS website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Trustee's Report

Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals for information about their benefits or Scheme documentation, should be sent to:

Refinitiv Member Services Centre
Capita Pension Solutions
PO Box 555
Stead House
Darlington DL1 9YT

Tel: UK: 0800 0778 250
Overseas: +44(0) 114 273 8397
Email: refinitiv@capita.co.uk

Members' website: www.hartlinkonline.co.uk/sps

Trustee's website: www.reutersSPS.co.uk

Approval

The Trustee's Report on pages 6 to 18 was approved by the Trustee and signed on its behalf by:

Greg Meekings

2 July 2021

Trustee Director

Date

Report on Actuarial Liabilities

I carried out an actuarial valuation of the Reuters Supplementary Pension Scheme as at 31 December 2019, the main purpose of which was to review the Scheme's financial strength at that date. The valuation was carried out under the requirements of the Pensions Act 2004. It used various measures and covered both members' past service benefits (i.e. pensions arising from service with the Company up to the date of valuation) and future service benefits (i.e. pensions which will arise from service with the Company after the valuation date).

The following is a summary of the results and assumptions used at the valuation date.

The financial strength of the Scheme, assessed using assumptions about future events agreed by the Trustee and the Company as being appropriate to meet member benefits (assuming the Scheme continues as a "going concern"), was 106% in respect of past service benefits:

	£m
Liabilities*:	(290.7)
Assets:	308.8
<hr/>	
Past service funding surplus	18.1
Funding level:	106%

*under the Pensions Act 2004, these are referred to as "technical provisions"

The 31 December 2019 valuation was undertaken using a yield curve approach. Under this approach different assumptions are used to value the benefits depending on when they are paid. For example, different assumptions are used to value a benefit payable in 5 years' time compared to a benefit payable in 20 years' time. Full details of the yield curves used to value the liabilities can be found in my formal report dated 26 November 2020. A high-level summary of how the key assumptions were derived is described below.

Discount rate	Fixed interest gilt curve at valuation date plus 0.25 % p.a.
Rate of salary increases (in addition to promotional increases)	RPI inflation plus 1.5 % p.a.
Rate of price increases - Retail Prices Index (RPI) - Consumer Prices Index (CPI)	Derived from the Bank of England implied inflation curve at valuation date. RPI inflation less 0.9 % p.a.
Pension increases	Derived from price inflation assumptions with allowance for caps and floors and assuming inflation volatility to be in line with the Scheme Actuary's best estimate assumption
Deferred pension revaluations	Derived from price inflation assumptions with allowance for caps
Life expectancy - UK member currently aged 62 - UK member currently aged 42 on reaching age 62	89.5 (males), 91.2 (females) 91.1 (males), 92.8 (females)
GMP equalisation	A reserve of 0.15% of the liabilities has been included in the technical provisions as an approximate cost of GMP equalisation

Note: I have taken into account the agreement by the Trustee and the Company to provide annual increases to pre 1997 pensions in payment in excess of GMPs until 1 January 2024, as explained in my formal actuarial valuation report.

Report on Actuarial Liabilities

The financial strength of the Scheme assessed against the estimated cost of securing past service benefits with an insurance company was approximately 95%. As part of the actuarial valuation as at 31 December 2019, the Trustee and Company agreed to increase the contributions the Company makes to the Scheme in respect of members' future service benefits, from 1 January 2021 to 56.5% of members' Pensionable Salaries.

Expenses

The Company has also agreed to pay a fixed amount into the Scheme each year to cover the administration costs of running the Scheme and the cost of the levies that the Scheme has to pay in relation to the Pension Protection Fund (PPF) and the Pensions Regulator. The Company has paid £1,374,042 in 2020 and agreed to pay £851,431 in 2021, £845,534 in 2022, £862,104 in 2023, £866,875 in 2024 and £872,438 in 2025.

At the Trustee's request, the Company will pay an additional contribution in respect of the amount (if any) that the actual PPF levy (and other levies collected by the Pensions Regulator) exceed £50,000 in any year. The Company will continue to pay any insurance company premiums required for insuring the death in service benefit.

This report relates to the Scheme's financial position at the valuation date. As time moves on, the Scheme's finances will fluctuate.

Full details of the valuation results are set out in my formal report dated 26 November 2020. This report should be read in conjunction with the formal report, including the statements on the purpose, scope and limitations of reliance on my advice and may only be relied upon by the Trustee.

The next formal actuarial valuation is due to be carried out at 31 December 2022.

Michael Maltwood FIA

Scheme Actuary

Aon Solutions UK Limited

122 Leadenhall Street

London

EC3V 4AN

Actuarial Certification of the Schedule of Contributions

Name of Scheme: Reuters Supplementary Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2019 to continue to be met for the period for which the schedule is to be in force.

I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 26 November 2020.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Signature:		Date:	26 November 2020
Name:	Michael Maltwood	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	The Aon Centre 122 Leadenhall Street London EC3V 4AN	Name of employer:	Aon Solutions UK Limited

Summary of Contributions for the Year Ended 31 December 2020

During the year ended 31 December 2020, the contributions payable to the Scheme were as follows:

	£'000
Employer	
- Normal	82
- Additional – expense contributions	1,374
Contributions payable under the Schedules of Contributions and as reported on by the Scheme auditor	1,456

Reconciliation of contributions payable under the Schedules of Contributions to contributions reported in the financial statements in respect of the Scheme year ended 31 December 2020

	£'000
Contributions payable under the Schedules (as above)	1,456
Employer	
- Additional – pension increases agreement	1,670
- Voluntary pension adjustment contributions	1
Total contributions reported in the financial statements	3,127

Contributions were received in accordance with the dates stipulated on the Schedules of Contributions dated 1 October 2018 and 26 November 2020.

Approved by the Trustee and signed on its behalf by:

Greg Meekings

Trustee Director

2 July 2021

Date

Independent auditors' statement about contributions to the Trustee of Reuters Supplementary Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions payable under the schedules of contributions for the Scheme year ended 31 December 2020 as reported in Reuters Supplementary Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Scheme actuary on 1 October 2018 and 26 November 2020.

We have examined Reuters Supplementary Pension Scheme's summary of contributions for the Scheme year ended 31 December 2020 which is set out on the previous page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme under the schedules of contributions, and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

Date: 2 July 2021

Independent auditors' report to the Trustee of Reuters Supplementary Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, Reuters Supplementary Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2020, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Trustee's Annual Report and Financial Statements, which comprise: the Statement of Net Assets available for benefits as at 31 December 2020; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the Trustee of the Reuters Supplementary Pension Scheme

Reporting on other information

The other information comprises all the information in the Trustee's Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance

Independent Auditors' Report to the Trustee of the Reuters Supplementary Pension Scheme

might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed included:

- Testing of journals where we identified particular risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing estimates and judgements made in the preparation of the financial statements.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, contracts and agreements, and holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

Date: 2 July 2021

Fund Account for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Employer contributions	4	3,127	3,070
		<u>3,127</u>	<u>3,070</u>
Transfers from other plans	5	2,100	36
		<u>5,227</u>	<u>3,106</u>
Benefits paid or payable	6	(13,849)	(13,456)
Transfers to other plans	7	(2,211)	(11,533)
Administrative expenses	8	(961)	(590)
		<u>(17,021)</u>	<u>(25,579)</u>
Net withdrawals from dealings with Members		<u>(11,794)</u>	<u>(22,473)</u>
Net returns on investments			
Investment income	9	1	6
Change in market value of investments	11	25,513	27,912
Investment management expenses	10	(183)	(255)
Net returns on investments		<u>25,331</u>	<u>27,663</u>
Net increase in the fund during the year		13,537	5,190
Net assets at 1 January		308,889	303,699
Net assets at 31 December		<u>322,426</u>	<u>308,889</u>

The accompanying notes on pages 30 to 40 are an integral part of these financial statements.

Statement of Net Assets available for benefits as at 31 December 2020

	Note	2020 £'000	2019 £'000
Investment assets:	11		
Pooled investment vehicles	12	-	8
Qualifying investment fund	12	317,999	306,492
AVC investments	12	88	82
Total investments		318,087	306,582
Current assets	19	4,895	2,980
Current liabilities	20	(556)	(673)
Net assets available for benefits at 31 December		322,426	308,889

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the report on Actuarial Liabilities on pages 20 and 21 of the Annual Report and these financial statements should be read in conjunction with this report.

The accompanying notes on pages 30 to 40 are an integral part of these financial statements.

These financial statements were approved by the Trustee and signed on its behalf by:

Greg Meekings

2 July 2021

Trustee Director

Date

Notes to the Financial Statements

1. Basis of Preparation

The individual financial statements of Reuters Supplementary Pension Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

2. Identification of the financial statements

The Scheme is a defined benefit arrangement established as a trust under English Law and is closed to new members. The address of the Scheme is Five Canada Square, Canary Wharf, London, E14 5AQ.

3. Accounting Policies

The following principal accounting policies have been applied consistently in the preparation of the financial statements.

Contributions and benefits

Contributions and benefits payable are accounted for on an accruals basis in the period to which they relate. Normal contributions and voluntary pension adjustment contributions are accounted for in accordance with the Schedule of Contributions agreed by the Trustee with the Sponsoring Employer. Deficit contributions and expense contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, in the period in which they are received.

Transfers to and from other schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to other pension schemes for members who have left the Fund. They are accounted for on an accrual basis on the date the trustees of the receiving scheme accept the liability. The liability normally transfers when payment is made, unless the trustees of the receiving scheme have agreed to accept liability in advance of receiving the funds.

Payments to members

Benefits are accounted for in the later of the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, and the date of retiring or leaving. If there is no member choice the date of retiring, leaving or notification of death is used.

Pensions in payment are accounted for in the period to which they relate.

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, this is shown separately within benefits.

Notes to the Financial Statements

3. Accounting policies (continued)

Investment returns

Income from investments and deposits is dealt with on an accruals basis. All investment income received is stated inclusive of any related taxation recoverable but net of any irrecoverable overseas withholding taxes and costs of collection, where applicable. Income from pooled investment vehicles is stated net of management fees. Where pooled investment managers reinvest investment income, this is treated as accumulating within the fund value.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

The change in market value of investments are accounted for in the year in which they arise and include all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Valuation of investments

The Qualifying Investment Fund (QIF) is accounted for on the fair value of the underlying assets as set out for each of the asset types that are held within it.

Pooled investment vehicles are valued at closing bid price provided by the relevant fund managers, where available, or if single priced, at the closing single price.

AVC investments are included at fair values as provided by the AVC investment manager.

Investment management and administrative expenses

Investment management and administrative expenses are accounted for on an accruals basis, net of recoverable VAT.

Presentation currency

The Scheme's functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Foreign income and expenses are translated into sterling at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

Critical accounting estimates and judgements

The Trustee makes estimate and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Fund, the Trustees believe the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included above.

Notes to the Financial Statements

4. Employer contributions

	2020 £'000	2019 £'000
Employer contributions		
Normal	82	81
Additional – pension increases agreement	1,670	1,667
Additional – expense contributions	1,374	1,321
Voluntary pensions adjustment contributions	1	1
	3,127	3,070

Employer normal contributions above include salary sacrifice contributions in respect of members during the year.

The additional Employer contributions received in respect of the annual cost of living pension increases agreement relate to contributions outside of any agreed recovery plan.

Under the Schedule of Contributions dated 1 October 2018 £1,374,042 was also due by 31 December 2020 in respect of expenses met by the Scheme. This was received on 27 February 2020.

5. Transfers from other plans

	2020 £'000	2019 £'000
Transfers from Refinitiv Retirement Plan	2,100	36

6. Benefits paid or payable

	2020 £'000	2019 £'000
Pensions	13,574	13,456
Lump sum retirement benefits	275	-
	13,849	13,456

Notes to the Financial Statements

7. Transfers to other plans

	2020 £'000	2019 £'000
Transfers to other plans	2,211	11,533

8. Administrative expenses

	2020 £'000	2019 £'000
Administration and processing	35	34
Actuarial fees	579	335
Audit fees	59	29
Legal and professional	214	107
PPF Levy	5	5
Trustee fees and expenses	67	68
Other expenses	2	12
	961	590

9. Investment income

	2020 £'000	2019 £'000
Interest on cash deposits	1	5
Other	-	1
	1	6

10. Investment management expenses

	2020 £'000	2019 £'000
Investment management fees*	(50)	48
Investment consultancy fees	233	207
	183	255

*Over accrual in 2019 has caused positive balance in 2020

Notes to the Financial Statements

11. Reconciliation of net investments

	Value at 01.01.20 £'000	Purchases £'000	Sales £'000	Change in market value £'000	Value at 31.12.20 £'000
Pooled investment vehicles	8	-	(8)	-	-
Qualifying investment fund	306,492	-	(14,000)	25,507	317,999
AVCs	82	-	-	6	88
	306,582	-	(14,008)	25,513	318,087

The Trustee holds assets invested separately from the main Scheme with Prudential securing additional benefits on a Money Purchase basis for those members that elected to pay Additional Voluntary Contributions (AVCs). Members who paid AVC's each receive an annual statement confirming the amounts held to their account and the movements in the year.

The qualifying investment fund (QIF) is an investment vehicle for which the Scheme is the sole investor. The breakdown of asset types within the QIF is shown in note 12.

12. Analysis of investment assets and liabilities

	2020 £'000	2019 £'000
Pooled investment vehicles		
Cash – sterling liquidity	-	8
Total pooled investment vehicles	-	8
Qualifying investment fund		
Pooled investment vehicles	114,638	178,812
Cash	4,658	190
Bonds	311,888	297,168
Currency hedging net	(1,501)	(596)
Repurchase agreements	(111,684)	(169,082)
	317,999	306,492
Other investment assets		
AVCs (with-profits)	27	27
AVCs (unit linked)	61	55
Total investments	318,087	306,582

Notes to the Financial Statements

13. Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs, including costs charged to the Scheme such as fees, commissions and stamp duty were £nil (2019: £nil).

In addition, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. It is not possible for the Trustee to quantify such indirect transaction costs.

14. Concentration of investment

The following investments represent more than 5% of the total value of net assets of the Scheme:

	2020 Market Value £'000	2020 Percentage of Net Assets %	2019 Market Value £'000	2019 Percentage of Net Assets %
Qualifying Investment Fund	317,999	98.6	306,492	99.2

None of the Scheme's holdings represent more than 5% of any class of shares of any company (2019: none).

15. Marketability of investments

The majority of the Scheme's assets are held in pooled funds which have daily or weekly dealing cycles and are therefore expected to be realised in a short timeframe.

16. Employer-related investments

There were no directly or indirectly held employer-related investments at the year-end (2019: none).

Notes to the Financial Statements

17. Fair value determination

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable (ie developed) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets and liabilities fall within the above hierarchy levels as follows:

As at 31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Qualifying investment fund	4,658	313,341	-	317,999
AVCs	-	-	88	88
	4,658	313,341	88	318,087
As at 31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	8	-	8
Qualifying investment fund	190	306,302	-	306,492
AVCs	-	-	82	82
	190	306,310	82	306,582

Notes to the Financial Statements

18. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks as follows:

Credit risk – the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk – comprises the following three types of risk:

Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates.

Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates.

Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreement in place with the Scheme's investment manager and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management is set out below:

Credit Risk

The pooled investment arrangements used by the Scheme comprise open-ended collective investment funds. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and the ongoing due diligence of the pooled manager.

Indirect credit risk arises in relation to the absolute return bonds, targeted return and cash funds, which may hold corporate bonds and other debt instruments. The combined value of these portfolios was approximately £114.7m as at 31 December 2020 (2019: £178.8m), though each fund may only hold a portion of its assets in these investments at any given time.

The Trustee monitors the performance of the Scheme's investment managers on a regular basis in addition to having meetings with the manager when necessary. The Trustee has a written agreement with each investment manager, which contains a number of restrictions regarding how the investment manager may operate.

The Scheme's currency hedging programme also involves counterparty risk as there will be periods where the currency forward contracts will be 'in the money'. This risk is mitigated by the short-term nature of the contracts (typically three months) and the spread of counterparties used. The management of these contracts is delegated to BMO.

Notes to the Financial Statements

18. Investment risk disclosures (continued)

Market risk: Interest rates

The Scheme is subject to interest rate risk because a proportion of its investments are in bonds, interest rate swaps, gilt repos and cash held through pooled vehicles. As at 31 December 2020, approximately £114.7m (2019: £178.8m) was invested in pooled vehicles from which some of the constituents may be exposed to interest rate risk at any time.

The Trustee has intended to take some interest rate risk in the asset portfolio to offset risks arising in the liability portfolio. Under this strategy, if interest rates fall, the value of the LDI portfolio of £204.8m (2019: £128.3m) will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI portfolio will fall in value, as will the actuarial liabilities, due to an increase in the discount rate. The LDI strategy includes leverage and so provides interest rate and inflation protection on c.100% of the funded liabilities.

Market risk: Currency

The Scheme is exposed to currency risk as some of its investments are held indirectly in overseas markets. For example, the Scheme invests indirectly in overseas credit instruments through pooled investment vehicles. As at 31 December 2020 the amount invested in multi-asset funds was approximately £114.7m (2019: £178.8m). These funds are denominated in sterling and all returns and targets are sterling-based. The funds have some holdings in overseas assets which may alter over time and the Trustee has delegated the responsibility of managing any currency risk within the funds to the managers.

The Scheme is exposed to further currency risk as a result of Swiss Franc, US dollar, Euro and Australian dollar denominated liabilities. The risk of Swiss Franc and US Dollar exposure is mitigated through the currency hedging programme operated by BMO.

Market risk: Other price

Other price risk arises in relation to the Scheme's return seeking portfolio which, as at 31 December 2020, invests approximately £114.7m in pooled multi-asset funds (2019: £178.8m) which indirectly hold credit, foreign exchange and government bonds, amongst other assets.

The Trustee manages this exposure by investing in pooled funds that invest in a diverse portfolio of instruments across various markets. According to the Scheme's Statement of Investment Principles (SIP), each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities. The asset allocation is monitored on a regular basis by the Trustee.

The Scheme is further exposed to inflation price risk through the LDI portfolio approximate value of £204.8m (2019: £128.3m). Any increase in market implied inflation will increase the value of the LDI portfolio, offsetting to some degree any increase in the value of the liabilities. Similarly, any fall in market implied inflation will reduce the value of the LDI portfolio, offsetting to some degree the fall in the value of the liabilities.

Notes to the Financial Statements

19. Current assets

	2020 £'000	2019 £'000
Cash balances	4,895	2,980

20. Current liabilities

	2020 £'000	2019 £'000
Accrued expenses	272	411
Tax due to HMRC	284	262
	556	673

21. Related party transactions

Key management personnel of the Scheme

During the year the Scheme paid pensions in respect of four (2019: four) Trustee Directors of the Scheme.

The Scheme pays an annual fee and expenses to the Chairman of the Trustee and attendance fees to other Trustee Directors no longer employed by the Sponsoring Employer. In 2020, these fees and expenses amounted to £67,032 (2019: £68,189).

Entities with control, joint control or significant influence over the Scheme

Certain Scheme expenses are initially paid by the Sponsoring Employer which is then reimbursed by the Scheme. Therefore at the year-end there may be amounts owing to the Sponsoring Employer from the Scheme. The amount due to be paid to the Sponsoring Employer in respect of fees and expenses for 2020 and included within note 20 is £272,232 (2019: £406,553).

The Trustee is in receipt of a guarantee dated 28 January 2021, signed by members of the Sponsoring Employer's group, whereby the financial obligations of the Scheme's Sponsoring Employer have been guaranteed up to a maximum value of £120m.

Except as disclosed in the financial statements there are no transactions, balances or relationships that require disclosure under FRS 102.

Notes to the Financial Statements

22. Contingent liabilities and commitments

In October 2018, the High Court ruled that pension schemes are required to equalise benefits between men and women for the effect of Guaranteed Minimum Pensions (GMP) which were accrued on or after 17 May 1990.

The High Court has since determined that the Trustee owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the Trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Trustee is reviewing, with their advisers, the implication of these rulings in the context of the scheme rules and the value of any liability. On completion of the review the Trustee will put together a plan for correcting past benefits as well as inequalities in benefits coming into payment.

Other than the above, in the opinion of the Trustee, the Scheme had no contingent liabilities as at 31 December 2020 (2019: none).

23. Subsequent Events

On 1 August 2019, London Stock Exchange Group Plc ('LSEG') announced that it had agreed with Thomson Reuters and the Blackstone consortium the acquisition of Refinitiv in an all share transaction. The transaction completed on 29 January 2021.

24. Covid-19

Since March 2020, Covid-19 has had a profound effect on domestic and global economies, with disruption and volatility in the financial markets.

The Trustee, in conjunction with their advisers, monitor the situation closely and determine any actions that are considered to be necessary. This includes monitoring the Scheme's investment portfolio, the operational impact on the Scheme and the employer covenant.

The extent of the impact on the Scheme's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted.

Since the year end, the value of the Scheme's investment assets and liabilities have been impacted. However the Trustee has not, at this time, quantified the change in market value as the situation is fluid and unpredictable.