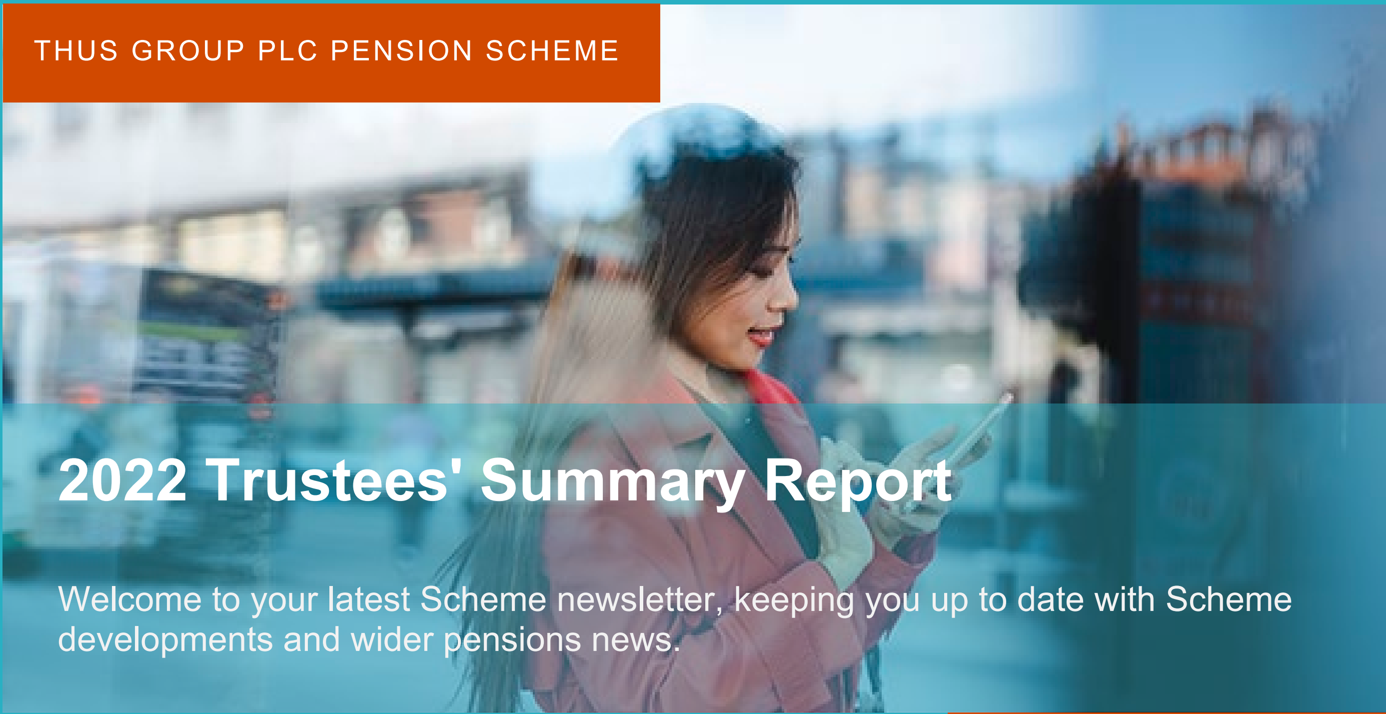


2022 Trustees' Summary Report

Welcome to your latest Scheme newsletter, keeping you up to date with Scheme developments and wider pensions news.

October 2022

You will no doubt be aware of the current geo-political tension and its far-reaching effects, especially the impact on the rising prices of fuel and food, while the financial markets are not immune.

At the same time, inflation is soaring at rates not seen for decades – partly due to breaks in the supply chain, but also as a result of moving out of the COVID-19 pandemic.

As we did throughout the pandemic, we are monitoring how the unrest in Europe might impact the Scheme and will make any changes we feel are necessary to protect it and the best interests of you, the members.

Inside, you can read how the Scheme's financial position is developing in our latest summary funding statement. We report on the Scheme's funding position, the headline being that due to the asset performance being higher than expected and the deficit contributions of £4.1m paid in April 2021, the funding level of the Scheme was estimated to have improved to 96% at 31 December 2021 from 91% at 31 December 2020.

We also include a summary of the year's accounts and an update on the Scheme's investments.

Pension fraud shows no sign of going away sadly, but as Trustees, we now have new powers to help you avoid pension scams. Read more on page 4.

We also report on new climate-related financial reporting duties in light of the increasing focus on the environment and sustainability.

As always, please do get in contact if you have a query about the Scheme or your benefits, or if there is a topic you would like us to feature in our next issue. The contact details are on page 6.

Ian Armour
Chair of the Trustees

In this issue

In numbers

The membership

At 31 December 2021 there were 591 members in the Scheme compared with 594 members at 31 December 2020.

29	**Active members** - working for Vodafone (the 'Company') and paying regular contributions.
293	**Deferred members** - no longer building up benefits but have benefits in the Scheme for when they retire.
269	**Pensioner members** - receiving benefits from the Scheme (and including the dependants of members who have died).

The accounts

Here we show headline figures from the Scheme's Annual Report and Accounts. If you would like more detail, please request a copy of the full report using the contact details on page 6.

The value of the assets supporting the Scheme at 31 December 2021	£240.8 million
The increase in the value of the assets over the reporting year	£20.0 million
The total value of Company contributions paid in to the Scheme during the year	£4.8 million
The total value of member contributions paid in to the Scheme during the year	£12,000
The total value of benefits paid to members during the year	£5.0 million

Investment update

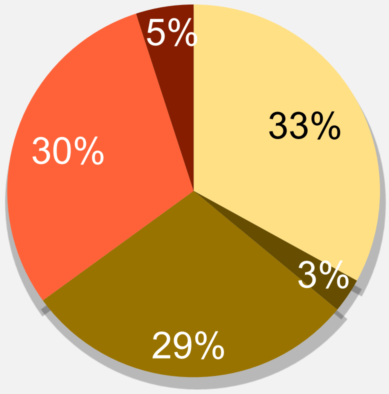
As Trustees, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

Asset allocation

At 31 December 2021, the Scheme held assets of £240.2 million compared with £219.6 million at the same date last year (not including AVCs).

The pie chart shows how the Scheme's investments were allocated at 31 December 2021, across asset types.

- Bond funds 33%
- Cash & Liquidity funds 3%
- Diversified growth funds 29%
- Equity funds 30%
- Property funds 5%



Performance

The table below shows how the Scheme's investments have performed compared with their agreed benchmarks. Each benchmark is an agreed indicator of how the fund is expected to perform bearing in mind economic and market expectations.

Fund	Over the year to 31 December 2021		Over three years to 31 December 2021 (% per year)		Over five years to 31 December 2021 (% per year)	
	Performance	Benchmark	Performance	Benchmark	Performance	Benchmark
Equities	+19.93%	+19.92%	+18.31%	+18.29%	+12.73%	+12.69%
Equities - Hedged	+20.97%	+20.87%	+19.26%	+19.22%	+13.13%	+13.09%
AAA Bonds	-3.77%	-3.75%	+3.67%	+3.62%	+2.75%	+2.66%
Property	+20.06%	+19.14%	+7.06%	+6.20%	+6.78%	+7.03%
Diversified Growth Fund	+9.17%	+23.08%	+9.85%	+20.03%	+7.13%	+13.60%

You can see that performance was largely in line over the year to date with most managers achieving their target returns. The Scheme's Diversified Growth Fund, which is invested in a diversified array of return-seeking assets such as equity, credit and property, is benchmarked against global equity markets for performance purposes. While over the longer term the Fund is expected to deliver similar returns to equity markets, it will typically underperform during very strong periods of equity market performance (such as the last 12 months) as it's invested in a more diversified portfolio of assets.

We will continue to monitor performance and make any changes we feel are necessary.

For further details on our investment approach, read our Statement of Investment Principles (SIP) at https://pensions.vodafone.co.uk/documents/thus/thus_statement_of_investment_principles.pdf

You can also read our engagement policy Implementation Statement showing how our policy on engagement activities and voting has been followed during the year.

In the news

New powers to tackle pension fraud

In the ongoing battle to protect people from falling victim to pension fraud, the Government has given pension Scheme trustees new powers to put a transfer on hold, or to block transfers out of their Schemes completely if certain 'warning flags' suggest fraudulent activity or a scam.

Most transfers are likely to be straightforward and take place without any issues, however, the new regulations require pension Scheme trustees to intervene if particular warning flags are raised.

In some situations, the transfer will go on hold until the transferring individual proves that they have taken free, scam-specific guidance from the Money and Pensions Service.

If there are more serious warning flags that indicate possible fraud, trustees are required to block the transfer and prevent it from going ahead.

If you are thinking about transferring your benefits out of the Scheme, there will be more information about this in your transfer pack.

You may find that a transfer may take longer than anticipated due to these new requirements.

For details of the new regulations, go to www.thepensionsregulator.gov.uk and choose Document library > Scheme management detailed guidance > Administration > Dealing with transfer requests.

Planning to retire early?

The Government has confirmed that the earliest age most individuals can start receiving their pension benefits will go up from age 55 to 57 in 2028.

This change is set out in the Finance Act 2022. It is designed to coincide with the change to the State Pension Age, which will rise from 66 to 67 between 2026 and 2028.

If you are thinking about retiring early and want to check when you can start receiving your Scheme pension, please get in touch with the Scheme administrators.

Return to 'triple lock' State Pensions

Due to the impact of the COVID-19 pandemic, the Government made the decision to temporarily move to a 'double lock' for State Pension increases. This meant the increase applied in April 2022 was the higher of:

- inflation, or
- 2.5%.

The third 'lock' of earnings inflation was excluded.

The Government has since announced that it "remains committed" to reinstating the triple lock for increases in 2023/2024.

In the news

New climate-related reporting duties

There is increasing focus on Environmental, Social and Governance (ESG) factors on investment decisions and the Scheme in general.

In keeping with this, the Task Force on Climate-Related Financial Disclosures (TCFD) has been established to develop best practice guidance for climate reporting in different sectors, including the pension industry.

In December 2021, the Pensions Regulator published a final version of its guidance on the governance and reporting of climate-related risks and opportunities.

This recognises the collective potential that UK pension Schemes have as a force for good, and the prospects that a greener future can offer to all stakeholders.

With better climate-related financial information, companies and trustees will be better-placed to incorporate climate-related risks and opportunities into their strategies.

This in turn, will raise investors' understanding of the financial implications of climate change. The aim is that this will empower the markets to channel responsible and sustainable investment opportunities.

TCFD reporting is being rolled out in stages, with the largest Schemes required to report this year.

We will keep you updated.

Spring Statement 2022

In March, the Chancellor published this year's Spring Statement. Key changes relating to tax and finances were:

- Roughly a £3,000 increase to the threshold for National Insurance contributions from July 2022 compared to 2021/22 levels. This means annual earnings up to £12,570 won't be subject to tax or National Insurance.
- A planned drop in basic rate income tax from 20% to 19% in April 2024.

Pensions Dashboard: latest

A few years ago, the Government called on the pension industry to develop and launch an online pension dashboard. The aim is to enable everyone to have quick and easy access to information on all their pension savings in one place.

To achieve this, the Money and Pensions Service established a Pensions Dashboards Programme (PDP) team.

Chris Curry, a PDP Principle, recently confirmed that, as of April 2022, the digital build phase is almost complete, and the first volunteer providers are nearly ready to connect to the system to begin testing using data.

This means that the rest of the planned development remains on track to release to the onboarding phase, beginning with the largest Schemes first, from next Spring/Summer, to achieve broad coverage.

In order to prepare for the release of Pensions Dashboards, between now and when we have to get data ready for it (Jan to May 2025), we will be working with our advisers and administrators to make sure that we have the right processes in place to be able to support this initiative.

Consumer testing is also expected to take place during 2023, ahead of moving to widespread public availability from 2024.
To find out more about the PDP go to www.pensionsdashboardsprogramme.org.uk.

You can also read regular updates on their blog as the programme progresses: www.pensionsdashboardsprogramme.org.uk/category/blog

More information

To find out more about the Scheme, please use the contact details below.

There are lots of useful websites that can help you understand your options and support you with your retirement planning.

Get to know your pension at www.yourpension.gov.uk. The site has a tool that can quickly generate you a retirement checklist to help you assess where you are with your planning. It also has useful links to a pension calculator, a State Pension calculator and more.

Picture your future at http://www.retirementlivingstandards.org.uk The retirement living standards show you what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

MoneyHelper

MoneyHelper is a free, impartial guidance service, backed by the Government. It brings together the support that was previously available through the Money Advice Service, the Pensions Advisory Service and Pension Wise.

www.moneyhelper.org.uk

Contact point

Please use any of the methods below to get in touch with the Administration team.

Email: thus.admin@aon.com

Phone: 0330 123 9791
(lines are open Monday to Friday, 9am to 5pm)

Write to the Scheme Secretary: Thus Group plc Pension Scheme, Aon, 144 Morrison St, Edinburgh EH3 8EX

Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Scheme and your benefits.

Please also update your Expression of Wishes form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. As the Trustees, we have the final say over who receives the benefits. We will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

Please use the contact details on the left to request a blank form.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser. You can find an adviser in your area by searching MoneyHelper's online directory.

Go to www.moneyhelper.org.uk and choose Pensions and retirement > Taking your pension > Find a retirement adviser.

Remember: if you would like more information about the Scheme, you can request a copy of the Trustee's Annual Report & Accounts. Contact the administration team (details on the left).

Behind the scenes

As Trustees, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Scheme is progressing.

The Board is made up of Company-appointed Trustees and member-nominated Trustees.

Company-appointed	Member-nominated
Ian Armour, Chairman of the Trustees	Roger Braithwaite
Colin Scott	Jason Pender
Candia Kingston on behalf of Capital Cranfield Pension Trustees Limited	

We also appoint professionals to support us on areas of particular expertise.

Administrator	Aon Solutions UK Limited
Actuary	Stuart Cook, FIA, Willis Towers Watson
Auditor	Grant Thornton UK LLP
Investment Adviser	Willis Towers Watson
Investment Manager	Legal & General Assurance (Pensions Management) Limited ('LGIM')
Legal Adviser	Pinsent Masons LLP

Summary Funding Statement

Introduction

It is an annual requirement for the Trustees to provide you with certain information relating to the THUS Group plc Pension Scheme ("the Scheme"). We hope that this information will be of interest to you. You are not required to take any action in relation to the information contained in this document. However, should you wish to speak to someone about any of the items mentioned below, please contact Aon.

Reference made to "Employers" in the remainder of this statement means in practice Vodafone Limited and Vodafone Group Services Limited.

Funding the Scheme

Every three years, the Scheme Actuary carries out a full actuarial valuation of the Scheme's assets and liabilities. Between each triennial valuation, the Scheme Actuary produces an approximate annual update of the Scheme's funding position based on the assumptions used at the last full actuarial valuation.

The latest full actuarial valuation of the Scheme was carried out as at 31 December 2020. This showed the Scheme's funding position to be as follows:

	£million
Market value of assets held (including AVCs)	220.8
Target assets needed to provide benefits (Technical Provisions)	243.3
Shortfall of assets relative to target	(22.5)
Funding level	91%

Contributions to the Scheme

Following the valuation as at 31 December 2020, the Trustees and the Employers agreed a Recovery Plan to eliminate the disclosed shortfall of £22.5 million, after allowing for post-valuation experience to an agreed date of 16 January 2022. The Employers will pay an amount of £4.1 million per year for five years, payable by 30 April each year, with the first payment due by 30 April 2021 (paid in April 2021 as scheduled). These contributions, together with the allowance for post-valuation experience to 16 January 2022, are expected to eliminate the shortfall by 30 April 2025.

The Employers are also continuing to pay significant contributions to finance the cost of the benefits being earned by the active members, over and above the amounts paid by the members. Active members also contribute either 5% or 6% of their pensionable salary to the Scheme.

Developments since the 2020 valuation

The position of the Scheme has now been assessed at 31 December 2021, at which date it was found that the Scheme was approximately 96% funded. This assessment was not a formal valuation but measured the position of the Scheme in a manner consistent with that used for the 2020 valuation, taking into account the effect of the changes in market conditions and approximate Scheme membership movements since 31 December 2020. The increase in the funding level since 31 December 2020 has been mainly due to the asset performance being higher than expected and the deficit contributions of £4.1m paid in April 2021.

The Scheme's finances and the contribution rates payable will be reviewed at future actuarial valuations. The next such valuation is scheduled for 31 December 2023, and the Scheme Actuary will continue to provide updates to the Trustees on an annual basis. We will report to you on the results of these valuations and updates when they become available.

Summary Funding Statement

Solvency Position

The estimated amount needed at 31 December 2020, in addition to the existing assets, to ensure that all members' benefits could have been paid in full if the Scheme had wound up and purchased insurance contracts with a life assurance company (full solvency) was £124.6 million. This is the debt that would have been payable by the Employers had the Scheme been wound up at that date. The inclusion of this information does not imply that the Employers are thinking of winding up the Scheme.

Important: If you are thinking of leaving the Scheme for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action. You can find a local IFA at **www.unbiased.co.uk**.

How the Scheme operates

How is my pension paid for?

The Employers pay contributions to the Scheme so that the Scheme can pay pensions to members when they retire. Active members also pay contributions to the Scheme through a salary sacrifice arrangement. The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

How is the amount the Scheme needs worked out?

The Trustees obtain regular valuations of the benefits earned by members. Using this information and having taken actuarial advice, the rates of future contributions to be made to the Scheme in order to provide the benefits payable are established in agreement with the Employers.

The importance of the Employers' support

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future. However, the success of the objective relies on the Employers continuing to support the Scheme because:

– the funding level can fluctuate, and when there is a funding shortfall, the Employers will usually need to put in more money;

– the target funding level may turn out not to be enough so that the Employers will need to put in more money.

However, it is important to note that whilst the Scheme remains ongoing, even though funding may temporarily be below target, benefits will continue to be paid in full.

What would happen if the Scheme started to wind up?

If the Scheme were to start to wind up, the Employers would be required to pay enough money into the Scheme to enable the members' benefits to be secured completely with an insurance company. It may be, however, that the Employers would not be able to pay this full amount.

If the Employers became insolvent, the *Pension Protection Fund* might be able to take over the Scheme and pay compensation to members. Further information and guidance is available on the Pension Protection Fund's website at **www.pensionprotectionfund.org.uk**. You can email the Pension Protection Fund at **information@ppf.co.uk**, or alternatively you can phone **0345 600 2541**.

Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. By contrast, our funding plan assumes that the Employers will continue in business and will support the Scheme.

What is the Scheme invested in?

The Trustees review their investment policy on a regular basis and their current policy (as at 31 August 2022) is to invest in a broad range of assets with a target allocation to the main asset classes as follows:

- Equities 25%
- Bonds 40%
- Diversified Fund 30%
- Property 5%

Summary Funding Statement

Looking after your data

Some personal data for Scheme members (such as date of birth and salary) is required for the running of the Scheme, including paying out the right benefits. The Trustees share your personal data with the Scheme's Administrator and certain other third parties involved in running the Scheme, for example, the Scheme Actuary, the Scheme's Legal Adviser and the Employers. With effect from 25 May 2018, the use of this data is regulated under the General Data Protection Regulation, which places certain responsibilities on those who exercise control over the data (known as "data controllers" under the General Data Protection Regulation). Data controllers would include the Trustees, and, in certain circumstances, professional advisers to the Scheme. These may also include the Scheme Actuary and Willis Towers Watson, who have provided further details at **www.wtwco.com/personal-data** as well as the Scheme Administrator. Details of the Scheme Administrator's data policy can be found at **https://www.aon.com/unitedkingdom/products-and-services/human-capital-consulting/aon-hewitt-actuarial-services-privacy-statement.jsp**.

Equalisation of Guaranteed Minimum Pensions

A High Court judgment in the Lloyds Trade Union case was announced on 26 October 2018, which may have an impact on your benefits from the Scheme. This relates to the equalisation of Guaranteed Minimum Pensions (GMPs) for men and women and applies to any GMPs earned from 17 May 1990 (the date of an earlier court case on equal treatment). If you are affected, you might be due a top-up on your pension, although for most affected members this is likely to be relatively small.

This Court judgment will have an effect on a number of members across the Scheme and working out how much, if anything, each of these members should get is a complex process, which could take several years to complete.

Additional documents available on request

If you want us to send you any of these documents please let us know.

The ***Statement of Funding Principles***. This sets out the assumptions and method the Trustees have adopted with the agreement of the Employers as part of the 2020 actuarial valuation.

The ***Statement of Investment Principles***. This explains how the Trustees invest the money paid into the Scheme.

The **Schedule of Contributions**. This shows how much money is being paid into the Scheme.

The ***Annual Report and Accounts*** of the THUS Group plc Pension Scheme, which shows the Scheme's income and expenditure over each year.

The full report on the ***Actuarial Valuation*** following the Scheme Actuary's check of the Scheme's situation as at 31 December 2020, and the ***Actuarial Report*** by the Scheme Actuary as at 31 December 2021.

Finally, it is a legal requirement that this statement confirms:

- *whether or not the Scheme has been subject to any modifications or other interventions by The Pensions Regulator. No such regulatory interventions have been made.*
- *whether any payments have been made to the Employers out of Scheme funds since the previous summary funding statement was issued to members. No such payment has been made, and pensions legislation makes such payments unlikely in the future.*

Please bear in mind that the figures in this statement are estimates of the Scheme's current funding levels based on current legislation and the provisions of the Scheme (which may be amended at any time). This statement does not confer any right to benefits.