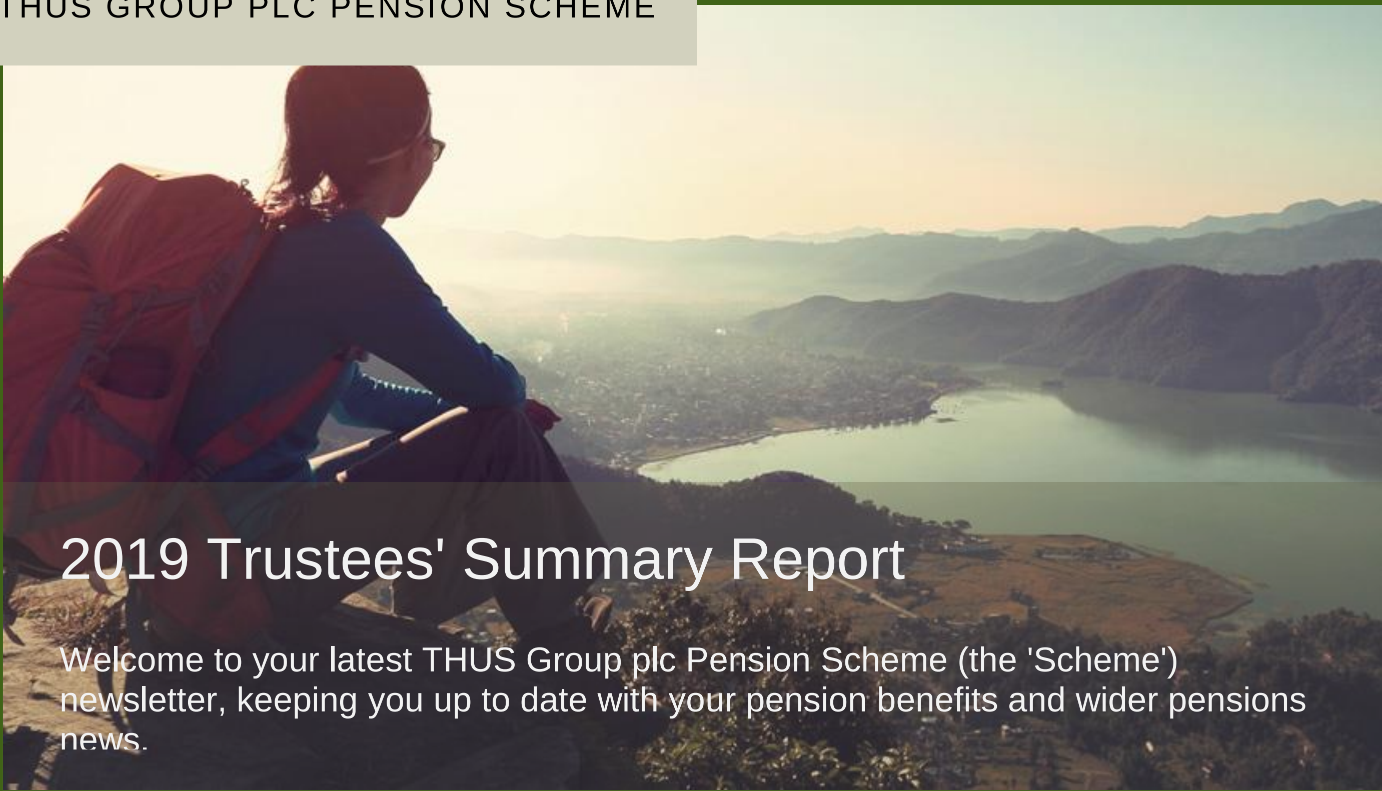
THUS GROUP PLC PENSION SCHEME



2019 Trustees' Summary Report

Welcome to your latest THUS Group plc Pension Scheme (the 'Scheme') newsletter, keeping you up to date with your pension benefits and wider pensions news.

October 2019

Inside you can find the usual facts and figures summarising how the Scheme has developed over the reporting year.

Behind the scenes, there have been some recent changes to the Trustee Board. Candia Kingston of Capital Cranfield Trustees and Colin Scott have been appointed, whilst Tim Colvin and Stuart Frame have resigned as they left employment with Vodafone.

Away from the Scheme, at the time of writing, the political landscape and the terms of Brexit remain uncertain. The EU has agreed an extension to 31 October 2019 and it remains to be seen whether Parliament can agree how to move forwards.

Brexit’s clearest impact to date on the economy is on business investment, with many companies not surprisingly putting plans on hold.

As Trustees, we will continue to manage the Scheme to the highest of standards, monitoring the impact of Brexit on the Company closely and preparing appropriate strategies for any outcome.

Please do get in contact if there are topics you would like us to cover in a future issue or if you have a question. The contact details are on page 6.

Lastly, we do not cover the Scheme’s funding position in this newsletter as the Trustees recently sent an updated Summary Funding Statement to all members following completion of the 2017 valuation exercise. A further Summary Funding Statement will be issued in the near future following completion of the interim valuation report as at 31 December 2018.

Ian Armour
Chairman of the Trustees

In this issue

In numbers

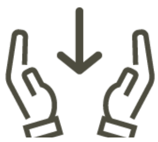
The membership

As at Scheme year-end 31 December 2018 there were 605 members in the Scheme compared with 612 members at the same date last year.

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

The accounts

Here we show headline figures from the Scheme's latest 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 2018	£173,592,000	
The net return on the value of the assets over the year to 31 December	(£5,808,000)	
The total value of Company contributions paid in to the Scheme during the year to 31 December	£1,059,000	
The total value of Scheme running costs paid from the Scheme during the year to 31 December	(£668,000)	
The total value of benefits paid to members or transferred elsewhere during the year to 31 December	£6,761,000	

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.

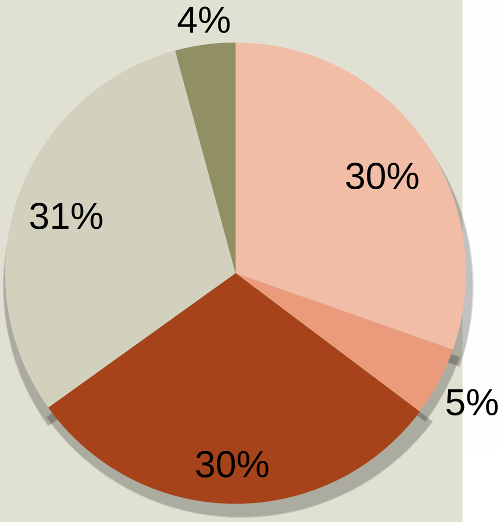
The assets of the Scheme are invested with Legal & General Investment Management (LGIM). The assets are allocated between equity, property, diversified growth and bond investment classes. The allocation of assets to each investment class reflects underlying benchmark positions which are maintained through rebalancing.

Asset allocation

At 30 June 2019, the Scheme held assets of £191,013,000 compared with £173,592,000 at the end of 2018 (not including AVCs). This has been due to a combination of positive investment returns and contributions offset by benefits paid and any costs.

The chart adjacent shows how the Scheme's investments were allocated at 30 June 2019, across asset types.

- UK Index Linked Gilts 30%
- Fixed Interest UK Bonds 5%
- World Equities 30%
- DGF 31%
- Property 4%



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.

Investment Sector Fund	Over one year to 30 June 2019 (% per year)		Over three years to 30 June 2019 (% per year)	
	Performance	Benchmark	Performance	Benchmark
Equities	+10.1%	+10.0%	-	-
Equities – hedged	+5.5%	+5.5%	-	-
AAA Bonds	+5.6%	+5.4%	+3.4%	+3.3%
Index-Linked Gilts	+9.7%	+9.7%	+6.6%	+6.6%
Property	+3.1%	+3.4%	+6.8%	+6.3%
Diversified Growth Funds	+8.0%	+7.7%	-	-

2019 has so far seen an upturn in market performance relative to largely negative returns in 2018. Over one-year and three-year periods ending on 30 June 2019 we saw positive returns with LGIM being close to Benchmark targets as expected. We continue to monitor performance and make any changes we feel are necessary upon review of the investment strategy.

News bites

GMP equalisation

In our previous issue, we made a brief reference to the ruling on equalisation for guaranteed minimum pensions (‘GMPs’). This is a complex area and we are continuing to work with our advisers to identify if and how members are affected. We hope to be able to update you over the next year.

In the meantime, recent developments include:

- A second High Court hearing was held in December 2018. The judgment provided some further clarification for pension schemes, though more hearings in the future remain a possibility.
- A new industry group has been formed, brought together and chaired by the Pensions Administration Standards Association (‘PASA’), to help schemes follow the High Court’s ruling,
- The Department for Work and Pensions has published its first version of statutory guidance on equalising GMPs by converting them into different benefits.
- HMRC has set up its own working group to consider the pension tax issues that may arise from GMP equalisation.

Pension tax allowances

Please remember that it is your responsibility to understand your tax position for the Annual Allowance and Lifetime Allowance.

The Lifetime Allowance increased to £1.055 million for the 2019/20 tax year. It is expected to rise in line with inflation each year, as measured by the Consumer Prices Index. The Annual Allowance has not changed for 2019/20.

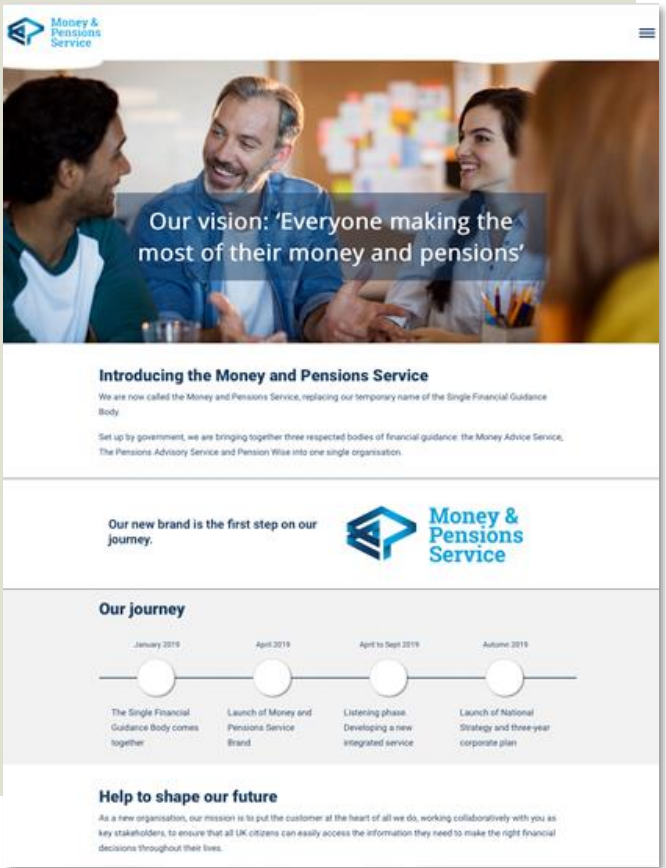
You can find information about the allowances online at www.gov.uk/tax-on-your-private-pension/overview.

One place for money and pensions support

A couple of years ago, the Government pledged to combine the Pensions Advisory Service, the Money Advice Service and Pension Wise. Why? To make it easier for people to get help and guidance about pensions and finances.

The new organisation is called the Money and Pensions Service. It came into effect at the start of the year and took on its new name on 6 April 2019 although, at the time of writing, the three guidance bodies retain their individual identities. Work continues behind the scenes and the merger is expected to complete during 2019. We will keep you updated.

Go to www.moneyandpensionsservice.org.uk to find out more.



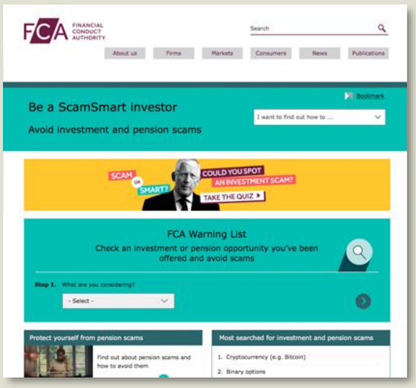
Pension fraud: are you ScamSmart?

Pension fraud remains a threat to your savings so it's important that you know what warning signs to look out for and are aware of the risks.

The Government is trying to help to tackle the problem and has banned cold calling about pensions. Companies can no longer make unsolicited calls and those that do could face significant fines.

Note that not all calls about pensions have been banned. To be legal, the caller must be Financial Conduct Authority (FCA)-authorised, or the trustee or manager of your scheme, and you must either have agreed to receive calls from the caller or have an existing client relationship with the caller and have not opted out of receiving such calls.

The Financial Conduct Authority has also launched a ScamSmart campaign. Go online to www.fca.org.uk/scamsmart and take the quiz to see if you could spot a scam.



Follow their three rules to keep your savings safe:

- Reject unexpected offers
- Spot the warning signs
- Check if a firm is FCA-authorised

If someone approaches you with an offer that sounds too good to be true, know what to look for and what your next steps should be.

If you have any doubts about the legitimacy of any offer you receive, speak to an expert before you sign up for anything.

If you think you may be a victim of a pension scam, contact Action Fraud. Phone **0300 123 2040** or go to their website, www.actionfraud.police.uk, and fill in an online fraud report.

Financial advice

Before taking a transfer value, you may wish to seek advice from an Independent Financial Adviser (IFA), who can help you to understand your options. They will require some personal details surrounding your finances and health in order to provide you with the right advice. Indeed, if the transfer value of your DB benefits is more than £30,000 you must take IFA advice from an appropriately qualified and FCA-approved adviser before your transfer value can be paid.

To help you choose a suitable IFA, we have set out some things to think about.

1) You should always be sure that they are appropriately qualified to provide pensions transfer advice. Only individuals qualified as a Pension Transfer Specialist can give advice on pension transfers. You should check the adviser has this qualification.

2) Consider the level and experience the adviser has. Look at the service they offer and think about how they will interact with you. Ask them how many transfers from 'defined benefit' pension schemes they have advised on.

3) Are you clear on how the IFA will charge for their advice? It is important to make sure that the fees you pay are reasonable. Remember though, that for many people, their pension pot is the most valuable asset they have (even more than their home), so getting professional advice is important. You may want to ask the following questions before you take advice:

   - *"Can you confirm in pound terms, the fee you receive if I don't go ahead with the transfer, and the fee you receive if I do go ahead with the transfer?"*
   - *"Can you confirm if you will receive or request any ongoing supplementary fees after my transfer is made, and if so, what these are likely to be in pound terms?"*

4) Before proceeding with a transfer, it is important that you understand all of your options. There are likely to be a variety of options available to you if you transfer. For example, you could buy an annuity, take all your pension savings as a one-off cash sum, or choose to take income over a period of time. Your adviser should provide you with a written recommendation as to whether you should transfer, and if they think that you should do so, which option they recommend for you (along with details as to how they have reached their recommendation).

More information

To find out more about pensions, or the THUS Scheme in particular, please use the contact details below.

For more general information on pensions and saving for retirement, the following websites are useful resources.

www.moneyadviceservice.org.uk

The Money Advice Service provides general advice on all money matters including pensions and finding an independent financial adviser.

www.gov.uk

The Government's website features a section 'Working, jobs and pensions', which includes a State Pension Age calculator.

Early Resolution Service

If you have a concern about your benefits, contact the Early Resolution Team at the Pensions Ombudsman:

Go to **www.pensions-ombudsman.org.uk/our-service/make-a-complaint**

Phone: **0800 917 4487** and select the option to discuss a potential complaint

Email: **helpline@pensions-ombudsman.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, Sentinel, 103 Waterloo Street, Glasgow, G2 7BW

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 provided 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 (IFA). You can find an adviser in your area by searching the Money Advice Service directory at

https://directory.moneyadviceservice.org.uk/en.

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised.
You can do this online at **https://register.fca.org.uk** or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

Behind the scenes

As Trustees, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses and other learning opportunities 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 (Chair)	Roger Braithwaite
Candia Kingston (of Capital Cranfield Trustees)	Colin Kennedy
Colin Scott	

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

Administrator	Aon
Actuary	David Gordon, Willis Towers Watson
Auditor	Grant Thornton LLP
Investment Manager	Legal & General Investment Management
Legal Adviser	Pinsent Masons LLP

Privacy notice

The Trustees hold some personal information which we need in order to administer the Scheme. Without your personal information, we cannot provide you and your dependants with the correct benefits at the right time. This will include personal information about you, such as your name and contact details, information about your pension contributions, age of retirement, and in some limited circumstances information about your health (where this impacts your retirement age). The purposes for which your personal information will be used include management of the pension scheme and your membership within it, to calculate and pay benefits, funding the pension scheme (i.e. helping to ensure that the funds within the pension scheme are sufficient to cover the members who are party to it), liability management (that is to say providing advice on the different ways benefits could be determined, and drawn, from the pension scheme), scheme actuary duties (which include assessing individuals who are members of the pension scheme and assessing how the make-up of the membership may affect the amounts payable and when they become payable so as to manage the pension scheme appropriately), regulatory compliance, process and service improvement and benchmarking.

We may pass your personal information to third parties such as advisors and benefits providers, insurers and to certain regulatory bodies where legally required to do so. Depending on the circumstances, this may involve a transfer of data outside the UK and the European Economic Area to countries that have less robust data protection laws. Any such transfer will be made with appropriate safeguards in place.

More detail about our use of your personal information is set out in our full Privacy Notice which has previously been sent to you. If you need a further copy, please contact us using the contact details on page 6.

THUS Group plc Pension Scheme

Summary Funding Statement effective as at 31 December 2018

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 Hewitt (contact details can be found on page 3 of this document).

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 2017. This showed the Scheme's funding position to be as follows:

	£ million
Market value of assets held (including AVCs)	185.8
Target assets needed to provide benefits (Technical Provisions)	197.1
Shortfall of assets relative to target	(11.3)
Funding level	94%

Contributions to the Scheme

Following the valuation as at 31 December 2017, the Trustees and the Employers agreed a Recovery Plan to eliminate the disclosed shortfall of £11.3 million. The Employers will pay an amount of £4.1 million by 30 April 2020, a further £4.1 million by 30 April 2021 and a further £4.1 million by 30 April 2022. These contributions are expected to eliminate the shortfall by 30 April 2022.

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 2017 valuation

The position of the Scheme has now been assessed at 31 December 2018, at which date it was found that the Scheme was approximately 89% funded. This assessment was not a formal valuation, but measured the position of the Scheme in a manner consistent with that used for the 2017 valuation, taking into account the effect of the changes in investment conditions and Scheme membership since 31 December 2017. The decrease in the funding level since 31 December 2017 has been mainly due to the reduction in the value of the Scheme assets over the year.

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 2020, 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.

Solvency position

The estimated amount needed at 31 December 2017, 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 around £136.5 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 write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

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 is to invest in a broad range of assets with a target allocation to the main asset classes as follows:

Equities	30%
Bonds	35%
Diversified Fund	30%
Property	5%

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.willistowerswatson.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.

Where can I get more information?

If you have any other questions, or would like any more information, please contact THUS Group plc Pension Scheme, Aon, PO Box 196, Huddersfield, HD8 1EG, email thus.admin@aonhewitt.com or call the helpline on 0330 123 9792 (Monday to Friday 9.00am to 5.00pm).

Please help us to keep in touch with you by telling us if you change address.

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 2017 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 2017, and the ***Actuarial Report*** by the Scheme Actuary as at 31 December 2018.

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.