

Registered number: 10262961

**THUS GROUP PLC PENSION SCHEME
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2023**

THUS GROUP PLC PENSION SCHEME

CONTENTS

Trustees and their Advisers	1
Trustees' Report	2
Independent Auditor's Report to the Trustees of THUS Group Plc Pension Scheme	17
Fund Account.....	20
Statement of Net Assets (Available for Benefits).....	21
Notes to the Financial Statements.....	22
Independent Auditor's Statement about Contributions to the Trustees of THUS Group Plc Pension Scheme .	34
Summary of Contributions	35
Actuarial Certificate.....	36
Appendix – Engagement Policy Implementation Statement (forming part of the Trustees' Report).....	37

THUS GROUP PLC PENSION SCHEME

TRUSTEES AND THEIR ADVISERS YEAR ENDED 31 DECEMBER 2023

Company Appointed Trustees	IR Armour, Chairman of the Trustees C Kingston on behalf of Capital Cranfield Pension Trustees Limited C Scott
Member-Nominated Trustees	R Braithwaite J Pender
Principal Employer	Vodafone Limited
Participating Employers	Vodafone Group Services Limited
Actuary	Stuart Cook, FIA Willis Towers Watson Plc
Administrator	Aon Solutions UK Limited
Independent Auditor	Grant Thornton UK LLP
Bankers	Bank of Scotland plc (closed 2 June 2023) HSBC Bank plc
Investment Manager	Legal & General Assurance (Pensions Management) Limited (‘LGIM’)
AVC Provider	Standard Life Assurance Limited (‘Standard Life’)
Death-in-Service Provider	Legal & General Assurance Society Limited
Legal Adviser	Pinsent Masons LLP
Contact Details	Gillian Morrison Aon Solutions UK Limited Atria One 144 Morrison Street Edinburgh EH3 8JB gillian.morrison@aon.com 0131 456 6411

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Introduction

The Trustees of THUS Group Plc Pension Scheme (the 'Scheme') are pleased to present the annual report together with the audited financial statements for the year ended 31 December 2023.

Constitution and management

The Scheme is an occupational Defined Benefit ('DB') pension scheme. The Scheme is governed by a Trust Deed, as amended from time to time, and is administered by Aon Solutions UK Limited in accordance with the establishing document and Rules solely for the benefit of its members and other beneficiaries.

The Trustees are shown on page 1.

Under the Trust Deed and Rules of the Scheme, the Trustees are appointed and removed by the Principal Employer, subject to the Member-Nominated arrangements.

Capital Cranfield Pension Trustees Limited is a company appointed independent Trustee that is a professional Trustee Company.

In accordance with the Pensions Act 2004, at least one third of the total number of Trustees must be nominated by Scheme members. The Member-Nominated Trustees ('MNTs') are elected from the membership.

A Trustee can choose to retire from office at any time. A Member-Nominated Trustee can only be removed with the agreement of all other Trustees. Company Appointed Trustees are removed by the Principal Employer.

The Trustees have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustees have written agreements in place with each of them.

Trustee meetings

The Trustee Board met formally four times during the year to consider the business of the Scheme.

Scheme changes

There were no significant changes to the Scheme in the year.

Financial statements

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

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Membership

Details of the membership changes of the Scheme in the year are as follows:

	Actives	Deferreds	Pensioners	Total
Members at the start of the year	28	279	282	589
Adjustments to members	(1)	1	2	2
Retirements	(2)	(12)	14	-
Deaths	-	-	(2)	(2)
Cessation of pension	-	-	(1)	(1)
Transfer out	-	(1)	-	(1)
Members at the end of the year	<hr/> 25	<hr/> 267	<hr/> 295	<hr/> 587

Pensioners include 27 (2022: 26) individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include 1 (2022: 1) child dependant and 3 (2022: 3) dependants in receipt of a pension. The latter are all adult dependants who were financially dependent on a deceased member, in lieu of a surviving spouse.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

The adjustments to members shown above are the result of retrospective updating of member records.

Pension increases

Increase rates applied on 1 January 2023 were:

Tranche of pension	Escalation Rate	2023 Rate
GMP element pre 5 April 1988	Nil	0%
GMP element post 5 April 1988	Consumer Price Index ('CPI') at 3% (Statutory) (From 1 April 2021)	3%
Pension in excess of GMP accrued pre 5 April 1997	Retail Price Index ('RPI') at previous September capped at 5%	5%
Pension accrued post 5 April 1997	RPI at previous September capped at 5%	5%
Non-Escalating element	Nil	0%
Post 31 March 2007 (Annuity)	RPI at previous September capped at 5%	5%

There were no discretionary pension increases in the year.

Deferred benefits are increased in line with legislation and the Scheme Rules.

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Transfers

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary increases.

Transfers into the Scheme are not allowed.

Contributions

Contributions were paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 4 February 2022.

The Schedule of Contributions certified on 4 February 2022 stated the following rates of contributions being payable in the year.

From 1 April 2022:

	Employer Contribution	Employee Contribution
Protected Persons (other than below)	51.5%	5%
Former members of the United Utilities Group of ESPS	51.5%	6%
Former members of the Arqiva DBPP	51.5%	6%
Former members of the Viridian Group PP	51.5%	6%
Former members of EDF Energy Generation and Supply Group of ESPS	51.5%	6%

In accordance with the Schedule of Contributions, both the Employer and Employee contributions were paid no later than 19 days after the end of the calendar month to which they relate.

Per the Schedule of Contributions certified on 4 February 2022, to eliminate the funding shortfall of £12.2M as at 16 January 2022, the Trustees and the employers have agreed that the employers will pay: £4.1M per year for four years, payable by 30 April each year, with the first payment due and received by 30 April 2022.

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS 102'), the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2020. Updates of the valuation results were also carried out as at 31 December 2021 and 31 December 2022. The funding positions at each date were:

	31 December 2020 £000	31 December 2021	31 December 2022 £000
The value of the Technical Provisions was:	243,300	250,400	161,400
The value of the assets at that date was:	220,800	240,800	156,200

The method and significant actuarial assumptions used to determine the technical provisions are as follows:

Method

The actuarial method used in the calculation of the Technical Provisions was the Projected Unit Credit method. Assets will be taken into account at market value.

Significant actuarial assumptions

Discount rate: single equivalent rates of 1.66% p.a., 2.06% p.a. and 4.93% p.a. as at 31 December 2020, 31 December 2021 and 31 December 2022 respectively, selected bearing in mind the Scheme's current investment policy and expected future de-risking of this. The Trustees and the employers have agreed that the investment return assumption will be consistent with the yields on UK Government bonds of duration consistent with the liabilities. However, a margin will be added to reflect some additional return expected from other assets held by the Scheme. This additional margin is subject to the Trustees agreeing, having considered the advice of the Actuary, that this is appropriate and prudent for the purpose of the Scheme's statutory funding objective. The degree of prudence will take into account the Trustees' view of the employers' covenant, allowing, where appropriate, for any guarantees from other companies within the group, together with information from a realistic asset return model such as the WTW Investment Model assumptions at the valuation date;

Salary increase: single equivalent rates of 2.03% p.a., 3.22% p.a. and 2.87% p.a. as at 31 December 2020, 31 December 2021 and 31 December 2022 respectively, taken as price inflation plus a margin to be determined after consultation with the employers at each valuation;

Future price inflation (RPI Index): single equivalent rates of 3.05% p.a., 3.52% p.a. and 3.46% p.a. as at 31 December 2020, 31 December 2021 and 31 December 2022 respectively, set by considering the markets' expectations of future inflation levels. Such expectations are derived by taking into account information from the index linked and fixed interest bond markets at the effective date of the actuarial valuation;

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Report on Actuarial Liabilities (continued)

Future price inflation (CPI Index): single equivalent rates of 2.33% p.a., 3.20% p.a. and 2.88% p.a. as at 31 December 2020, 31 December 2021 and 31 December 2022 respectively, set based on the RPI assumption allowing for differences between the construction and constituents of the two indices. In particular this difference will be nil from 2030 unless agreed otherwise by the Trustees and employers;

Pension increase: the RPI or CPI assumption will be used as appropriate as the basis for determining the various pension increase assumptions for the different types of Scheme pension, after making suitable allowance for any minimum or maximum increase limits;

Mortality: 97% and 108% (male and female) SAPS S3 All Pensioner tables. Improvements from 2013 (2013 is the base year for the S3 tables) are assumed to be in line with the CMI 2020 'Core Projection' model with a long-term trend rate of 1.5% per annum, an initial addition parameter of 0.25% and the default values of the core smoothing and the core 2020 weight parameters;

GMP equalisation: No explicit reserve has been included in the liabilities, for the potential cost of equalising GMPs, for the actuarial valuation as at 31 December 2020. The impact of GMP equalisation was deemed not be significant at well under 1% of the technical provisions.

The next triennial valuation of the Scheme is due as at 31 December 2023 and is underway.

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Investment matters

Management and custody of investments

As required by Section 35 of the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles ('SIP'). A copy of the SIP can be found on the Scheme's website at https://pensions.vodafone.co.uk/documents/thus/thus_group_plc_pension_scheme_sip_update_october_2023.pdf and is available on request from the Secretary to the Trustees.

The Trustees have delegated management of investments to the investment manager shown on page 1. This manager, who is regulated by the Financial Conduct Authority in the United Kingdom, manages the investments in line with the investment manager agreements which is designed to ensure that the objectives and policies captured in the SIP are followed.

The Trustees have considered environmental, social and governance ('ESG') factors for investments (including but not limited to climate change) and have delegated to the investment manager the responsibility for taking these considerations into account when assessing the financial potential and suitability of an investment and for exercising the rights (including voting rights) relating to the Scheme's investments.

The investment manager is paid fees for its services. The fees are calculated as a percentage of the market value of the part of the Scheme that it manages.

The Trustees have not appointed a custodian to the Scheme as the investment manager appoints a custodian for the assets underlying the investments it manages for the Trustees. The Custodian appointed by the investment manager is shown below:

Manager	Custodian
Legal & General Assurance (Pensions Management) Limited	Citibank N.A.

The Custodian is responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the Custodian's nominee company, in line with common practice for pension scheme investments.

The Trustees have considered the nature, disposition, marketability, security and valuation of the Scheme's investments and believe them to be appropriate relative to the reasons for holding each class of investments.

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Investment report

Investment strategy

The investment objectives are:

- a) The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the Company, the cost of current and future benefits which the Scheme provides.
- b) To limit the risk of assets failing to meet the liabilities over the long-term.
- c) To minimise the long-term costs of the Scheme by maximising the return on the assets while having regard to the objective shown under b).

The Trustees set the investment strategy taking into account considerations such as the strength of the employer covenant, the long-term liabilities and the funding agreed with the Company. The investment strategy is set out in its Statement of Investment Principles ('SIP').

The current strategy is to hold:

- 45% in investments in a bespoke Liability Driven Investment portfolio.
- 55% in return seeking investments comprising global equities, Diversified Growth Fund, and UK property.

The Scheme's current strategic asset allocation was reviewed in October 2023.

At the year end the investment assets were not in line with the benchmark range set out in the Statement of Investment Principles in place at the year end date.

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Investment report (continued)

Asset Performance

The time-weighted investment returns on Scheme's assets were as follows:

	Performance (%) Last 1 year			Performance (%) Last 3 years			Performance (%) Last 5 years		
	Client Return	Index Return	Relative Return	Client Return	Index Return	Relative Return	Client Return	Index Return	Relative Return
Total	3.77			(9.21)			(0.61)		

The following performance returns are for assets over 5% of the total fund value.

	Performance (%) Last 1 year			Performance (%) Last 3 years			Performance (%) Last 5 years		
	Client Return	Index Return	Relative Return	Client Return	Index Return	Relative Return	Client Return	Index Return	Relative Return
GPBE - All World Equity Index Fund	15.64	15.62	0.02	8.71	8.70	0.00	12.15	12.14	0.01
GPBF - All World Equity Index Fund -GBP Currency Hedged	20.94	20.89	0.06	7.31	7.31	0.00	11.62	11.62	0.00
MAAA - Diversified Fund	7.74	20.15	(12.41)	2.29	9.18	(6.88)	5.39	12.82	(7.44)

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Investment report (continued)

Market commentary provided by LGIM.

Economic overview

Over the past 12 months, inflationary pressures and tighter monetary policy continued to dominate the thoughts of market participants. Fears of an economic slowdown remain at the forefront of the minds of investors but, even with inflation falling across developed markets, expectations are that interest rates will remain higher for longer and no sharp cutting of rates is anticipated imminently.

In the UK, annualised inflation fell sharply to 3.9% in November, from 4.6% in October, but the Bank of England (BoE) held firm in its monetary policy stance despite the policy pivot by the US Federal Reserve (Fed). The BoE held rates unchanged at the 15-year high of 5.25% – three of the nine voting members supported a 25-basis-point hike – with expectations for rate cuts pushed into the back end of 2024 at the earliest. Services inflation was running at a heady annualised figure of 6.6% in November; the BoE believes this provides a truer indication of domestic price pressures than headline CPI.

In the US, the focus was once again on the Fed rhetoric throughout the period. Equity markets rose and bond yields fell sharply late in the period on news of a pivot in the Fed's monetary policy stance. The central bank kept rates unchanged for the third consecutive month in December, at the 22-year high of between 5.25% and 5.5%, but set out expectations for rate cuts in 2024, with the Fed's so-called 'dot-plot' predicting rates at between 4.5% and 4.75% by the end of the year. US annualised inflation fell to 3.1% in November, from 3.2% in October; still some way above the central bank's long-term 2% target, although Jay Powell went on record to state that the Fed won't wait until that target is reached before cutting rates.

The European Central Bank (ECB) kept its headline deposit facility rate at an all-time high of 4% in December, having paused its hiking trajectory in October. Meanwhile, Eurozone annualised inflation rose once again in December, to 2.9% from 2.4% in November. Market participants continue to speculate over the likely timing of an ECB rate cut, although consensus seems to be that it is some way behind the US Fed's path. That said, there are expectations that the central bank might start cutting interest rates during the second quarter of 2024.

The days of widespread ultra-loose central bank monetary policy are seemingly over, with the Bank of Japan (BoJ) – the last bastion of such an approach – making the notable move to tweak its yield curve control in July, furthering loosening it in October, and then effectively scrapping it in December. The policy, in place since 2016, had originally limited the movement of the 10-year bond yield to 0.5%. It has been replaced by a reference rate of 1%, rather than a cap, which will negate the need for unlimited BoJ purchases and allows some long-term interest rate flexibility.

Equities

Global equity indices rose strongly in US dollar terms over the past year, despite ongoing inflationary worries, increasingly tighter developed market monetary policy and recessionary fears.

Against this backdrop, UK equities made small gains in sterling terms, underperforming the global average. There were notably strong showings from technology, consumer discretionary and industrials but these were largely offset by a woeful 12 months for telecoms, consumer staples and basic materials.

US equity markets delivered stellar double-digit returns for the 12 months, outperforming the global average, in US dollar terms. Over the past year, the knock-out performance of technology (boosted by excitement over the potential of artificial intelligence), communication services and consumer discretionary drove the strong index-level performance. However, there were areas of weakness, with utilities, energy and consumer staples all losing ground.

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Investment report (continued)

Equities (continued)

European equities made very strong gains over the 12 months but underperformed the global average in euro terms. At the sector level, banks, financials, technology and general industrials were the standout performers, while very good performances were also seen from consumer discretionary, real estate and automobiles and parts. All areas of the market made gains over the period.

Asia Pacific equity markets rose marginally over the past 12 months in US dollar terms but comfortably underperformed global equities. Chinese equities rallied briefly after Beijing announced an easing of its pandemic restrictions at the turn of the 2023, an end to its 'zero-COVID' approach, along with a raft of support measures for its struggling property sector. However, Chinese equities then lagged in the second half of the period on worries over the country's economic health, and lost ground over the 12 months as a whole. India enjoyed a very positive year, posting a high double-digit return.

Emerging markets enjoyed a decent 12 months and finished in the black in US dollar terms, albeit some way behind the global average. As mentioned above, China lost ground, India made strong gains, while Brazil outperformed the global average.

Bonds

Benchmark developed market government bond yields painted a mixed and nuanced picture over the period. At the headline level, the yield on the 10-year US treasury and 10-year UK Gilt were largely flat over the period but that masks moves of more than 100 basis point higher and then lower over the course of the 12 months. Indeed, Treasury yields fell sharply (prices rose) late in the period on expectations that Fed rate hiking has finished and rate-cutting was on the agenda in 2024.

The yield on the 10-year UK Gilt jumped in May, June and July to match the heady highs it reached during the brief tenure of the Liz Truss-led Conservative government during September and October of 2022, before moving lower on better-than-expected inflation data late on in the period. Elsewhere, the yield on the 10-year German Bund moved lower over the period as whole.

Meanwhile, Japanese government bond yields moved higher over the 12 months. Towards the end of the period the BoJ made the notable move to effectively scrap its yield curve control, having eased the limits over the course of the past 12 months. The policy, in place since 2016, had limited the movement of the 10-year bond yield to 0.5%.

Investment-grade bond spreads in the US, UK and Europe effectively tracked underlying government bond yields for much of the review period. Over the 12 months as a whole, though, spreads narrowed across the board. High yield bonds similarly narrowed over the year as a whole.

Property

The effects of higher interest rates, coupled with reduced loan availability and softer economic growth, were increasingly felt across the property market over the period. In the UK commercial property market, retail capital values fell, a trend matched in the warehouses and offices space. Industrial capital values bucked this trend, though, continuing to edge higher, supported by robust rental growth. Elsewhere, there has been a notable drop off in UK office investment over the period, while economic uncertainty has seen UK office availability remain well above its five-year average. Finally, the UK residential property market continued to weaken as interest rates sustained their ascent. However, the Nationwide House Price Index fell by 1.8% in the year to December, an improvement on the previous month. Prices were flat month on month versus November.

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Engagement Policy Implementation Statement ('EPIS')

The Trustees have prepared an Engagement Policy Implementation Statement in accordance with legislation. This statement is shown on pages 37 to 46.

Employer related investments

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. Details of any Employer related investments are disclosed in note 19 to the financial statements.

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Further information

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustees' SIP can be inspected.

Individual benefit statements are provided to active members annually. In addition to the information shown on these statements members can request details of the amount of their current transfer value and, if applicable, the current amount of any refund of contributions to which they would be entitled on leaving service. Such requests are available free of charge once a year.

If members have any queries concerning the Scheme or their own pension position, or wish to obtain further information, they should contact Gillian Morrison at the contact details on page 1, who will also be able to provide them with a further copy of the Scheme's booklet should they require one and answer any queries that they may have about entitlement to benefits.

Aon Solutions UK Limited processes the personal data as contained in this report and financial statements for the purpose of providing the Trustees with a report and financial statements on the operation of the Scheme. Aon Solutions UK Limited processes personal data in the context of providing pension scheme administration services on behalf of the Trustees, the data controller. Aon Solutions UK Limited, when operating in its capacity as a data processor who provides the members of the Scheme with pension scheme administration services on behalf of the Trustees, will comply with the applicable legislation including any data protection legislation and the instructions of the Trustees.

The Trustees or the Employer will ensure the data subjects of whom personal data is processed for the purposes of this report and financial statements are informed of the processing activities in accordance with the requirements of the applicable data protection legislation.

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Governing bodies, regulators and sources of reference

Pension Tracing

The Scheme is registered with the Pension Tracing Service which maintains a list of up to date addresses of schemes to assist ex-members in tracing their rights if they have lost contact with the previous Employers' scheme. The Pension Tracing Service can be contacted at:

The Pension Tracing Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

0800 731 0193

www.gov.uk/find-pension-contact-details

The Pensions Regulator

The Pensions Regulator ('TPR') is the United Kingdom ('UK') regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applies to occupational pension schemes.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify trustees for acting unlawfully, and can impose fines on wrong doers.

TPR can be contacted at:

The Pensions Regulator

Telecom House

125-135 Preston Road

Brighton

BN1 6AF

0345 600 0707

customersupport@tpr.gov.uk

www.thepensionsregulator.gov.uk

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Governing bodies, regulators and sources of reference (continued)

The Pension Protection Fund

The Pension Protection Fund was established to provide compensation to members of eligible pension schemes, when there is a qualifying insolvency event in relation to the Employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund can be contacted at:

PPF Member Services
Pension Protection Fund
PO Box 254
Wymondham
NR18 8DN

0330 123 2222
ppfmembers@ppf.co.uk
www.ppf.co.uk

Questions about pensions

If you have any questions about your pension, MoneyHelper, which is part of the Money and Pensions Service, provides professional, independent and impartial help with pensions for free. Services include independent information and general guidance on pension matters.

MoneyHelper can be contacted at:

Money and Pensions Service
120 Holborn
London
EC1N 2TD

0800 011 3797
www.moneyhelper.org.uk

Resolving difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Scheme's Administrator. In the event that a member's complaint cannot be resolved by the Administrator they may make a formal complaint using the Scheme's Internal Dispute Resolution ('IDR') procedure, details of which can be obtained from the Secretary to the Trustees or use the Pensions Ombudsman's informal Early Resolution Service.

The Government appointed Pensions Ombudsman can investigate complaints brought by members and beneficiaries against the Trustees or the Scheme's Administrator in relation to maladministration or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

0800 917 4487
enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

THUS GROUP PLC PENSION SCHEME

TRUSTEES' REPORT YEAR ENDED 31 DECEMBER 2023

Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are 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 Regulations 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 the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them 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 Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are 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 are made to the Scheme by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees are responsible for the maintenance and integrity of the financial information of the Scheme included on the Scheme website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from the legislation in other jurisdictions.

Approval

The Trustees' Report, Statement of Trustees' Responsibilities and Engagement Policy Implementation Statement were approved by the Trustees and signed on their behalf by:

Trustee: *Ian Armour* Date: 26/7/2024

Trustee: *John Smith* Date: 26/7/2024

THUS GROUP PLC PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THUS GROUP PLC PENSION SCHEME

Opinion

We have audited the financial statements of the THUS Group Plc Pension Scheme (the 'Scheme') for the year ended 31 December 2023, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2023, 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; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

In our evaluation of the Trustees' conclusions, we considered the inherent risks associated with the Scheme including effects arising from macro-economic uncertainties such as rising interest and inflation rates and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the Trustees and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

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

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 approved by the Trustees.

THUS GROUP PLC PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THUS GROUP PLC PENSION SCHEME

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 16, the Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are 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 Trustees either intend to wind up the Scheme, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant are the Pensions Act 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP").

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Scheme operates.

THUS GROUP PLC PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THUS GROUP PLC PENSION SCHEME

Auditor's responsibilities for the audit of the financial statements (continued)

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustees, and from inspection of Trustees board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustees.

We assessed the susceptibility of the Scheme's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate results and the net assets for the year.

Our audit procedures involved:

- Journal entry testing, with a focus on large journals, manual journals, those journals with unusual account combinations or entries posted to suspense accounts; and
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The engagement partner's assessment is that all team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of schemes of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and understanding of the sector, the underlying applicable legislation and related guidance.

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

Use of our report

This report is made solely to the Scheme's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 26/7/2024

THUS GROUP PLC PENSION SCHEME

FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Contributions and benefits			
Employer contributions	4	4,878	4,902
Employee contributions	4	28	15
		<hr/> 4,906	<hr/> 4,917
Benefits paid or payable	5	(5,248)	(4,382)
Payments to and on account of leavers	6	(825)	(2,536)
Administrative expenses	7	(868)	(797)
		<hr/> (6,941)	<hr/> (7,715)
Net withdrawals from dealings with members		<hr/> (2,035)	<hr/> (2,798)
Returns on investments			
Investment income	8	129	10
Change in market value of investments	9	5,796	(81,554)
Investment management expenses	10	(224)	(309)
Net returns on investments		<hr/> 5,701	<hr/> (81,853)
Net increase/(decrease) in the fund during the year		<hr/> 3,666	<hr/> (84,651)
Opening net assets		<hr/> 156,160	<hr/> 240,811
Closing net assets		<hr/> 159,826	<hr/> 156,160

The notes on pages 22 to 32 form part of these financial statements.

THUS GROUP PLC PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Investment assets			
Pooled investment vehicles	12	158,140	156,163
AVC investments	13	203	242
		<u>158,343</u>	<u>156,405</u>
Total net investments		<u>158,343</u>	<u>156,405</u>
Current assets	17	1,988	261
Current liabilities	18	(505)	(506)
Net assets available for benefits at 31 December		<u>159,826</u>	<u>156,160</u>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. 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 does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included in the Trustees' Report on pages 5 to 6. These financial statements and Actuarial Certificate should be read in conjunction with this report.

The notes on pages 22 to 32 form part of these financial statements.

These financial statements on pages 20 to 32 were approved by the Trustees and were signed on their behalf by:

Trustee: *Ian Armour* Date: 26/7/2024

Trustee: *John Smith* Date: 26/7/2024

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Basis of preparation

The individual financial statements 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 102 ('FRS 102') – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice ('SORP') (2018) - Financial Reports of Pension Schemes, published by the Pensions Research Accountants Group ('PRAG').

Going concern

The Trustees have performed a Going Concern assessment. Amongst other things, their assessment took into account the Scheme funding position, availability of liquid assets to fund cashflow requirements and the Employers' ability to continue to fund contributions. They also noted that there has been no decision made to wind up the Scheme. On this basis the Trustees consider the Going Concern basis appropriate.

2. Identification of financial statements

THUS Group Plc Pension Scheme is a Defined Benefit occupational pension scheme established under trust under Scottish Law.

The address of the Scheme's registered office is Aon Solutions UK Limited, 144 Morrison Street, Edinburgh, EH3 8EX, United Kingdom.

3. Accounting policies

The principal accounting policies applied to the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Functional and presentational currency

The Scheme's functional and presentational currency is Pounds Sterling GBP.

Contributions

Normal and additional voluntary contributions, both from employees and Employers, are accounted for on an accruals basis in the period to which they relate.

Employers' deficit funding contributions are accounted for in the year in which they fall due in line with the Schedule of Contributions.

Employees' contributions made under a salary sacrifice arrangement are accounted for on an accruals basis and are categorised as Employers' contributions.

Benefits paid or payable

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

Benefits are accounted for in the period in which the member notifies the Trustees of their decision on the type and amount of the benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Accounting policies (continued)

Payments to and on account of leavers

Individual transfers to other schemes are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Administrative expenses

Administrative expenses are accounted for on an accruals basis, net of recoverable VAT.

Investment income

Income from cash and short-term deposits is accounted for in these financial statements on an accruals basis.

Change in market value of investments

The change in market value of investments during the year comprise 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. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Investment management expenses

Investment management fees are accounted for on an accruals basis, net of recoverable VAT.

Valuation of investment assets

Investment assets are included in the financial statements at fair value. The methods of determining fair value for the principal classes of investment are:

Pooled investment vehicles which are unquoted or not actively traded are stated at bid price or single price where there is no bid/offer spread as provided by the investment manager at the year end.

AVC funds are included within the Statement of Net Assets (Available for Benefits) on the basis of fair values provided by the AVC provider at the year end.

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Contributions

	2023 £000	2022 £000
Employer:		
Normal	778	802
Deficit funding	4,100	4,100
	<hr/> 4,878	<hr/> 4,902
Employee:		
Additional voluntary contributions	28	15
	<hr/> 28	<hr/> 15

Employer normal contributions include £76k (2022: £77K) contributions in respect of salary sacrifice arrangements made available to certain members by the Employers.

Under the Schedule of Contributions certified on 4 February 2022, to eliminate the funding shortfall, deficit contributions of £4,100K were paid by 30 April 2022; further deficit contributions of £4,100K will be payable by 30 April each year, with the first payment due by 30 April 2022 and the last payment 30 April 2025.

5. Benefits paid or payable

	2023 £000	2022 £000
Pensions	3,551	3,300
Commutations of pensions and lump sum retirement benefits	1,697	1,037
Lump sum death benefits	-	45
	<hr/> 5,248	<hr/> 4,382

6. Payments to and on account of leavers

	2023 £000	2022 £000
Individual transfers to other schemes	<hr/> 825	<hr/> 2,536

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. Administrative expenses

	2023 £000	2022 £000
Administration and processing	279	246
Actuarial fees	299	334
Audit fees	21	23
Legal fees	158	41
Other professional fees	2	3
Scheme levies	47	113
Trustee fees and expenses	62	36
Bank charges	-	1
	<hr/> 868	<hr/> 797

8. Investment income

	2023 £000	2022 £000
Interest on cash deposits	129	10
	<hr/> 129	<hr/> 10

9. Investments

	Opening value at 1 Jan 2023 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Closing value at 31 Dec 2023 £000
Pooled investment vehicles	156,163	65,327	(69,135)	5,785	158,140
AVC investments	242	24	(74)	11	203
	<hr/> 156,405	<hr/> 65,351	<hr/> (69,209)	<hr/> 5,796	<hr/> 158,343
Total net investments	<hr/> 156,405				<hr/> 158,343

The above purchases at cost and sales proceeds includes switches amounting to £42,951k.

Transaction costs

There are no direct transaction costs in the year nor in the previous year. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustees to quantify these indirect costs.

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

10. Investment management expenses

	2023 £000	2022 £000
Administration and management fees	224	309

11. Taxation

The Scheme is a registered pension scheme in accordance with the Finance Act 2004 and is exempt from income tax and capital gains tax except for withholding tax on overseas investment income. This means that the contributions paid by both the Employer and the members qualify for full tax relief.

12. Pooled investment vehicles

	2023 £000	2022 £000
Bond funds	82,714	76,041
Cash and liquidity funds	4,886	4,722
Diversified growth funds	37,917	40,003
Equity funds	23,607	22,417
LDI funds	2,015	4,714
Property funds	7,001	8,266
	<hr/> 158,140	<hr/> 156,163

The legal nature of the Scheme's pooled arrangements is:

	2023 £000	2022 £000
Unit linked insurance policies	<hr/> 158,140	<hr/> 156,163

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

13. AVC investments

	2023 £000	2022 £000
Standard Life	203	242

The Trustees hold assets which are separately invested from the main Scheme to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

Members participating in this arrangement each receive an annual statement made up to 31 December each year confirming the amounts held to their account and movements during the year.

Standard Life can be further analysed as:

	2023 £000	2022 £000
Unit trusts	203	242

14. Fair value hierarchy

FRS102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the assessment dates;

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) 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.

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

Investment assets	Level 1 £000	Level 2 £000	Level 3 £000	2023 Total £000
				- 158,140
Pooled investment vehicles	-	158,140	-	158,140
AVC investments	-	203	-	203
	-	158,343	-	158,343

Investment assets	Level 1 £000	Level 2 £000	Level 3 £000	2022 Total £000
				- 156,163
Pooled investment vehicles	-	156,163	-	156,163
AVC investments	-	242	-	242
	-	156,405	-	156,405

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows.

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

Direct credit risk: this risk arises from the holder of the debt having a direct relationship with the borrower, for example directly holding a government bond.

Indirect credit risk: this risk arises when there is no direct relationship between the holder of the debt and the borrower, for example if debt instruments are held within a pooled investment vehicle.

Market risk: this comprises currency risk, interest rate risk and other price risk.

Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set considering 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 Trustees by regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. Investment risks (continued)

Investment strategy

The investment objectives are:

- a) The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the Company, the cost of current and future benefits which the Scheme provides.
- b) To limit the risk of assets failing to meeting the liabilities over the long-term.
- c) To minimise the long-term costs of the Scheme by maximising the return on the assets while having regard to the objective shown under b).

The Trustees set the investment strategy considering considerations such as the strength of the employer covenant, the long-term liabilities and the funding agreed with the Company. The investment strategy is set out in its Statement of Investment Principles (SIP).

The current strategy (although not yet implemented as at 31 December 2023) is to hold:

- 45% in a bespoke Liability Driven Investment portfolio.
- 55% in return seeking investments comprising global equities, Diversified Growth, Alternative Credit and UK property.

The Scheme's current strategic asset allocation was reviewed in October 2023.

Credit risk

The Scheme is subject to credit risk because the Scheme invests in pooled investment vehicles. It is directly exposed to credit risk in relation to the funds managed by Legal & General and indirectly exposed to credit risks arising on the financial instruments held by these pooled investment vehicles.

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 diversification of investments amongst a number of pooled arrangements.

Pooled investment arrangements used by the Scheme comprise unit linked insurance contracts.

Indirect credit risk arises in relation to these underlying investments held in the pooled investment vehicles. This is mitigated by only investing in funds which hold at least investment grade credit rated investments.

Currency risk

At the year-end, 79% of Scheme assets are invested in pooled funds that are invested in sterling denominated assets or overseas assets that are hedged into sterling (2022: 79%).

The Scheme is subject to currency risk and the Trustees manage the currency risk by controlling the level of overseas investment and diversifying overseas investments across various currencies via the global equity fund, Alternative Credit fund and Diversified Growth fund.

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. Investment risks (continued)

Interest rate risk

The Scheme is subject to interest rate risk because a target of 45% of the Scheme's investments are held in a bespoke Liability Driven Investment portfolio through pooled investments vehicles. The Diversified Growth Fund also includes some corporate bonds and UK government bonds. If interest rates fall, the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the value of these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. At the year-end the sum of the Corporate Bond and Liability Driven Investment portfolios held through pooled investment vehicles represented 57% of the total investment portfolio (2022: 55%).

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio. The Scheme has set a target asset allocation of 55% of investments being held in return seeking investments. At the year-end the return seeking portfolio represented 43% of the total investment portfolio (2022: 45%)

The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

16. Concentration of investments

The following investments, excluding UK Government securities, account for more than 5% of the net assets of the Scheme.

	2023 £000	%	2022 £000	%
MAAA - Diversified Fund	37,917	24	40,003	26
GPBF - All World Equity Index Fund	14,268	9	13,752	9
GPBE - All World Equity Index Fund	9,340	6	8,665	6
BSAA - 2068 Gilt Fund	-	-	10,728	7
YB - 2040 Index-Linked Gilts	-	-	8922	6
C - Managed Property	-	-	8,266	5
CN - AAA-AA-A Bonds All Stks Index	-	-	7,976	5

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17. Current assets

	2023 £000	2022 £000
Prepayments	6	23
Cash balances	1,908	169
Sundry debtors	74	69
	<hr/> <hr/> 1,988	<hr/> <hr/> 261

18. Current liabilities

	2023 £000	2022 £000
Accrued expenses	180	322
Accrued benefits	268	97
HM Revenue & Customs	57	65
Sundry creditors	-	22
	<hr/> <hr/> 237	<hr/> <hr/> 506

19. Employer related investments

There were no direct Employer related investments during the year or at the year end (2022: Nil).

The Trustees recognise that indirect investment in the Employer's sponsor group, is possible through holdings in pooled investment vehicles. Based on information provided by the investment managers, the Trustees believe that any indirect exposure to shares in the Employer sponsor group has not exceeded 0.1% of the Scheme assets at any time during the year or at the year end.

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

20. Related party transactions

Related party transactions and balances comprise:

Key management personnel

Any benefits paid in respect of the Trustees who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

Trustee expenses of £48k (2022: £36k) were paid to the participating Employer in the year in relation to fees initially paid by this Employer and recharged to the Scheme. At the year end a creditor balance of £14k (2022: £25k) is due to be paid

The membership status of the Trustees at the year end is as below:

IR Armour – pensioner (2022: pensioner)
R Braithwaite – pensioner (2022: pensioner)
C Kingston – Independent
J Pender – deferred (2022: deferred)
C Scott – deferred (2022: deferred)

Employer and other related parties

Principal and Participating Employers are considered related parties. All transactions involved with these entities relate to remittance of monthly contributions required under the Rules of the Scheme and quarterly VAT recovery. The Principal Employer recharges the Scheme for costs.

21. Contingent assets and liabilities

The Scheme benefits from a parent Employer guarantee provided by Vodafone Plc. This Company is the UK parent organisation of both Vodafone Limited and Vodafone Group Services Limited.

The guarantee in place would provide the Scheme with an injection of capital limited to a figure of £110M in the event of a Scheme wind up being triggered. There is no timeline placed on the existence of this guarantee.

In the opinion of the Trustees, the Scheme had no other contingent assets and liabilities as at 31 December 2023 (2022: £Nil), except regarding the GMP equalisation detailed below.

THUS GROUP PLC PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

21. Contingent assets and liabilities (continued)

GMP Equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. This will result in an additional liability for the Scheme but, considering the complexity of the calculation, the Trustees are not currently in a position to determine the value of the liability. The Trustees have agreed that dual records are the preferred approach for calculating the benefit adjustments but have deferred making a decision on whether to use method C2 or B until accurate calculation have been prepared. The Trustees are currently considering how to progress with GMP Equalisation. The Trustees have agreed to proceed with equalisation method C2 for the purposes of calculating equalised cash equivalent transfer values ('CETVs').

In November 2020, a further High Court judgement focussed on the GMP treatment of historic transfers out of members, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, trustees are required to review historic transfer values paid from May 1990 to assess if any top up payment is required to the receiving scheme, to reflect the member's right to equalised GMP benefits. The impact of this court case is being considered by the Trustees and decisions are being made as to the next steps. It is not possible to estimate the cost of any rectification adjustments at this time.

The calculation of the GMP rectification adjustment is still in progress. No provision has been made for this in the financial statements.

Virgin Media Ltd v NTL Pension Trustees II

The Trustees are aware of the recent legal case in relation to Virgin Media NTL v NTL Pension Trustees case and are investigating any potential implications with their advisers, at present it is too early to assess what, if any, impact it will have. We understand that this case is subject to appeal in June 2024.

THUS GROUP PLC PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THUS GROUP PLC PENSION SCHEME

We have examined the Summary of Contributions to the THUS Group Plc Pension Scheme (the 'Scheme') for the Scheme year ended 31 December 2023 to which this statement is attached.

In our opinion, contributions for the Scheme year ended 31 December 2023 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 4 February 2022.

Scope of work on statement about contributions

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

Respective responsibilities of Trustees and the auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the Trustees are 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 the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 26/7/2024

THUS GROUP PLC PENSION SCHEME

**SUMMARY OF CONTRIBUTIONS
FOR THE YEAR ENDED 31 DECEMBER 2023**

During the year ended 31 December 2023 the contributions payable to the Scheme were as follows:

	Employers £000	Employees £000	Total £000
Contributions payable under the Schedule of Contributions and as reported by the Scheme auditor			
Normal	778	-	778
Deficit funding	4,100	-	4,100
	<hr/> 4,878	<hr/> -	<hr/> 4,878
Contributions payable in addition to those payable under the Schedule			
Additional voluntary contributions	-	28	28
	<hr/> -	<hr/> 28	<hr/> 28
Total contributions reported in the financial statements	<hr/>4,878	<hr/>28	<hr/>4,906

The Summary of Contributions was approved by the Trustees and signed on their behalf by:

Trustee: *Ian Armour* Date: 26/7/2024

Trustee: *John Smith* Date: 26/7/2024

THUS GROUP PLC PENSION SCHEME

ACTUARIAL CERTIFICATE

Actuary's certification of Schedule of Contributions

Name of scheme: THUS Group plc Pension Scheme

Adequacy of rates of contributions

1. I hereby certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions could be expected to result in the statutory funding objective being met by the end of the period specified in the Recovery Plan dated 4 February 2022.

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 4 February 2022.

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 to be wound up.

DocuSigned by:

A220E08BA54F4DA...

Stuart Cook
Fellow of the Institute and Faculty of Actuaries
4 February 2022

Towers Watson Limited
a Willis Towers Watson Company
2 Lochrin Square
96 Fountainbridge
Edinburgh
EH3 9QA

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustees' Report)

Engagement Policy Implementation Statement ('EPIS')

Introduction and SIP changes

This document is the Annual Implementation Statement ("the statement") prepared by the Trustees of the THUS Group plc Pension Scheme ("the Scheme") covering the Scheme year ("the year") from 1 January 2023 to 31 December 2023.

The purpose of this statement is to set out:

- Details of how and the extent to which, in the opinion of the Trustees, the Trustees' policies on engagement and voting (as set out in the Statement of Investment Principles (the "SIP")) have been adhered to during the year; and
- A description of voting behaviour (including the most significant votes made on behalf of the Trustees) and any use of a proxy voter during the year.

The SIP is a document which outlines the Trustees' policies with respect to various aspects related to investing and managing the Scheme's assets including but not limited to investment managers, portfolio construction and risks.

The latest version of the SIP can be found online [here](#).

This statement reflects part of the Scheme year 1 January 2023 to 31 December 2023 albeit the changes made to the policies outlined in this statement were minor in nature so the Trustee views these as applicable over the whole year. The SIP linked above reflects the latest version which is dated October 2023 and the changes made to the SIP are reflected below.

Changes to the SIP over the year were as follows:

- The SIP was updated to reflect the newly agreed investment strategy and asset allocation following a detailed review in conjunction with the Actuarial Valuation which also took place.
- The SIP now includes reference to more than one investment manager following the appointment of an additional investment manager to implement a Multi-Strategy Alternative Credit mandate.
- The SIP now further clarifies how the Trustees monitor and manage liquidity risk.
- The SIP now makes reference to climate change under the ESG issues for manager monitoring.
- Clarification that the Trustees recognise they retain ultimate accountability for how voting and engagement activities are exercised and are responsible for monitoring it.
- The Schemes current strategic asset allocation was reviewed in October 2023
- A recent AVC review was carried out in March 2022 and concluded that Standard Life as the provider and the range of fund choices remain suitable given the small size of the fund.
- The 'Currency Risk' section was updated to reflect that currency risk is also being managed by hedging 100% of the developed markets currency exposure within the Alternative Credit mandate.
- The Myners Code section has been replaced by a general governance section showing that the Trustee reviews their governance on a regular basis.

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustees' Report)

How the Trustee have adhered to their engagement and voting policies

The Trustees' policies on voting and engagement, as stated in the SIP are:

- The Trustees' policy is to take into account factors that are considered to be financially material such as potential future returns and risks of any investments made. ESG-related matters, including broad corporate governance issues, effective stewardship and more specific considerations such as climate change and research and development practices are considered to be financially material by the Trustees. The Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment managers in the exercise of their delegated duties.
- The Trustees recognise that a company's long-term financial success is influenced by a range of factors including appropriate management of ESG issues. Whilst it is the Trustees' preference that all companies should be run in a socially responsible way, they take the view that their primary responsibility is to act in the best financial interests of the members of the Scheme.
- The Trustees have delegated responsibility for the selection, retention and realisation of investments to the investment managers.
- The Trustees' policy is that the extent to which social, environmental or ethical considerations are taken into account in these decisions is left to the discretion of the investment managers. However, the Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment managers in the exercise of their delegated duties. In the case of Legal & General Investment Management, the Trustees recognise that it is likely that, as a result of the passive nature of the investments, there are likely to be limited occasions when the manager would take account of such considerations in its selection of investments.
- The Trustees expect their investment managers, where appropriate, to engage with companies (and other relevant persons including, but not limited to, other investment managers, other stakeholders, and issuers/other holders of debt and equity) on matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest risks, and ESG issues concerning the Trustees' investments. The Trustees believe such engagement will protect and enhance the long-term value of their investments and incentivise the investment managers to take a long-term view of the performance of their investments. The Trustees review their investment managers' policies in these areas to satisfy themselves that they broadly meet with the Trustees' views.
- In order to incentivise the investment managers to align their investment strategies and decisions with the Trustees' policies, the Trustees (with the assistance of the Investment Consultant): (i) assess the managers' policies, processes and views when selecting the investment managers; (ii) set investment objectives and benchmarks to be complied with by the investment managers which reflect relevant policies of the Trustees; and (iii) monitor the investment manager's performance.
- Should the Trustees' monitoring process reveal that, in their view, any of the investment managers' mandates are not sufficiently aligned with the Trustees' policies, the Trustees will engage with the managers further to encourage alignment. If, following engagement, it is the view of the Trustees that the degree of alignment remains unsatisfactory, and taking account of potential alternative options and implications for the governance requirements of the Scheme, a manager will be terminated and replaced.

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustees' Report)

- To maintain alignment, the investment managers are provided with the most recent version of the Scheme's Statement of Investment Principles on an annual basis. The Trustees also seek information regarding the managers' policies to consider whether the Scheme's assets are managed in line with the Trustees policies as outlined in the Statement of Investment Principles. As part of this monitoring process the investment managers provide the Trustees with regular monitoring reports, which include information on the investment managers' approach to allowing for ESG issues (including climate change).
- The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The managers are expected to exercise these rights and engage with companies with care and diligence that could reasonably be expected of a prudent professional investment manager, taking into account any relevant policies adopted by the Trustees from time to time and their impact on eligible participants and beneficiaries of the Scheme over an appropriate time horizon. The Trustees recognise that they retain ultimate accountability for how voting and engagement activities are exercised and therefore monitors how this is being done on an annual basis.
- The Trustees encourage the Scheme's investment managers to discharge their responsibilities in accordance with the UK Stewardship Code (the "Stewardship Code") published by the Financial Reporting Council.

As the investment managers of pooled funds, in which the Scheme is invested, are generally responsible for exercising voting rights and as the Trustees otherwise delegate responsibility for the exercising of voting rights to the Scheme's investment managers, it is the responsibility of the Trustees to monitor, review and engage with the investment managers with respect to how they have undertaken these activities.

The same policy applies to corporate engagement with the management of companies the Scheme is invested in. Corporate engagement is the responsibility of the managers of pooled funds and is otherwise delegated to the Scheme's investment managers because the Trustees believe that that managers are best placed to manage this engagement. The Trustees monitor, review and engage with the managers on how they have undertaken these activities.

Over the year, in line with the policies outlined, the Trustees undertook the following activities:

- The Trustees consider that stewardship is an important tool for managing risk and improving financial outcomes of the Scheme. However, the Trustees also acknowledge that Responsible Investment is broad and therefore it makes sense to have a small number of stewardship priorities to focus engagements. The Trustee selected climate change and human rights as the key priorities going forward due belief that they are currently the most material financial factors. Reporting and engagement are therefore expected to continue to focus in those areas.
- As part of the Trustees review of investment strategy the Trustees have agreed to make an allocation to a Multi-Strategy Alternative Credit Fund. As part of reviewing the different investment providers, the Trustees reviewed the managers approach to Responsible Investment and one of the drivers of M&G's appointment was their strong approach to incorporating Responsible Investment factors into their analysis and having demonstrated strong stewardship capabilities.

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustees' Report)

- Conducted a training session which included a review of the Trustees' approach to Responsible Investment. This also included detail on climate change metrics and how these can be incorporated into the Trustees monitoring framework going forwards.
- The Trustees have incorporated climate change reporting into the quarterly Integrated Risk Management reporting that is completed which includes reference to LGIM's climate change exposures.
- Received quarterly reports from LGIM including information on their Sustainable Investing policies and actions. The Trustees are due to have LGIM attend the June Trustee meeting to talk through these in further detail.
- Considered direct engagement examples across a number of issues such as climate change and human rights.
- Reviewed the significant votes cast by LGIM as part of the production of this statement and the current voting policy.
- The Trustees reviewed the performance of the investment manager on a quarterly basis, with a focus on the longer-term outcomes of the investments held.
- There were no material concerns identified during the year in relation to current policies in the area of stewardship and engagement
- The Trustee also reviewed the Investment Adviser over the year against their objectives which included reference to the quality of advice on Responsible Investment matters. No material concerns were identified as part of this review.

As set out in section 4, the Trustees believe that the Scheme's engagement policy as outlined in the SIP has been adhered to over the Scheme year and will continue to monitor the investment managers' stewardship practices on an ongoing basis.

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustees' Report)

Voting information

The Scheme is invested in a diverse range of asset classes. However, this document focusses on the equity investments which have voting rights attached.

The Scheme's equity holdings as at the end of the year are held in pooled investment funds and are largely managed on a passive basis relative to a defined index. Therefore, the voting entitlements in these funds lie with the investment manager.

The Scheme's equity holdings are invested with Legal & General Investment Management ("LGIM"), in the following pooled investment fund(s):

- **LGIM Diversified Fund:** pooled investment fund which invests in bonds and a range of assets including equities, property, commodities, listed infrastructure, private equity and global real estate companies. The fund's performance is compared to the FTSE Developed World Index – 50% Hedged.
- **LGIM All World Equity Index Fund:** pooled investment fund investing in global equities, which aims to track the performance of the FTSE ALL-World Index to within +/- 0.5% per annum for two years out of three.
- **LGIM All World Equity Index Fund – GBP Currency Hedged:** pooled investment fund investing in global equities, which aims to track the performance of the FTSE ALL-World Index (GBP Hedged) to within +/- 0.5% per annum for two years out of three. The fund is GBP hedged except for emerging markets.

As set out in the SIP, the Trustees' policy is to delegate the exercising of rights (including voting and stewardship) and the integration of ESG considerations in day-to-day decisions to the Scheme's investment managers. The Trustees do however retain ultimate accountability for how these are exercised and therefore monitor how these are implemented. This section sets out the voting activities of the Scheme's equity investment manager over the year, including details of the investment manager's use of proxy voting.

LGIM have their own voting policies that determine their approach to voting and the principles they follow when voting on investors' behalf. LGIM also use voting proxy advisors which aid in their decision-making when voting. Details are summarised in the table below:

Manager	Use or proxy advisor services:
LGIM	<p>LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decision. To ensure that their proxy provider votes in accordance with their position on ESG, there is a custom voting policy in place with specific voting instructions.</p> <p>LGIM use ISS recommendations to augment their own research. LGIM's internal investment stewardship team also use research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.</p> <p>LGIM have a custom voting policy in place which includes specific voting instructions which apply to all markets globally. LGIM have the ability to override any vote decisions which are based on this custom voting policy if they see fit.</p>

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustees' Report)

As outlined in the SIP, the Trustees recognise the UK Stewardship Code 2020 and monitor the Scheme's investment manager's adherence to the Code. LGIM are signatories to the code. Their latest statement of compliance can be found via the link below:

LGIM: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/investment-stewardship/uk-stewardship-code-summary.pdf

The below table sets out the voting activity of the Scheme's equity investment manager, on behalf of the Trustees, over the year:

Manager and strategy	Portfolio structure	Voting activity
LGIM Diversified Fund	Pooled investment fund	<p>Number of meetings at which the manager was eligible to vote: 9.077 Number of resolutions on which manager was eligible to vote: 94,290 Number of votes cast: 94,120 Percentage of eligible votes cast: 99.8% Percentage of votes with management: 76.4% Percentage of votes against management: 23.4% Percentage of votes abstained from: 0.3% Of the meetings the manager was able to attend, the percentage where the manager voted at least once against management: 75.4% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 14.6%</p>
LGIM All World Equity Index Fund LGIM All World Equity Index Fund (GBP Currency Hedged)	Pooled investment fund	<p>Number of meetings at which the manager was eligible to vote: 6,569 Number of resolutions on which manager was eligible to vote: 64,915 Number of votes cast: 64,850 Percentage of eligible votes cast: 99.9% Percentage of votes with management: 79.4% Percentage of votes against management: 20.1% Percentage of votes abstained from: 0.5% Of the meetings the manager was able to attend, the percentage where the manager voted at least once against management: 63.5% Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 11.3%</p>

Voting statistics are out of total eligible votes and are sourced from the investment manager LGIM

The following table outlines a number of significant votes cast by the Scheme's investment manager on the Trustees' behalf. The commentary set out below is based on detail in the relevant manager's reports on the votes cast. LGIM reported on the most significant votes cast within the funds managed on behalf of the Scheme over the year to 31 December 2023, including the rationale for the voting decision and the outcome of the vote. The Trustees distilled this on the basis of how material the holding was within the investment fund and whether the vote itself was expected to have an impact on the long-term value of the Company within which the Scheme is invested in. The Trustees have also identified climate change and human rights as stewardship review priorities when reviewing and collating the voting information. A number of these key votes are set out below.

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT
(forming part of the Trustees' Report)

Significant votes cast	Coverage in portfolio
<p>Company: Toyota Motor Corp. (0.3% of Fund)</p> <p>Meeting date: 14 June 2023</p> <p>Management resolution: Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement</p> <p>How the manager voted: For (Against Management Recommendation)</p> <p>Rationale: LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expects Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. LGIM believes the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.</p> <p>Outcome: 15.1% of shareholders supported the resolution</p>	<p>LGIM Diversified Fund</p> <p>LGIM All World Equity Index Fund</p> <p>LGIM All World Equity Index Fund (GBP Currency Hedged)</p>
<p>Company: Westpac Banking Corp. (0.1% of Fund)</p> <p>Meeting date: 14 December 2023</p> <p>Management resolution: Resolution 5 - Approve Westpac Climate Change Position Statement and Action Plan</p> <p>How the manager voted: Against</p> <p>Rationale: Climate change: A vote against this proposal is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While LGIM positively note the company's net-zero commitments and welcome the opportunity to voice their opinion on the bank's climate transition plan, they highlight some concerns with the scope of targets and disclosures. In particular, - The bank has not committed to establish science-based targets; and - The sector policies notably on certain fossil fuels (such as unconventional oil and gas) and existing business relationships remains limited in scope. More specifically, the company's position on power generation is quite high level and particularly narrow in scope.</p> <p>Outcome: Pass.</p>	<p>LGIM Diversified Fund</p> <p>LGIM All World Equity Index Fund</p> <p>LGIM All World Equity Index Fund (GBP Currency Hedged)</p>

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT
(forming part of the Trustees' Report)

<p>Company: Amgen, Inc. (0.2% of Fund)</p> <p>Meeting date: 19 May 2023</p> <p>Management resolution: Resolution 1f - Elect Director Greg C. Garland</p> <p>How the manager voted: Against</p> <p>Rationale: Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.</p> <p>Outcome: 87.7% of shareholders supported the resolution.</p>	<p>LGIM Diversified Fund</p> <p>LGIM All World Equity Index Fund</p> <p>LGIM All World Equity Index Fund (GBP Currency Hedged)</p>
<p>Company: Morgan Stanley (0.2% of Fund)</p> <p>Meeting date: 19 May 2023</p> <p>Management resolution: Resolution 6 - Adopt Time-Bound Policy to Phase Out Underwriting and Lending for New Fossil Fuel Development</p> <p>How the manager voted: For (against management)</p> <p>Rationale: Last year LGIM supported several shareholder resolutions at the North American banks that sought to halt the financing of new oil and gas projects. As investors advocating for a just and orderly energy transition, which satisfies all aspects of the current energy crisis (energy security, affordability and sustainability), LGIM continue to emphasise that the boards of financial institutions need to closely consider their strategy and risk appetite towards fossil fuels into the near future. As such, LGIM believe that many of the proposals that ask the board to devise their own time-bound phase-out strategy are supportable. Moreover, in the North American market, these resolutions tend to be advisory rather than binding, further alleviating concerns of micro-management.</p> <p>Outcome: 4.8% of shareholders supported the resolution.</p>	<p>LGIM Diversified Fund</p> <p>LGIM All World Equity Index Fund</p> <p>LGIM All World Equity Index Fund (GBP Currency Hedged)</p>
<p>Company: Nike Inc. (0.2% of Fund)</p> <p>Meeting date: 12 September 2023</p> <p>Management resolution: Resolution 5: Report on Median Gender/Racial Pay Gap</p> <p>How the manager voted: For</p> <p>Rationale: Shareholder Resolution - Inequality - Gender Pay Gap transparency: A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.</p> <p>Outcome: 30.0% of shareholders supported the resolution (Fail).</p>	<p>LGIM All World Equity Index Fund</p> <p>LGIM All World Equity Index Fund (GBP Currency Hedged)</p>

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustees' Report)

<p>Company: Wells Fargo & Company</p> <p>Meeting date: 25 April 2023</p> <p>Management resolution: Resolution 8 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets</p> <p>How the manager voted: For (Against management Recommendation)</p> <p>Rationale: LGIM generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.</p> <p>Outcome: 30.8% of shareholders supported the resolution.</p>	<p>LGIM Diversified Fund</p> <p>LGIM All World Equity Index Fund</p> <p>LGIM All World Equity Index Fund (GBP Currency Hedged)</p>
---	--

Conclusion

The Trustees believe that the Scheme's engagement and voting policy as outlined in the SIP has been adhered to over the Scheme year.

Following monitoring of the Scheme's investment managers over the year, and reviewing the voting information outlined in this statement, the Trustees are satisfied that LGIM are acting in the Scheme members' best interests and are effective stewards of the Scheme's assets.

The Trustees will continue to monitor the investment managers' stewardship practices on an ongoing basis.

THUS GROUP PLC PENSION SCHEME

APPENDIX – ENGAGEMENT POLICY IMPLEMENTATION STATEMENT (forming part of the Trustees' Report)

Appendix:1 LGIM's voting policy

Policy on consulting clients:

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Process for deciding how to vote:

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

Use of proxy voting services:

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.