

2021 Trustees' Summary Report

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

October 2021

The COVID-19 pandemic continues to dominate our lives even as restrictions lift. The economy remains fragile, but our role as Trustees remains the same – to monitor the Scheme's development and to make any changes we feel are necessary to protect the Scheme and all members' best interests.

I am pleased to report that, despite the current market volatility, the effects of the pandemic have had no material impact on the Scheme's finances as at the current date. We also include the usual updates from the Trustee Report and Accounts and investments. Please note there is no Summary Funding Statement included in this year's newsletter as the Scheme is currently in the midst of its triennial valuation, which is due to be completed in Spring 2022. Details of the funding position will be made available to members once the valuation is complete.

In wider pensions news, we look at the increasing importance of Environmental, Social and Governance (ESG) investments. We also include important reminders on the ongoing threats of cybercrime and pension fraud.

Please do get in contact if you have a query about the Scheme or your benefits and please keep us informed of any changes in your contact details, address or circumstances. Contact details are on page 6.

Ian Armour
Chairman of the Trustees

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In numbers






The membership

At 31 December 2020 there were 594 members in the Scheme compared with 599 members at the same date last year.

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

The accounts

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

The value of the assets supporting the Scheme at 31 December 2020	£220.8 million	
The net return on the value of the assets over the reporting year	£25.3 million	
The total value of Company contributions paid into the Scheme during the year	£5.5 million	
The total value of active member contributions paid into the Scheme during the year	£9,000	
The total value of benefits paid to members during the year	£4.2 million	

Investment update

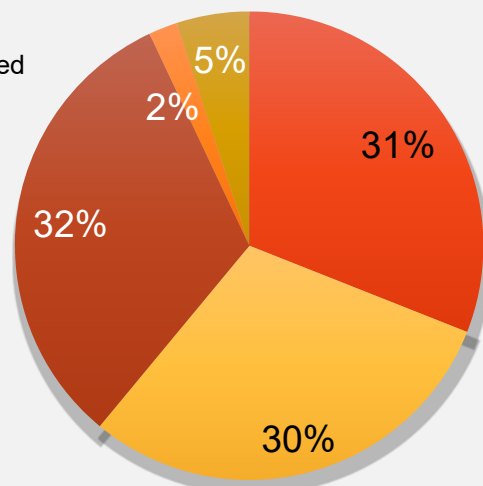
As Trustees, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

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

Asset allocation

At 31 December 2020, the Scheme held assets of £219.6 million with LGIM compared with £194.3 million at the same date last year (not including insured policies and AVCs).

- Bond funds 31%
- Equity funds 32%
- Property funds 5%
- Diversified growth funds 30%
- Cash & liquidity funds 2%



Performance

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

Fund	Over the year to 31 December 2020		Over three years to 31 December 2020 (% per year)		Over five years to 31 December 2020 (% per year)	
	Performance	Benchmark	Performance	Benchmark	Performance	Benchmark
Equities	+12.93%	+12.92%	+10.08%	+10.03%	-	-
Equities - Currency Hedged	+12.26%	+12.32%	+8.76%	+8.75%	-	-
AAA Bonds	+7.21%	+7.15%	+4.70%	+4.60%	+5.61%	+5.49%
Property	-0.85%	-1.05%	+2.03%	+2.29%	+3.40%	+3.92%
Diversified Growth Fund	+5.76%	+12.83%	+5.66%	+9.85%	-	-

You can see that performance was largely in line over the year to date with most managers achieving their target returns, except for the Diversified Growth Fund. We will continue to monitor performance and make any changes we feel are necessary.

Protect yourself from cybercrime

Scam messages and phone calls have been on the rise and spotting these is becoming increasingly difficult. Many well-crafted communications will even fool the experts. There are some common tactics that criminals will use to try and get you to respond without thinking.

Things to look out for are:

Authority - Is the message claiming to be from someone official? For example, your bank, doctor, a solicitor, or a government department. Criminals often pretend to be important people or organisations to trick you into doing what they want.

Urgency - Are you told you have a limited time to respond (such as 'within 24 hours' or 'immediately')? Criminals often threaten you with fines or other negative consequences if you don't respond quickly.

Emotion - Does the message make you panic, fearful, hopeful or curious? Use of threatening language, false claims of support, or enticing you into wanting to find out more are all common methods.

Scarcity - Is the message offering something in short supply, like concert tickets, money or a cure for medical conditions? Fear of missing out on a good deal or opportunity can make you respond quickly.

Current events - Are you expecting to see a message like this? Criminals often exploit current news stories, big events or specific times of year (like tax reporting) to make their scam seem more relevant to you.

Stop and think. If something looks too good to be true, makes you worried or frightened, don't respond immediately. Stop and give yourself time to check if the request is real, ask for a phone number to ring the caller back or speak to a friend or relative before you act.

- **Be aware of suspicious emails and texts.**
- Don't click on links, share your bank details or personal information following unsolicited requests.
- Read the National Cyber Security Centre guidance at www.ncsc.gov.uk/guidance/suspicious-email-actions for further information on how to stay safe.

Pension fraud

Pension fraud remains a threat to your retirement savings. The Pensions Regulator recently launched a campaign calling on the industry to pledge to combat pension fraud. The pledge involves several commitments including:

- regularly warning members about pension scams, and
- taking appropriate due diligence measures when members request a transfer out.

You can read more about the pledge at www.thepensionsregulator.gov.uk/en/pension-scams/pledge-to-combat-pension-scams

As Trustees, we are committed to giving you the information you need to be aware of the warning signs. We also take every precaution and make all necessary checks before processing a request to transfer out of the Scheme.

For more information about pension fraud:

- Go to www.fca.org.uk/scamsmart for tips and online resources to help you protect yourself.
- Go to www.thepensionsregulator.gov.uk/en/pension-scams and download the pension scams booklet.

Responsible investing

You may have heard about responsible investing in the news recently as it's getting more attention across the pension industry. Responsible investing aims to incorporate environmental, social and governance (ESG) factors into investment decisions, which can help to create long-term sustainable returns.

- **Environmental:** the impact companies and their assets have on the environment.
- **Social:** how companies treat their employees, customers and the community.
- **Governance:** how companies and their assets are governed.

As Trustees of the Scheme, we assess ESG factors when agreeing how to invest the Scheme's assets. Our appointed investment managers also incorporate ESG factors into their day-to-day processes.

For further details on our investment approach, read our Statement of Investment Principles at

https://pensions.vodafone.co.uk/documents/this/this_statement_of_investment_principles.pdf.

You can also see how our policy on engagement activities and voting has been followed during the year.

Single code of practice for the Pensions Regulator

Following a public consultation, the Pensions Regulator will be combining most of its existing (multiple) codes of practice into one single code. A formal consultation is being carried out. There will be an increased focus on good governance, meaning greater overall protection for your benefits.



Lifetime Allowance frozen until 2026

In the March 2021 Budget, the Chancellor announced that the Lifetime Allowance will be frozen for the next five tax years. This means it will remain at the current rate of £1,073,100 up to and including the 2025/26 tax year.

Recently, the Lifetime Allowance has been increased each April in line with inflation, as measured by the Consumer Prices Index, but now the next increase is not due until 6 April 2026.

The Lifetime Allowance is the value of overall retirement savings you can build up during your lifetime which qualifies for full tax relief (excluding the State Pension). If you build up retirement savings and take benefits above this level, you will face a tax charge on the excess unless you have a form of Lifetime Allowance protection in place.

The freeze means that, in the long run, more people with significant retirement savings could exceed the Lifetime Allowance and therefore be liable to the tax charge.

Important

It is your responsibility to measure how close you may be to the Lifetime Allowance by adding up all the pension schemes you belong to. You can find help on how to do this and more information about the Lifetime Allowance at www.gov.uk/tax-on-your-private-pension/lifetime-allowance.

If you are unsure how close you may be to the Lifetime Allowance, we recommend you speak with an independent financial adviser.

More information

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

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

Get to know your pension at www.yourpension.gov.uk.

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

Picture your future at

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

www.maps.org.uk

The Money & Pensions Service brings together three main guidance bodies, the Money Advice Service, the Pensions Advisory Service and Pension Wise.

The combined service is relaunching as MoneyHelper this year. To find out more, go to

www.maps.org.uk/moneyhelper/

Contact point

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

Email: thus.admin@aon.com

Phone: 0330 123 9792
(lines are open Monday to Friday, 9am to 5pm)

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

Behind the scenes

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

There have been some changes to the Trustee Board during the year and the current Trustees on the Board are listed below. The Board is made up of Company-appointed Trustees and member-nominated Trustees.

Company-appointed	Member-nominated
Ian Armour, Chairman of the Trustees	Roger Braithwaite
Colin Scott	Colin Kennedy (resigned 5 January 2021)
Candia Kingston on behalf of Capital Cranfield Pension Trustees Limited	Jason Pender (appointed 5 January 2021)

Reminder to keep us up to date

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

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

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

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser (IFA). You can find an adviser in your area by searching the Money Advice Service directory at <https://directory.moneyadviceservice.org.uk/en>.

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

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

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

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

Privacy notice

The Trustees hold some personal information which we need to administer the Scheme.

Without your personal information, we cannot provide you and your dependants with the correct benefits at the right time.

This will include personal information about you, such as your name and contact details, information about your pension contributions, age of retirement, and in some limited circumstances information about your health (where this impacts your retirement age).

The purposes for which your personal information will be used include management of the pension scheme and your membership within it, to calculate and pay benefits, funding the pension scheme (i.e. helping to ensure that the funds within the pension scheme are sufficient to cover the members who are party to it), liability management (that is to say providing advice on the different ways benefits could be determined, and drawn, from the pension scheme), scheme actuary duties (which include assessing individuals who are members of the pension scheme and assessing how the make-up of the membership may affect the amounts payable and when they become payable so as to manage the pension scheme appropriately), regulatory compliance, process and service improvement and benchmarking.

We may pass your personal information to third parties such as advisors and benefits providers, insurers and to certain regulatory bodies where legally required to do so.

Depending on the circumstances, this may involve a transfer of data outside the UK and the European Economic Area to countries that have less robust data protection laws.

Any such transfer will be made with appropriate safeguards in place.

More detail about our use of your personal information is set out in our full Privacy Notice which has previously been sent to you.

If you need a further copy, please contact us using the contact details on page 6.

