

Funding Update as at 31 March 2020

The Vodafone Group Pension Scheme (the Scheme) consists of two Sections: Vodafone Section and the Cable and Wireless Worldwide (CWW) Section.

Every three years, the Scheme Actuary carries out a full actuarial valuation of the Scheme's assets and liabilities. We like to think of this as a 'health check' of the Scheme's finances. Between each triannual valuation, the Scheme Actuary produces an approximate update of the Scheme based on the assumptions used at the last actuarial valuation.

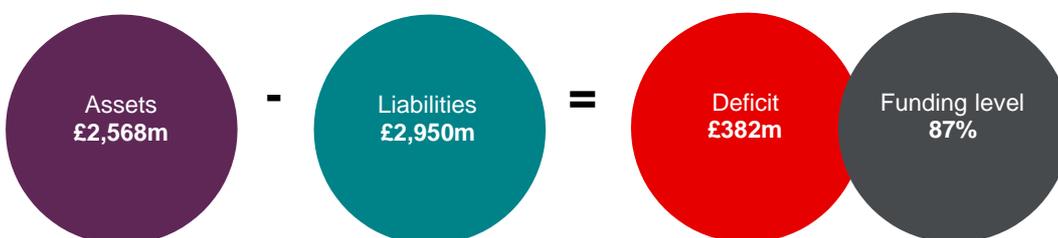
The most recent actuarial valuation of the Scheme (as at 31 March 2019) has now been finalised. The Scheme Actuary has also performed an annual update as at 31 March 2020 known as an 'actuarial report'.

In these calculations, the Scheme Actuary has assumed that the Scheme will continue to be run in the same way as it is currently, known as an 'ongoing basis'.

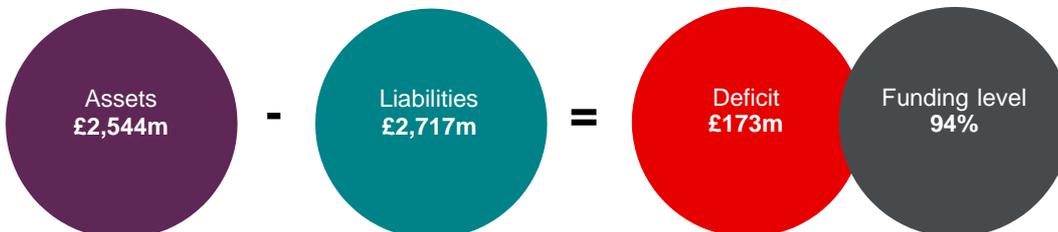
Below, we've summarised the funding position from the actuarial valuation as at 31 March 2019 and the latest actuarial reports as at 31 March 2020. We have also included the figures from the actuarial report as at 31 March 2018 to show how the position has changed.

Vodafone section

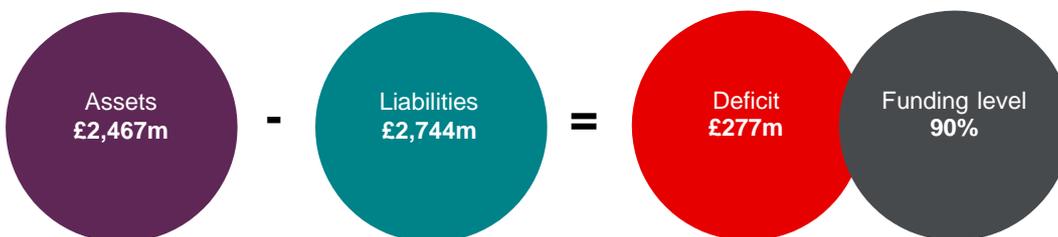
31 March 2020 (actuarial report)



31 March 2019 (actuarial valuation)



31 March 2018 (actuarial report)



The funding position at the latest actuarial valuation (31 March 2019) showed an improved position since the last actuarial funding update, as at 31 March 2018. This was primarily due to the updated assumptions adopted in the valuation. As at 31 March 2020, the impact of Covid-19 caused disruption to economic activity and fluctuations in global markets, this resulted in a reduction in the funding level compared to the 31 March 2019 position. Whilst markets have remained volatile, the Trustees are continuing to monitor the impact of Covid-19. As at 30 September 2020 the funding level had returned to the levels seen at the actuarial valuation date (taking into account the payment made by the Company outlined in 'The Company's ongoing support' section below).

The Scheme Actuary also carried out a valuation on the basis that the Vodafone Section wound up on 31 March 2019. The funding level on this basis (known as the discontinuance funding level) was 65%, a deficit of £1,377m. The Trustee is required by law to include this information. It does not mean that there are plans to wind up the Vodafone Section.

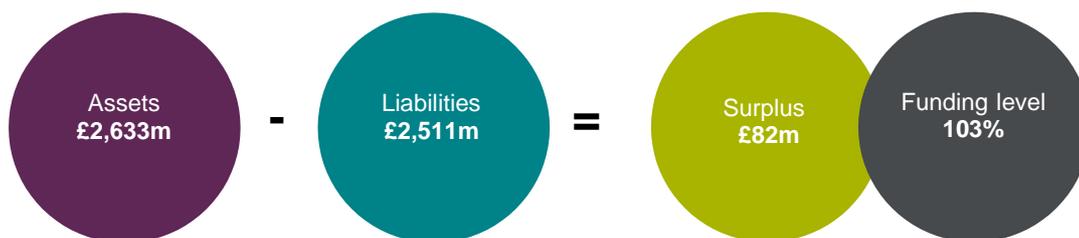
Jargon buster

Liabilities – an estimate of the amount the Scheme needs to pay in benefits to members, both now and in the future.

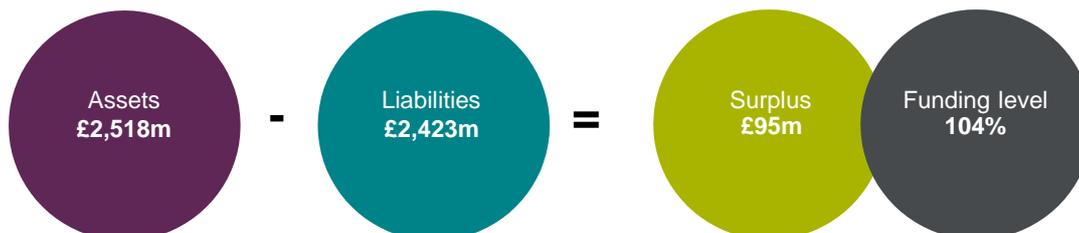
Assets – the value of the Scheme's investments and monies held to pay benefits to members.

CWW Section

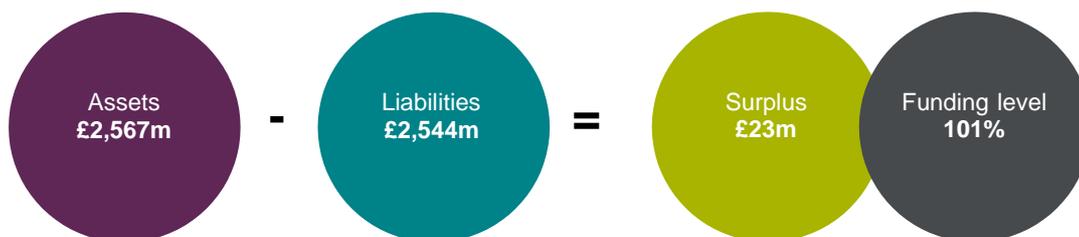
31 March 2020 (actuarial report)



31 March 2019 (actuarial valuation)



31 March 2018 (actuarial report)



The funding position at the latest actuarial valuation showed an improved position since we last sent you a funding update, as at 31 March 2018. This was primarily due to the updated assumptions adopted in the valuation. The CWW Section is less susceptible to changes in markets compared to the Vodafone Section and therefore the impact of Covid-19 on global markets had less of an impact on the funding level as at 31 March 2020 which reduced by one percent from the 31 March 2019 position.

The Scheme Actuary also carried out a valuation on the basis that the CWW Section wound up on 31 March 2019. The funding level on this basis (known as the discontinuance funding level) was 79%, a deficit of £678m. The Trustee is required by law to include this information. It does not mean that there are plans to wind up the CWW Section.

The Company's ongoing support

As part of the actuarial valuation as at 31 March 2019, the Trustee and the Company agreed a recovery plan and a schedule of contributions, which detailed the payment the Company made to the Vodafone Section to improve the funding level and address the shortfall. As the CWW Section was in surplus at the valuation date, the Company were not required to agree a recovery plan or pay any contributions.

The Company made a payment of £80.06m million into the Vodafone Section in September 2020 which was used to purchase an insurance policy supporting part of the pensioner liabilities.

The Company remains committed to supporting the Scheme.

Future valuations

The Scheme's next full actuarial valuation for both Sections will be as at 31 March 2022 with results expected by 30 June 2023.

The Pensions Regulator has not needed to use its powers to change the Scheme, give direction on working out its funding target, or impose contribution rates on the Scheme.

Some things you should know if the Scheme were to wind up:

It is not intended or expected that the Scheme will wind up in the foreseeable future. However, if the Scheme were to discontinue, the Company

would have to pay enough money into the Scheme to secure all members' benefits through an insurance company. If the Company didn't have enough money to secure benefits in full, and the Scheme was eligible, the Pension Protection Fund would take over the Scheme and pay compensation to members, up to a limit.

Information about the compensation provided by the Pension Protection Fund can be found on its website: www.pensionprotectionfund.org.uk