EE Pension Scheme

Scheme Registration Number: 10249705

Trustee’s Annual Report and Financial Statements
For the Year Ended 31 December 2025

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Management and Advisers

Trustee
EE Pension Trustee Limited
One Braham
1 Braham Street
London E1 8EE

Trustee Directors
JMRC Pensions Limited * *(Chairman) – (Resigned 16 October 2025)*
JMRC 65 Limited * (Chairman) – (appointed 16 October 2025)
Roger Waymouth *
Antony Gara**
Mitesh Kholia*
Joseph Ward**
Christopher Gray **
* *Company Nominated*
** *Member Nominated*

Investment Consultants
Brightwell Pensions *(Defined Benefit section)*
One America Square
17 Crosswall
London EC3N 2LB

Mercer Limited
(Defined Contribution section (to 31 March 2025) and AVC section)
The Paragon
Counterslip
Bristol BS1 6BX

Auditors
Ernst & Young LLP
1 Blagrave Street
Reading RG1 1AZ

Benefits Administrator
Capita Pension Solutions Limited
(Defined Benefit section)
145 Morrison Street
Edinburgh EH3 8FJ

Scottish Widows Limited
(Defined Contribution section (to 31 March 2025) and AVC section)
UK Life Centre
Station Road
Swindon SN1 1EL

Scheme Actuary
Mark Lewis
Aon Solutions UK Limited
Verulam Point
St Albans AL1 5HE

Fiduciary Manager
Brightwell Pensions
One America Square
17 Crosswall
London EC3N 2LB

Employer Covenant Advisers
Penfida Limited
1 Carey Lane
London EC2V 8AE

Medical Advisers
Health Management Limited
Ash House
The Broyle
Ringmer BN8 5NN

Legal Advisers
Eversheds Sutherland
One Wood Street,
London EC2V 7WS

Bankers
National Westminster Bank PLC
(Defined Benefit section)
42 High Street
Sheffield S1 1QG

National Westminster Bank PLC
(Defined Contribution section)(transferred to DB section 20 June 2025)
15 Bishopsgate
London EC2P 2AP

Lloyds Bank *(Defined Contribution section – transferred to DB Section 20 June 2025 and closed 8 September 2025)*
10 Gresham Street
London EC2V 7AE

Custodian
The Northern Trust Company
50 Bank Street
London E14 5NT

Consultants
(For advice on transfer of DC section to Master Trust and AVC section review)
XPS
11 Strand
London WC2N 5HR

Management and Advisers (continued)

Investment Managers

(Defined Benefit section)

PIMCO Europe Limited
11 Baker Street
London W1U 3AH

Insight Investment Management (Global) Ltd
160 Queen Victoria Street
London EC4V 4LA

Aviva Investors Jersey Unit Trusts
Management Limited
Lime Grove House
Green Street
St Helier
Jersey JE1 2ST

Hayfin Capital Management
One Eagle Place
London SW1 6AF

M&G Real Estate (Luxembourg) S.A.
34-38 Avenue De LA
Liberté
Luxembourg, 1930

Chorus Capital Management Limited
34 Bruton Street
London Q1J 6QX

Basalt Infrastructure Partners LLP (to 31 December 2025)
25 Golden Square
London W1F 9LU

I Squared Capital
600 Brickell Ave Penthouse
Miami, FL
33121, United States

Kohlberg Kravis Roberts & Co. Partners LLP
30 Hudson Yards
New York, NY
10001, United States

Ares Management LLC (appointed July 2025)
6th Floor
10 New Burlington Street
London W1S 3BE

(Defined Contribution section)

Scottish Widows Limited *(to 31 March 2025)*
UK Life Centre
Station Road
Swindon
Wiltshire SN1 1EL

Investment Manager and administrator
(AVC Investments)

Scottish Widows Workplace Savings
Barnwood 1, Barnett Way
Gloucester GL14 3RL

Trustee Report

EE Pension Trustee Limited (the "Trustee") has the pleasure in presenting the annual report and audited financial statements for the year ended 31 December 2025.

The Statement of Trustee's Responsibilities, Summary of Contributions, Auditor's Report and Statement about Contributions are made with reference to the Fund Account and Statement of Net Assets for the Scheme as a whole.

Scheme Management

Constitution of the Scheme

The EE Pension Scheme ('the Scheme') was a Hybrid Scheme, with a Defined Benefit section (DB section) and a Defined Contribution section (DC section), established to provide benefits for the employees of EE Limited and Mobile Broadband Network Limited (together 'the Employers') and their dependants. The DC Section transferred to a Master Trust in March 2025.

The Scheme is governed by the Constitutional Rules and the Final Salary Rules, both made under the Deed of 24 July 2007. The Scheme is registered for tax purposes with Her Majesty's Revenue and Customs (HMRC) in accordance with the Finance Act 2004. Consolidated Rules were executed 9 November 2015.

The Scheme is established as a Trust under English Law.

Appointment of Trustee

The Trustee to the Scheme is EE Pension Trustee Limited ('the Trustee') and is the Scheme administrator for the purposes of the Finance Act 2004. In accordance with the Constitutional Rules the Principal Employer, EE Limited, has the power to appoint and remove the Trustee. As the Trustee is the sole Trustee to the Scheme, the appointment and removal of Trustee Directors is made in accordance with the requirements of the Pensions Act 2004 with regard to member nominated trustee directors.

Principal and Participating Employers

The Principal Employer is EE Limited and Mobile Broadband Network Limited is the participating employer.

Scheme Advisers

The names of the professional advisers to the Trustee and other individuals and organisations who acted for or were retained by the Trustee during the year are listed on pages 2 and 3.

Trustee's Report – Scheme Management (continued)

Pension Increases

Pensions in payment and deferred pensions under the Scheme are increased each year at the rates specified in the Scheme rules, subject to any legal requirements to increase pensions. The cost of doing so is met by the Scheme. At 1 January 2025, pensioners were granted a 1.7% increase on their post 1988 GMP, a 2.7% increase on their excess pension accrued prior to 6 April 2006 and a 2.50% increase on their pension accrued since 6 April 2006, with pensioners who retired during the previous 12 months receiving proportionate increases.

Deferred pensions receive statutory increases each year, with deferred pensions for that element of such deferred pension accruing after 5 April 2009 receiving a maximum increase of 2.5% per annum during deferment.

Scheme Membership

Membership and Beneficiaries – Defined Benefit Section

	Deferred (including suspended members)	Pensioners	Totals
At 1 January 2025	6,994	1,421	8,415
Prior year adjustment *	(9)	12	3
At 1 January – as amended	**6,985**	**1,433**	**8,418**
Leavers			
Commuted	(2)	(1)	(3)
Transfers out	(8)	-	(8)
Retirements	(174)	174	-
New dependants	-	20	20
Deaths	(6)	(21)	(27)
Suspended	-	(1)	(1)
Child pension ended	-	(6)	(6)
31 December 2025	**6,795**	**1,598**	**8,393**

* Prior year adjustments relate to the late notification of member movements from the prior year.

Membership and Beneficiaries – Defined Contribution Section

	Deferred (including suspended members)	Totals
At 1 January 2025	28,301	28,301
Return of transfer value	1	1
Leavers		
Transfers out	(28,284)	(28,284)
Deaths	(8)	(8)
Uncrystallised Fund Pension Lump Sum	(10)	(10)
31 December 2025	**-**	**-**

The DC section was transferred to a master trust arrangement in March 2025. The figures above cover the period to 31 March 2025. Included in the above transfers out of 28,284 are 28,082 members who were part of the group transfer as detailed in note 9.

Trustee's Report – Scheme Management (continued)

Review of the Financial Development of the Scheme

As at 31 December 2025, the accumulated fund stood at £768.7m (2024: £1,351.7m). The audited financial statements, which appear on pages 30 to 54, record the financial transactions of the Scheme during the year.

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

Going Concern

The Trustee is responsible for making a formal assessment as to whether the 'going concern' basis is appropriate. For preparing these financial statements the Trustee has carefully assessed the long-term prospects of the Scheme taking into account our current position, the main risks faced and the measures in place to monitor and manage these risks. The Trustee believes there is a reasonable expectation that the Scheme will continue to operate successfully for a period of twelve months from the date of approval of these financial statements. This expectation is based on an understanding and analysis of our long-term risks and the associated risk management processes.

In addition, the Trustee is continuing to engage with its investment advisor to implement the agreed long-term strategy which includes the target of when the Scheme will become fully funded. The employer plays an essential role in communication and has remained operational throughout various difficult market conditions in the past few years. The employer has continued to fulfil the funding obligations to the Scheme as formally agreed in 2023, with payments made according to the Schedule of Contributions. This schedule was reviewed during the most recent triennial valuation, which confirmed that the Scheme is fully funded based on a Technical Provisions basis. Furthermore, subsequent improvements since the valuation date have enabled the Trustee to agree that no additional contributions are required from the sponsor. The Scheme continues to pay all member benefits in full.

Transfer values

All cash equivalent transfer values paid by the Scheme on behalf of members who have left the Scheme have been calculated and verified as prescribed in Section 97 of the Pension Schemes Act 1993. Discretionary benefits are not included in the calculation of transfer values. No transfers were reduced to less than their cash equivalent value.

GMP Equalisation

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit schemes.

The High Court has since determined that the Trustee owes a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the Trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Trustee has now completed the vast majority of the work of correcting past benefits as well as inequalities in benefits coming into payment in the January 2026 pension increase window. Further work is now planned to equalise the calculation basis of past and future transfers over the coming year. The Trustee continues to estimate that the total GMP equalisation liability is immaterial and therefore no provision has been included within these financial statements.

Section 37 (Virgin Media case on changes to contracted out schemes)

The Trustee has previously confirmed it is unaware of any impact on the Scheme following the judgement in the Virgin Media Limited v NTL Pension Trustees II Limited case. Legal and actuarial advice on this has not changed and therefore the Trustee continues to hold this view.

Valuation

The Scheme's triennial valuation as at 31 December 2024 was completed before the statutory deadline of 31 March 2026. The Scheme Funding Report published on 26 March 2026 in line with the new funding code requirements, shows the scheme had a surplus on a Technical Provisions basis of £73m, and a funding ratio of 111%. On a low dependency basis the scheme has a suplus of £81m (112% ratio) and on a solvency basis there was a deficit of £142m. Therefore the Trustee has agreed with the company that no further deficit contributions are required. In addition, scheme expenses currently paid by the company will now be paid from scheme assets, effective from 1 January 2026.

At the last valuation, the funding agreement included the provision by the sponsor of a Type C contingent asset in the form of a guarantee of up to £80 million, backed by a surety bond, payable in the event the Scheme is in deficit on a Technical provisions basis at the valuation date of 31 December 2024. Since that agreement, the Scheme's funding position vastly improved and with consideration to the strong convenant rating of the sponsor (as per the latest covenant report), the Trustee agreed to cancel the surety bond from 1 April 2025. The Trustee had sought advice from the Scheme Actuary and legal adviser and the outcome of the valuation shows this was the appropriate approach.

The next valuation as at 31 December 2027 will be due before 31 March 2029.

Scheme changes

Following the closure of the DC section in August 2023, the Trustee reviewed the options for the DC section with the advice of XPS, and in 2024 made the decision to wind up the DC section and move all funds to the Legal & General Mastertrust. The transfer took place in March 2025. From that date the Scheme includes only the DB section and its associated AVC scheme. The AVC scheme is managed by Mercer Workplace Savings (MWS), who provide investment and governance services, and administration services through it's partner Scottish Widows. In 2025, XPS carried out an additional review after Mercer Workplace Savings (MWS) announced it would end its relationship with Scottish Widows in 2026. The Trustee decided to keep the AVCs within the MWS solution and allow the transfer of administration to Aviva during 2026.

At the point the DC section was terminated and wound up on 20 June 2025, any DC bank accounts became part of the DB section.

Summary of Contributions

During the year ended 31 December 2025, the contributions payable to the Scheme by the Employers, under the Scheme Rules and the Schedule of Contributions dated 28 March 2023, were as follows:

	Defined Benefit section 2025
	£'000
Contributions paid under the Schedule of Contributions (as reported on by the Scheme Auditor):	
Deficit funding contributions	11,667
Contributions receivable per Fund Account	**11,667**

Investment Matters

Overview

Responsibility for the administration and management of the Scheme’s assets is vested in the Trustee which is responsible for the overall investment policies of the Scheme and is partially delegated by the Investment Committee which acts in accordance with its Terms of Reference.

Fiduciary Investment Manager

The Trustee has selected Brightwell Pensions (“Brightwell”) as its fiduciary manager who are delegated the day-to-day management of investment portfolio. A written agreement between the Trustee and Brightwell sets out the terms on which the fiduciary manager will act.

There were no significant changes to the Scheme’s investment strategy during 2025. During the year there were two main changes to the Scheme’s underlying investment managers. Ares were added as a new investment manager within the illiquid alternatives’ allocation and at the end of the year, the Scheme interest in the Basalt Infrastructure fund was divested.

Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles (“SIP”) which includes the Trustee’s policy relating to the exercise of the rights attaching to investments. Any member may request a copy, and the statement is published online. This Statement may change from time to time according to advice received from the investment manager or consultants. The SIP is included in the Appendix on page 55. Details of the Trustee’s policy in respect of financially material considerations – including environmental, social and governance matters, how investment managers are remunerated and voting behaviours are disclosed in the SIP and the Implementation Statements. The SIP was revised in December 2024.

Departures from investment principles

To the best of its knowledge, the Trustee can report that there has not been any departure from the SIP during the year ended 31 December 2025.

Custodial arrangement

The Trustee has appointed Northern Trust as the custodian of the Scheme’s investments.

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 Scheme also holds individual insurance policies in respect of the defined benefit AVC investments, custody of which is arranged by Scottish Widows.

The Scheme held its DC section investments in the form of units in pooled vehicles, and custody of Scheme assets was arranged by Scottish Widows.

Trustee's Report – Investment Matters (continued)

Employer-related investments

There were no directly held employer related investments either during the Scheme year or at the year end. Any indirect holdings did not exceed 5% at any time in the Scheme year. The Scheme's investments comply with restrictions prescribed by regulations made under section 40(2) of the Pensions Act 1995.

Asset allocation

The table below details the Scheme asset allocation for the DB section, along with the benchmark asset allocation as at the start and end of 2025.

Investment Fund	Allocation	Illustrative Ranges	31 December 2025[2]	31 December 2024[2]
	(%)	(%)	(%)	(%)
Illiquid alternatives	**35.0**	**30.0 – 40.0**	**30.1**	30.8
Equities	**15.0**	**10.0 - 20.0**	**0.1**	0.7
Absolute Return	**10.0**	**5.0 – 15.0**	**12.2**	11.5
LDI	**40.0**	**35.0 – 45.0**	**45.4**	47.3
Cash in Trustee Bank Account[1]	**0.0**	**0.0 – 10.0**	**12.2**	9.7
Total	**100.0**	**100.0**	**100.0**	100.0

Note:

1 Includes cash in the Northern Trust Cash Account.

2 Allocations shown reference capital weights but do not reflect the economic exposure of derivatives (see note 19 to the financial statements). The economic exposure of the asset classes was within the ranges as of 31 December 2025.

The benchmark allocation range represents the guidelines which Brightwell manage in accordance with the Fiduciary Management Agreement with the Trustee and as set out in the SIP.

Trustee's Report – Investment Matters (continued)

Asset allocation (continued)

The table below details the DC section investments as at 31 December 2025:

	2025 £'000	%	2024 £'000	%
Annuity Retirement	-	-	1,783	0.30
Cash and Money Market	-	-	831	0.14
Cash Retirement	-	-	2,446	0.41
Growth	-	-	388,066	65.13
High Growth	-	-	2,083	0.35
Asia Pacific (ex-Japan) Equity	-	-	2,582	0.43
Shariah	-	-	2,507	0.42
Property	-	-	1,133	0.19
Emerging Markets Equity	-	-	1,425	0.24
European (ex UK) Equity	-	-	1,165	0.19
Fixed Interest Gilt	-	-	1,110	0.19
Global Equity (60/40)	-	-	10,372	1.74
Index Linked Gilt	-	-	69	0.01
Japanese Equity	-	-	1,603	0.27
Moderate Growth	-	-	336	0.06
UK Equity	-	-	19,343	3.25
US Equity	-	-	3,949	0.66
Overseas Equity	-	-	29,976	5.03
Defensive	-	-	1,307	0.22
Diversified Growth	-	-	4,806	0.81
Diversified Retirement	-	-	87	0.01
Drawdown Retirement	-	-	11,087	1.86
Target Annuity 2025 Retirement	-	-	290	0.05
Target Annuity 2027 Retirement	-	-	150	0.02
Target Annuity 2028 Retirement	-	-	18	-
Target Annuity 2029 Retirement	-	-	3	-
Target Annuity 2030 Retirement	-	-	9	-
Target Annuity 2031 Retirement	-	-	37	0.01
UK Corporate Bond	-	-	291	0.05
Ethical	-	-	4,295	0.72
Target Drawdown 2025 Retirement	-	-	7,643	1.28
Target Drawdown 2026 Retirement	-	-	10,700	1.80
Target Drawdown 2027 Retirement	-	-	9,493	1.59
Target Drawdown 2028 Retirement	-	-	11,793	1.98
Target Drawdown 2029 Retirement	-	-	12,144	2.04
Target Drawdown 2030 Retirement	-	-	11,939	2.00
Target Drawdown 2031 Retirement	-	-	14,294	2.40
Target Drawdown 2032 Retirement	-	-	21,946	3.68
Target Cash 2025 Retirement	-	-	74	0.01
Target Cash 2026 Retirement	-	-	342	0.06
Target Cash 2027 Retirement	-	-	336	0.06
Target Cash 2028 Retirement	-	-	687	0.12
Target Cash 2029 Retirement	-	-	335	0.06
Target Cash 2030 Retirement	-	-	321	0.05
Target Cash 2031 Retirement	-	-	410	0.07
Target Cash 2032 Retirement	-	-	247	0.04
	-	-	595,863	100.00

Development of the investment strategy

During 2025 there were no material changes in the EE Pension Scheme's investment strategy. As at 31 December 2025, the Scheme hedged approximately 90% of interest rate and inflation risk (2024: 80%). The purpose of this is to provide better security to Scheme member benefits by better aligning investments with pension payments and protecting them against interest rate and inflation rises.

Review of investment performance

The Scheme's annual, 3 year and 5 year returns for the DB section are set out in the table below, along with the benchmark returns over the same period.

Note: The Scheme return is an asset-weighted return using the actual performance of the fund managers. The liability benchmark is calculated using the estimated values of the Scheme's liabilities.

	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)	3 Year (% p.a.)	5 Year (% p.a.)
Scheme Return (%)	**8.6**	**-33.9**	**4.1**	**-5.9**	**2.7**	**0.2**	**-6.0**
Benchmark Return (%)	**10.3**	**-35.1**	**9.2**	**2.8**	**3.2**	**5.0**	**-3.7**
Liability Benchmark (%) [1]	**1.4**	**-46.5**	**-0.2**	**-14.3**	**1.1**	**-4.7**	**-14.0**

[1] Annual figures for the 2021 liability benchmark performance have been restated following the sign off of the Triennial actuarial valuation as at 31 December 2018.

Overall the Scheme achieved a postive return of 2.7% over the year ending 31 December 2025. The returns for 2025 are broken down into quarterly returns as follows:

	Q1 2025 (%)	Q2 2025 (%)	Q3 2025 (%)	Q4 2025 (%)	1 Year (%)
Scheme Return (%)	**-1.6**	**0.1**	**-0.2**	**4.4**	**2.7**
Liability Benchmark (%)	**-2.0**	**0.3**	**-2.7**	**5.7**	**1.1**

Trustee's Report – Implementation Statement

Scheme Year End – 31 December 2025

The purpose of the Implementation Statement is for us, the Trustee of the EE Pension Scheme, to explain what we have done during the year ending 31 December 2025 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. A summary of any review of and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services

Our conclusion

Based on the activity we have undertaken during the year we believe that the policies set out in the SIP have been implemented effectively.

In our view, the Scheme's fiduciary manager and the material underlying investment managers were able to disclose adequate evidence of voting and/or engagement activity, and this activity was in line with our expectations. Some of the underlying managers, as outlined below, did not provide the requested engagement information, although we have seen positive progress in the data provision. The Scheme's fiduciary manager will prioritise improving this further in the year ahead.

Changes to the SIP during the year

The Scheme's latest SIP can be found here:

EE Pension Scheme (aon.com)

The SIP was updated in December 2024, there were no significant changes to the SIP during 2025.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP.

Investment Objective	*The overall return objective has been determined by the Trustee after an assessment of the Defined Benefit section's liabilities and associated risks of the Defined Benefit section of the Scheme and consultation with the Employer and is, based on the Actuarial Valuation date of 31 December 2021, as follows:* *"To implement an investment strategy which targets an expected return over fixed interest gilts of at least 2.0% per annum (net of fees) until 31 December 2030, declining to 0.5% ahead of fixed interest gilts at 31 December 2040"* *The Trustee recognises that targeting outperformance of the Defined Benefit section's liabilities requires the adoption of an asset mix that will perform differently from the liabilities. This implies that the funding level will be subject to volatility. The Trustee will measure and monitor this volatility using Value at Risk (VaR). The Trustee will aim to keep the VaR within an acceptable range determined by the Trustee after consultation with the Employer.* Through its quarterly investment monitoring report, the Trustee receives updates on the funding level of the Scheme, the performance of the Scheme's assets and how future expected returns and risk (VaR) compared to those stated in the investment objective.
Strategy	***When choosing the Defined Benefit section's asset allocation strategy, the Trustee considered written advice from its investment advisers and fiduciary manager, and, in doing so, addressed the following:*** • ***The need to consider a full range of asset classes.*** • ***The risks and rewards of a range of alternative asset allocation strategies.*** • ***The suitability of each asset class.*** • ***The need for appropriate diversification.*** The current investment strategy set out in the SIP was set following a detailed review and advice from the Trustee's investment adviser at the time, Aon, and following consultation with the Employer. ▪ During the year the Trustee approved bringing forward the planned increases to the Scheme's interest rate and inflation hedge ratio's. This follows the improvements to Scheme funding and will reduce the future volatility of funding, effectively locking in the improvements. ▪ In May 2023, Brightwell were appointed Fiduciary Manager of EEPS, taking over from Aon who were the previous investment advisor to the Scheme. ▪ There was limited portfolio activity during 2025 and the overall risk complexion of the Scheme's portfolio remained relatively consistent through the year.

Risk	*Due to the complex and interrelated nature of these (the Scheme's) risks, the Trustee considers the majority of risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some risks may also be modelled explicitly during the course of such reviews.* *Having set an investment objective which relates directly to the Scheme's liabilities and implemented it using a range of fund managers, the Trustee's policy is to monitor, where possible, these risks quarterly.* Please refer to "Investment Objective" and "Implementation" for further details on how risks within the Scheme are monitored and reported. In addition to the regular monitoring, the Trustee reviews the risk within the investment strategy as part of the investment strategy review carried out triennially alongside the actuarial valuation.
Implementation	*The Trustee has delegated all day-to-day decisions about the Defined Benefit section investments to its fiduciary manager Brightwell.* *Arrangements with the fiduciary manager* *The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the fiduciary manager are aligned with the Trustee's policies.* The Trustee monitors its fiduciary manager through regular quarterly updates and reporting provided to the EE Pension Scheme Funding & Investment Committee. This typically includes updates from the fiduciary manager on various items, including the investment strategy, assessment of fund managers, performance and longer-term positioning of the portfolio. Investment performance monitoring The Trustee receives, typically on a quarterly basis, monitoring reports from its fiduciary manager outlining the valuation of all investments held, the performance of these investments and any significant activity made during the quarter. Investment returns are compared against appropriate performance objectives. The asset allocation is also monitored and compared to the strategic asset allocation for the Scheme. *The Trustee shares the policies, as set out in this SIP, with the Scheme's asset managers, and request that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies.* The fiduciary manager will share the SIP with future underlying Scheme's asset managers for their awareness of the Scheme's expectations.

Stewardship – Voting and Engagement	*As part of its delegated responsibilities, the Trustee expects the Scheme's fiduciary manager and in-turn their selected investment managers to:* • *Where appropriate, engage with relevant parties, such as investee companies; and* • *Exercise the Trustee's voting rights in relation to the Scheme's assets, with an aim to protect and enhance the long-term value of Scheme assets.* *The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from its investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.* The fiduciary manager collates annual stewardship reports containing details of activities of each relevant manager. These voting records are outlined below in the Voting and Engagement section.
Cost and Transparency	*The Trustee is aware of the importance of monitoring its total investment costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred by the fiduciary manager and underlying asset manager that can increase the overall cost incurred by their investments.* The Trustee along with its advisors and fiduciary manager will continue to gather cost data for the Scheme's asset managers, including turnover costs, annually.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

In prior years we have provided statistics on the voting activity of the Scheme's equity managers however there are currently no allocations to listed equities in the portfolio following the divestments in 2022. As such, listed share voting activity is no longer relevant but should the Scheme invest in the asset class going forward, the manager's voting activity will be detailed.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues as well.

Source: UN PRI

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers over the year. Some of the engagement information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Scheme

Funds	Number of engagements		Key themes engaged on at a firm-level
	Fund specific	Firm level	
PIMCO Diversified Income Fund (UK DB PLD) (V)[1]	Not provided	>1300	Environment; land use and biodiversity; greenhouse gas emissions; air pollution; physical risks and resilience; water and waste; social; product safety and quality; community and stakeholder relationships; human and labour rights; health and safety; human capital management; product innovation and wellness; governance; delivery on business and balance sheet strategy; risk management; board management and ownership; transparency and reporting; business ethics; conduct and culture.
Insight High Grade ABS Fund	21	936	Climate change; governance; risk management; disclosure and reporting; ESG integration within investment and counterparty assessment
Ares Secondaries and res Global Secondary Solutions	10	Not provided	ESG integration across investment lifecycle; climate risk and emissions management; health and safety; governance and business ethics; human capital and diversity; regulatory compliance; data protection and cybersecurity; responsible supply-chain practices
KKR Global Infrastructure Partners	Not provided	Not provided	Decarbonisation strategies; climate targets; health and safety; cybersecurity and data privacy; portfolio-company governance
Aviva Investors - REaLM Multi Sector Fund	2	1320	Climate transition and physical risk; natural resources (water, biodiversity); pollution and waste; human and labour rights; board effectiveness; remuneration; capital allocation; reporting and disclosure
M&G Investments - UK Residential Property Fund	Not provided	1899	Leadership and governance; environmental performance; social factors; remuneration; capital structure; audit and accounting
Hayfin Direct Lending Fund II & Fund III	Not provided	10-20	Greenhouse gas emissions; ethics and compliance
Chorus Capital Credit Fund IV & V	26	26	Environment (climate change); social (public health); idiosyncratic ESG risks
I Squared Capital - Global Infrastructure Fund III	25	Not provided	Climate risk management and decarbonisation (GHG measurement, decarbonisation plans, climate resilience); health and safety (programmes, training, technology); sustainability governance (frameworks, policies, procedures); energy efficiency and renewable energy; human capital and diversity; regulatory compliance (SFDR, CSRD); biodiversity and environmental management; supply chain and human rights

Source: Investment Manager(s)

Data limitations

Investment managers adopt different approaches to reporting stewardship and engagement activity, reflecting variations in asset class, investment structure and ownership model. In particular, for private markets, credit and infrastructure strategies, engagement is often embedded within ongoing portfolio management and active ownership, rather than recorded as discrete engagement events.

As a result, some managers provide detailed qualitative information on their engagement approach and key ESG themes addressed, without disclosing aggregated numerical engagement totals. Where this is the case, engagement activity is described in this report on a qualitative basis, drawing on the information provided by the managers.

In addition, certain managers undertake engagement primarily at portfolio-company level or across their wider investment platform, and do not report engagement data on a fund-specific basis. This reflects established market practice for these asset classes.

The Trustee, supported by its fiduciary manager, is satisfied that the information provided gives appropriate insight into how stewardship and engagement are undertaken across the Scheme’s investments, and will continue to work with managers to encourage continued evolution and consistency in reporting over time, where appropriate.

This report does not include commentary on the Scheme’s liability driven investments and/or cash, gilts etc because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Scheme’s assets that are held as AVCs.

Compliance Matters

The purpose of this Statement is to provide information, which is required to be disclosed in accordance with Schedule 3 of The Occupational Pension Schemes (Disclosure of Information) Regulations 1996 or voluntarily by the Trustee. The information deals with matters of administrative routine.

Transfer Values

Transfer values are calculated and verified as required under the provisions of the Pensions Act 1993.

Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance act 2004 and is therefore exempt from income tax and capital gains tax.

MoneyHelper

MoneyHelper (formerly The Money and Pensions Service (MaPS)) was created in 2019 as a single body providing information to the public on matters relating to workplace and personal pensions.

Website: https://www.moneyhelper.org.uk/en

Telephone: 0800 011 3797

Email: pensions.enquiries@moneyhelper.org.uk

Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Scheme in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Scheme and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme and can be contacted at 1st Floor, 10 South Colonnade, Canary Wharf, London, E14 4PU.

Telephone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

The Pensions Regulator may be contacted at Telecom House, 125-135 Preston Road, Brighton, BN1 6AF.

Telephone: 0345 600 2475

Website: www.thepensionsregulator.gov.uk

Pension Tracing

A pension tracing service is carried out by the Department for Work and Pensions. The Pension Tracing Service can be contacted at The Pension Service, Post Handling Site A, Wolverhampton, WV98 1AF.

Telephone: 0800 731 0193

Regulation under the applicable Data Protection Legislation

The data provided by members on their application forms is processed using computers. The use of such data is registered under the applicable Data Protection Legislation for the purposes of pensions administration by the Trustee and of personnel/employee administration by the company.

General Code of Practice

The Pensions Regulator (TPR) long-awaited General Code of Practice was laid before Parliament on 10 January 2024 and came into force on 28 March 2024. The code consolidates and replaces 10 of TPR's existing codes of practice on the governance and administration of pension schemes.

Central to the Code are the Regulator's expectations as to the features of a well-run scheme and how the governing body (those in charge of pension schemes) should comply with their legal duties. Governing bodies will need to have in place an Effective system of governance (ESOG), which is a collection of internal controls and procedures in relation to running a pension scheme. The code sets out TPR's expectations of how occupation pension schemes should be managed and the policies, practices and procedures that should be in place, which includes the obligation to conduct an Own Risk Assessment (ORA).

While the ORA is a new provision, TPR anticipates that many of the stipulations are already being adhered to by schemes. The Trustee is working with their advisers to identify any gaps and assess what actions need to be taken to ensure compliance with the General Code.

Taskforce for Climate Related Financial Disclosures (TCFD)

The Pension Schemes Act 2021 introduced legislation requiring trustees of occupation pension schemes to ensure that there are effective governance arrangements in place with respect to the effects of climate change. These regulations set out how schemes should review their exposure to climate change risk and determine how their investments might contributions to climate change. Further, the regulation requires that trustees must develop a strategy and target for managing the scheme's exposure to climate-related risk. For schemes in scope of the regulators, trustees are required to document their compliance with the regulations in an annual disclosure called a Taskforce for Climate Related Financial Disclosures ("TCFD") report.

If assets are over £1bn, the Trustee needs to produce and publish a TCFD document. Following the transfer of the DC section, the combined assets of the Scheme (DB & DC) are now under £1bn but still over £500m, therefore the Trustee has produced and published a TCFD report which is accessible on the Trustee's website: EE Pension Scheme (aon.com).

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is 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 Regulation 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 Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements 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 Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report. The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it 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.

Defined benefit schemes

The Trustee is 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 Trustee is 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 Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Money purchase schemes

The Trustee is responsible under pensions legislation for securing that a payment schedule is prepared, maintained and from time to time revised 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 Trustee is 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 payment schedule. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Report on Actuarial Liabilities

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, assessed using the assumptions agreed between the Trustee 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 2024. This showed that on that date:

The value of the Technical Provisions was:	£673 million
The value of the assets at that date was:	£746 million

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method with a 3 year central period to calculate the cost of future benefit accrual.

Significant actuarial assumptions

Discount interest rate: Gilt market pricing by Aon plus 1.0% p.a. until 31 December 2030. Declining to a gilt market pricing plus 0.5% p.a. at 31 December 2040.

Retail Price inflation: Gilt market pricing by Aon.

Consumer Price inflation: RPI inflation Aon's best-estimate of the future long-term different between RPI and CPI, which at 31 December 2024 was 0.9% p.a. up to 2030 and 0.1% p.a. thereafter.

Pension increases: LPI curves based on RPI inflation assumption adjusted with allowance for caps and floors and with the aim of approximately reflecting the cost of hedging these increases using LPI-linked swaps.

Post-retirement mortality assumption**:** standard S4PMA and S2PFA_M tables with:

- 95% of the best estimate scaling factors (see table below)
- An allowance for future improvements in line with CMI 2023 Core Projections with Sk = 7.0 and A = 0.5, assuming a long-term annual rate of improvement in mortality rates of 1.50% p.a.

		95% of best estimate scaling factor	
Category	**Sex**	**Member**	**Future contingent dependant**
Deferreds	Males	95% of S4PMA	99% of S4PFA_M
	Females	104% of S4PFA_M	105% of S4PMA
Pensioners and dependants	Males	86% of S4PMA	90% of S4PFA_M
	Females	96% of S4PFA_M	102% of S4PMA

Contact for Further Information

Enquiries about individual member's Defined Benefit section benefits should be addressed to:

Capita
2nd Floor
145 Morrison Street
Edinburgh EH3 8FJ

Email: ee.helpline@capita.co.uk

General enquiries for former Defined Contribution section members should be addressed to:

EE Pension Trustee Limited
One Braham
Braham Street
London
E1 8EE

Email: pensions@bt.com

Approval of the Trustee's Report

Signed on behalf of the EE Pension Scheme by:

.... **Date:** ....

Director
EE Pension Trustee Limited

Actuary’s Certification of the Schedule of Contributions

Name of Scheme: **EE Pension Scheme**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2024 to continue to be met for the period for which the schedule is to be in force.

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 26 March 2026.

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.

Signature:	Mark Lewis	Date:	26 March 2026
Name:	Mark Lewis	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Verulam Point, Station Way, St Albans, AL1 5HE	Name of employer:	Aon Solutions UK Limited

Actuarial Certificate given for the purposes of Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of Scheme: **EE Pension Scheme**

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 December 2024 is made in accordance with regulations under section 222 of the Pensions Act 2004.

The calculation uses a method and assumptions determined by the trustees of the Scheme and set out in the Statement of Funding Principles dated 26 March 2026.

Signature: *M Lewis*

Scheme Actuary: Mark Lewis

Date of signing: 26 March 2026

Name of Employer: Aon Solutions UK Limited

Address: Verulam Point
Station Way
St Albans
AL1 5HE

Qualification: Fellow of the Institute and Faculty of Actuaries

Independent Auditor’s Report to the Trustee of the EE Pension Scheme

Opinion

We have audited the financial statements of the EE Pension Scheme for the year ended 31 December 2025 which comprise the Fund Account, The Statement of Net Assets (available for benefits) and the related notes 1 to 29, 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 FRS 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:

- give a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2025, 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 Regulation 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

In auditing the financial statements, we have concluded that the Trustee’s 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 12 months from when the Scheme’s financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme’s ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements, our auditor’s report thereon and our auditor’s statement about contributions. The Trustee is responsible for the other information contained within the annual report.

Independent Auditor’s Report to the Trustee of the EE Pension Scheme (continued)

Other information (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 course of 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 this gives rise to 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Trustee’s responsibilities statement set out on page 21, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines 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 Trustee is 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 Trustee either intends to wind up the Scheme or to cease operations, or has 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustee.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant related to pensions legislation and the financial reporting framework. These are the relevant sections of the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.

Independent Auditor's Report to the Trustee of the EE Pension Scheme (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how the Scheme is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Scheme has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. In our assessment, we also considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. The procedures were designed to provide reasonable assurance that the financial statements were free from fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee's minutes.
- The Scheme is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Scheme with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://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 Trustee, 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 Trustee those matters we are required to state to it 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 Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Reading

Date: 2026

Independent Auditor's Statement about Contributions to the Trustee of the EE Pension Scheme

We have examined the summary of contributions to the EE Pension Scheme for the Scheme year ended 31 December 2025 which is set out in the Trustee's Report on page 7.

In our opinion contributions for the Scheme year ended 31 December 2025 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 28 March 2023.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 7 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 Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is 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 Scheme's Trustee as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement 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 Trustee as a body, for our work, for this statement, or the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Reading

Date: 2026

Fund Account

For the year ended 31 December 2025

	Note	Defined benefit section 2025 £'000	Defined contribution section 2025 £'000	Total 2025 £'000	Total 2024 £'000
Contributions and benefits					
Employer contributions		11,667	-	11,667	20,000
Total contributions	5	**11,667**	**-**	**11,667**	20,000
Transfers in	6	-	219	219	229
Other income	7	-	22	22	8
		11,667	**241**	**11,908**	20,237
Benefits paid or payable	8	(16,447)	(706)	(17,153)	(17,206)
Payments to and on account of leavers	9	(816)	(584,895)	(585,711)	(155,134)
Administrative expenses	10	(69)	-	(69)	(57)
Other payments	11	-	(1)	(1)	(2)
		(17,332)	**(585,602)**	**(602,934)**	(172,399)
Net withdrawals from dealings with members		**(5,665)**	**(585,361)**	**(591,026)**	(152,162)
Returns on investments					
Investment income	12	19,766	7	19,773	24,354
Change in market value of investments	13	181	(11,444)	(11,263)	(8,157)
Investment management expenses	15	(572)	-	(572)	(712)
Net returns on investments		**19,375**	**(11,437)**	**7,938**	15,485
Net increase/(decrease) in the fund during the year		**13,710**	**(596,798)**	**(583,088)**	(136,677)
Transfer between sections		**49**	**(49)**	**-**	-
Net assets of the Scheme at start of year		**754,887**	**596,847**	**1,351,734**	1,488,411
Net assets of the Scheme at end of year		**768,646**	**-**	**768,646**	1,351,734

The accompanying notes on pages 32 to 54 are an integral part of these financial statements.

Statement of Net Assets Available for Benefits

As at 31 December 2025

	Note	Defined benefit section 2025 £'000	Defined contribution section 2025 £'000	Total 2025 £'000	Total 2024 £'000
Investment assets:					
Pooled investment vehicles	17	297,720	-	297,720	915,497
Bonds	13	609,271	-	609,271	535,232
AVC investments	18	8,350	-	8,350	9,015
Cash and other	13	120,898	-	120,898	73,524
Derivatives	19	99,501	-	99,501	172,618
Amounts receivable under repurchase agreements	20	60,029	-	60,029	39,305
		1,195,769	**-**	**1,195,769**	1,745,191
Investment liabilities:					
Bonds	13	(60,231)	-	(60,231)	(38,571)
Derivatives	19	(121,120)	-	(121,120)	(186,964)
Amounts due under repurchase agreements	20	(247,544)	-	(247,544)	(172,988)
		(428,895)	**-**	**(428,895)**	(398,523)
Total net investments		**766,874**	**-**	**766,874**	1,346,668
Current assets	23	**2,735**	**-**	**2,735**	6,392
Current liabilities	24	**(963)**	**-**	**(963)**	(1,326)
Net assets of the Scheme at end of year		**768,646**	**-**	**768,646**	1,351,734

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. 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 considers such obligations, is dealt with in the Report on Actuarial Liabilities on page 22 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 32 to 54 form an integral part of these financial statements.

These financial statements were approved by the Trustee on___________________________.

Signed on behalf of the Trustee: …...

Notes to the Financial Statements

1. Identification of the financial statements

The EE Pension Scheme, registration number 10249705 is a trust scheme established under English Law, administered under a Definitive Trust Deed and Rules. The address for enquiries to the Scheme is included in the Trustee Report.

2. Basis of preparation

The individual financial statements of the EE Pension Scheme 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 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

The financial statements have been prepared on a going concern basis.

3. Accounting policies

The principal accounting policies of the Scheme are as follows:

Contributions

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the employer and Trustee.

Payments to members

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

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

Where the Trustee agrees, or is required, to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

Transfers to and from other schemes

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged, which is normally when the transfer amount is paid or received.

Group transfers are accounted for in accordance with the terms of the transfer agreement.

Expenses

Administrative expenses are borne by the Employer, other than those shown in note 10. Investment manager expenses are accounted for on an accruals basis.

3. **Accounting policies (continued)**

Investment income

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

Income from pooled investment vehicles which distribute income is accounted for when declared by the fund manager.

Investment income, which is not distributed, arising from the underlying investment of pooled investment vehicles is reinvested within the pooled investment vehicles reflected in the unit price. It is reported within the change in market value.

Income from fixed interest and index linked securities is accounted for on an accruals basis and reflects interest bought and sold on investment purchases and sales.

Net receipts or payments on swap contracts are either reported in investment income (where the economic purpose relates to income) or change in market value (where the economic purposes relates to assets or liabilities).

Investments

The change in market value of investments during the year comprises 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 during the year.

Investments are included at fair value as described below:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

Fixed interest and index linked securities are stated at their clean prices. Accrued interest is excluded from the market value of fixed income securities and is included in investment income receivable.

The fair value of the interest rate swaps and inflation swaps is calculated using pricing models populated with market observable inputs. Swaps contracts are valued on a single-price basis due to the absence of a bid and offer spread. Realised gains and losses on closed contracts and unrealised gains and losses on open contracts are included in change in market value. Net receipts or payments on swap contracts are either reported in investment income (where the economic purpose relates to income) or change in market value (where the economic purpose relates to assets or liabilities). For exchange-traded derivatives that are assets, fair value is based on closing bid prices. For exchange-traded derivatives that are liabilities, fair value is based on closing offer prices. Futures contacts are exchange-traded and fair value is determined using the exchange price for closing out the contract at the year end.

With profit insurance policies are reported at the policy value provided by the insurance company based on the cumulative reversionary bonuses declared and the current terminal bonus.

Repurchase agreements are accounted for as follows:

Repurchase agreements (repo) - the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

Presentation currency

The Scheme’s presentational and functional currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Notes to the Financial Statements (continued)

4. Comparative disclosures for the Fund Account and Statement of Net Assets

Fund Account

	Note	Defined benefit section 2024 £'000	Defined contribution section 2024 £'000	Total 2024 £'000
Contributions and benefits				
Employer contributions		20,000	-	20,000
Total contributions	5	20,000	-	20,000
Transfers in	6	-	229	229
Other income	7	-	8	8
		20,000	237	20,237
Benefits paid or payable	8	(12,834)	(4,372)	(17,206)
Payments to and on account of leavers	9	(954)	(154,180)	(155,134)
Administrative expenses	10	(57)	-	(57)
Other payments	11	-	(2)	(2)
		(13,845)	(158,554)	(172,399)
Net additions/(withdrawals) from dealings with members		6,155	(158,317)	(152,162)
Returns on investments				
Investment income	12	24,341	13	24,354
Change in market value of investments	13	(62,073)	53,916	(8,157)
Investment management expenses	15	(712)	-	(712)
Net returns on investments		(38,444)	53,929	15,485
Net decrease in the fund during the year		(32,289)	(104,388)	(136,677)
Interfund transfer		81	(81)	-
Net assets of the Scheme at start of year		787,095	701,316	1,488,411
Net assets of the Scheme at end of year		754,887	596,847	1,351,734

4. Comparative disclosures for the Fund Account and Statement of Net Assets (continued)

Statement of Net Assets Available for Benefits

	Note	Defined benefit section 2024 £'000	Defined contribution section 2024 £'000	Total 2024 £'000
Investment assets:				
Pooled investment vehicles	17	319,634	595,863	915,497
Bonds	13	535,232	-	535,232
AVC investments	18	9,015	-	9,015
Cash and other	13	72,532	992	73,524
Derivatives	19	172,618	-	172,618
Amounts receivable under repurchase agreements	20	39,305	-	39,305
		1,148,336	596,855	1,745,191
Investment liabilities:				
Bonds	13	(38,571)	-	(38,571)
Derivatives	19	(186,964)	-	(186,964)
Amounts due under repurchase agreements	20	(172,988)	-	(172,988)
		(398,523)	-	(398,523)
Total net investments		749,813	596,855	1,346,668
Current assets	23	5,250	1,142	6,392
Current liabilities	24	(176)	(1,150)	(1,326)
Net assets of the Scheme at end of year		754,887	596,847	1,351,734

5. Contributions

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Employer contributions			
Deficit funding	11,667	-	11,667

	2024 £'000	2024 £'000	2024 £'000
Employer contributions			
Deficit funding	20,000	-	20,000

Deficit contributions are being paid in accordance with the Schedule of Contributions to cover the shortfall of the Scheme as determined by the actuarial valuation of the Scheme as at 31 December 2021. Deficit funding contributions for the current year were payable at the rate of £1,666,667 per month, commencing 1 August 2022 until 31 July 2025.

6. Transfers in

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Individual transfers in from other schemes	**-**	**219**	**219**

	2024 £'000	2024 £'000	2024 £'000
Individual transfers in from other schemes	-	229	229

7. Other income

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Other income	-	22	22

	2024 £'000	2024 £'000	2024 £'000
Other income	-	8	8

8. Benefits paid or payable

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Pensions	9,909	-	9,909
Commutations and lump sum retirement benefits	6,149	124	6,273
Lump sum death benefits	389	582	971
	16,447	**706**	**17,153**

	2024 £'000	2024 £'000	2024 £'000
Pensions	8,850	-	8,850
Commutations and lump sum retirement benefits	3,833	3,176	7,009
Lump sum death benefits	151	1,196	1,347
	12,834	4,372	17,206

9. Payments to and on account of leavers

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Individual transfers to other schemes	476	12,901	13,377
Group transfer to other schemes	-	571,678	571,678
Refunds to members leaving service	-	-	-
Pension sharing on divorce	93	44	137
Charges deducted by way of cancellation of member units	-	272	272
Purchase of annuities	247	-	247
	816	**584,895**	**585,711**

	2024 £'000	2024 £'000	2024 £'000
Individual transfers to other schemes*	840	56,649	57,489
Group transfer to other schemes	-	95,935	95,935
Refunds to members leaving service	-	1	1
Pension sharing on divorce	114	-	114
Charges deducted by way of cancellation of member units	-	1,006	1,006
Purchase of annuities*	-	589	589
	954	154,180	155,134

* There was an immaterial casting error in the 2024 figures which has now been updated.

Members of the DC section of the Scheme, who were still employed by the sponsor and other employers within the BT Group, were offered participation in a bulk transfer exercise to move their DC Scheme benefits into the BT Retirement Saving Scheme (BTRSS) with Standard Life. This is the scheme provided by the BT Group for its employees. The transfer was performed in 2 tranches. The first for those who were members of the DC section on date of closure, the second for employees who previously TUPE'd from EE Limited to BT Group employers but retained benefits in the Scheme. These transfers took place during 2024. The transfer to L&G Master Trust for all remaining DC members took place on 11 and 12 March 2025, with a total of £571,678,360.27 assets covering 28,082 members transferring.

10. Administrative expenses

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Trustee Directors fees	**69**	**-**	**69**

	2024 £'000	2024 £'000	2024 £'000
Trustee Directors fees	57	-	57

The participating employer is required to meet PPF levies, life assurance premiums and other Scheme expenses as they fall due. The audit fees are paid by the principal employer.

11. Other payments

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Other payments	**-**	**1**	**1**

	2024 £'000	2024 £'000	2024 £'000
Other payments	-	2	2

12. Investment income

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Interest on cash deposits	25	7	32
Income from pooled investment vehicles	11,659	-	11,659
Interest on liquidity funds	3,133	-	3,133
Profit/(Loss) on foreign exchange	171	-	171
Income from derivatives	(9)	-	(9)
Repurchase agreements	(8,171)	-	(8,171)
Income from bonds	12,958	-	12,958
	19,766	**7**	**19,773**

	2024 £'000	2024 £'000	2024 £'000
Interest on cash deposits	38	13	51
Income from pooled investment vehicles	17,643	-	17,643
Interest on liquidity funds	2,348	-	2,348
Profit/(Loss) on foreign exchange	(2)	-	(2)
Income from derivatives	570	-	570
Repurchase agreements	(7,235)	-	(7,235)
Income from bonds	10,979	-	10,979
	24,341	13	24,354

Notes to the Financial Statements (continued)

13. Reconciliation of investments held at the beginning and end of the year

	Value at 1 January 2025 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 December 2025 £'000
Defined Benefit Section					
Pooled investment vehicles	319,634	102,502	(123,973)	(443)	297,720
Derivatives	(14,346)	14,624	(27,440)	5,543	(21,619)
Bonds	496,661	116,829	(58,556)	(5,894)	549,040
AVC investments	9,015	1,166	(2,806)	975	8,350
	810,964	**235,121**	**(212,775)**	**181**	**833,491**
Repurchase agreements	(133,683)				(187,515)
Cash deposits	69,759				101,808
Other – amount due from broker	2,773				19,090
	749,813				**766,874**
Defined Contribution Section					
Pooled investment vehicles	595,863	**30,068**	**(614,487)**	**(11,444)**	-
Cash deposits	992				-
	596,855				**-**

The companies managing the pooled investment vehicles of the DB section are detailed below.

	2025 £'000	2024 £'000
Pooled Investment Vehicles Managed Funds		
PIMCO Corporate Bonds	59,642	54,159
Insight LDI Portfolio	34,418	35,164
Hayfin Direct Lending II Fund	2,348	2,922
Hayfin Direct Lending III Fund	13,021	15,539
Basalt Infrastructure Partners Fund III	-	32,661
ISQ Capital Global Infrastructure Fund III	35,478	27,260
Chorus Capital Credit Fund IV	5,133	19,625
Chorus Capital Credit Fund V	39,788	16,579
Chorus Capital Credit Fund VI	4,178	-
Ares Global Structured Solutions Offshore	3,237	-
Ares Credit Secondaries (Lux) SSp	2,945	
KKR Diversified Core Infrastructure Fund	40,375	42,183
KKR Global Atlantic IVY Co-Invest Vehicle III	1,979	-
	242,542	246,092
Unitised Funds		
Aviva REaLM Multi Sector Unit Trust	23,905	42,595
M&G UK Residential Property Fund	31,273	30,947
	297,720	319,634

13. Reconciliation of investments held at the beginning and end of the year (continued)

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. There were no direct transaction costs during the year.

In addition to the direct transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Scheme.

Defined Contribution Section

For the DC section, investments purchased by the Scheme were allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid. All DC section investments were allocated to members.

The company operating the pooled investment vehicle of the DC section was registered in the United Kingdom.

14. Concentration of investments

The following investments account for more than 5% of the Scheme's net assets as at 31 December 2025:

	2025 %	2024 %
Pimco Corporate Bonds	**7.8**	4.0
KKR Diversified Core Infrastructure Fund	**5.3**	3.1
Sell to Open Repo W/Lloyds 4.03% from 6 Nov 2025 to 23 Apr 2026	**5.3**	-
Chorus Capital Credit Fund V	**5.2**	-
Mercer Growth Fund	**-**	28.7

15. Investment management expenses

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Management charges	**572**	**-**	**572**
	2024 £'000	**2024 £'000**	**2024 £'000**
Management charges	712	-	712

Management charges relate to investment managers who are remunerated through direct deduction from the investments.

16. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

17. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2025 £'000	2024 £'000
Defined Benefit Section		
Illiquid credit	64,467	54,665
Cash	1,299	3,892
Hedge funds	116,665	128,026
Property	31,273	30,947
Infrastructure	84,016	102,104
	297,720	319,634

	2025 £'000	2024 £'000
Defined Contribution Section		
Equities	-	194,692
Bonds	-	1,470
Cash	-	3,277
Diversified growth	-	395,291
Property	-	1,133
	-	595,863

18. AVC investments

The Trustee maintains assets invested separately from the main holdings through individual insurance policies, which secure additional benefits on a money purchase basis. These arrangements apply to members who have paid additional voluntary contributions, opted to waive bonuses in exchange for employer contributions, or transferred benefits from other pension schemes into the Scheme, with benefits provided by the Trustee on a money purchase basis.

Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2025 £'000	2024 £'000
Scottish Widows	**8,350**	9,015

19. Derivatives

Objectives and policies

Under the terms of their Investment Management Agreements, the Trustee has authorised the use of derivatives by its investment managers in the course of implementing the investment strategy.

The main objectives for the use of derivatives and the policies followed during the year are summarised as follows:

Swaps – The Trustee's aim is to match as far as possible the assets held within the LDI portfolio to a portion of the Scheme's long-term liabilities, in particular in relation to their sensitivities to interest rate and inflation movements. The Trustee entered into interest rate and inflation swaps that extend the duration of the assets to better match the long-term liabilities of the Scheme.

Futures – The Scheme enters into fixed interest contracts to hedge interest rate risk resulting from fixed interest investments in overseas fixed interest markets. The Scheme had exchange traded fixed interest futures outstanding at the year-end as follows

At the year end the Scheme had the following derivatives:

	2025 Assets £'000	**2025 Liabilities £'000**	**2024 Assets £'000**	**2024 Liabilities £'000**
Futures	5,665	(5,665)	6,746	(6,746)
OTC Swaps	93,836	(115,455)	165,872	(180,218)
	99,501	**(121,120)**	172,618	(186,964)

A summary of the Scheme's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

(i) Swaps

Inflation Rate Swaps

Period of Contract	**Nature of Swap**	**Notional Principal £'000**	**2025 Asset £'000**	**2025 Liability £'000**
0-10 Yrs	Pay Fixed (3.24% to 3.38%) for UKRPI	4,944	-	(262)
11-20 Yrs	Pay Fixed (3.24% to 3.38%) for UKRPI	8,029	494	(355)
21-30 Yrs	Pay Fixed (3.17% to 3.63%) for UKRPI	16,443	1,284	(231)
31-40 Yrs	Pay Fixed (3.17% to 3.70%) for UKRPI	15,688	485	(501)
41-50 Yrs	Pay Fixed (2.87% to 3.59%) for UKRPI	16,930	1,864	(418)
51-60 Yrs	Pay Fixed (2.76% to 3.60%) for UKRPI	13,769	785	(307)
			4,912	**(2,074)**
21-30 Yrs	Pay UKRPI for Fixed (3.17% to 3.63%)	3,600	-	(375)
41-50 Yrs	Pay UKRPI for Fixed (2.87% to 3.59%)	9,952	-	(1,851)
			-	(2,226)
Total Inflation Rate Swaps			**4,912**	**(4,300)**

19. Derivatives (continued)

(i) Swaps (continued)

Interest Rate Swaps

Period of Contract	Nature of Swap	Notional Principal £'000	2025 Asset £'000	2025 Liability £'000
0-10 Yrs	Pay Fixed (Zero Coupon) for Floating (3mth SONIA)	11,238	-	(439)
11-20 Yrs	Pay Fixed (Zero Coupon) for Floating (3mth SONIA)	17,765	444	(394)
31-40 Yrs	Pay Fixed (Zero Coupon) for Floating (3mth SONIA)	3,449	2,132	-
41-50 Yrs	Pay Fixed (Zero Coupon) for Floating (3mth SONIA)	72,654	28,003	-
			30,579	**(833)**

Period of Contract	Nature of Swap	Notional Principal £'000	2025 Asset £'000	2025 Liability £'000
1-10 Yrs	Pay Floating (3mth SONIA) for Fixed (Zero Coupon)	11,071	-	(230)
11-20 Yrs	Pay Floating (3mth SONIA) for Fixed (Zero Coupon)	14,490	283	(2,477)
21-30 Yrs	Pay Floating (3mth SONIA) for Fixed (Zero Coupon)	1,798	45	(693)
31-40 Yrs	Pay Floating (3mth SONIA) for Fixed (Zero Coupon)	1,562	-	(830)
41-50 Yrs	Pay Floating (3mth SONIA) for Fixed (Zero Coupon)	24,503	-	(22,719)
51-60 Yrs	Pay Floating (3mth SONIA) for Fixed (Zero Coupon)	35,466	-	(25,918)
			328	**(52,867)**
Total Interest Rate Swaps			**30,907**	**(53,700)**

Equity Return Swaps

Period of Contract	Notional Principal £'000	2025 Asset £'000	2025 Liability £'000
0-10 Yrs	10	58,017	(57,455)
Total Equity Return Swaps		**58,017**	**(57,455)**

In summary:	2025 Asset £'000	2025 Liability £'000
Total Inflation Rate Swaps	4,912	(4,300)
Total Interest Rate Swaps	30,907	(53,700)
Other Swaps	58,017	(57,455)
Net Derivative Asset/(Liability)	**93,836**	**(115,455)**

19. Derivatives (continued)

(ii) Futures

The Scheme enters into fixed interest contracts to hedge interest rate risk resulting from fixed interest investments in overseas fixed interest markets. The Scheme had exchange traded fixed interest futures outstanding at the year-end as follows

	Expiration	Notional Amount £'000	2025 Asset £'000	2025 Liability £'000
Futures Fixed Interest - UK	Less than 1 year	-	**5,665**	**(5,665)**

20. Repurchase agreements

At the year end, within other investments assets and liabilities, amounts payable under repurchase agreements amounted to £247,544,000 (2024: £172,988,000) and amount receivable under repurchase agreements amounted to £60,029,000 (2024: £39,305,000). Total collateral held by the Scheme's LDI manager at year end was £378.1m (2024: £350m).

21. Fair value determination

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (ie developed) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

As at 31 December 2025	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Defined Benefit Section				
Pooled investment vehicles	-	94,060	203,660	297,720
Derivatives	-	(21,619)	-	(21,619)
Bonds	549,040	-	-	549,040
AVC investments	-	8,350	-	8,350
Repurchase agreements	-	(187,515)	-	(187,515)
Cash deposits	101,808	-	-	101,808
Other	19,090	-	-	19,090
	669,938	**(106,724)**	**203,660**	**766,874**
Defined Contribution Section				
Pooled investment vehicles	-	-	-	-
Cash deposits	-	-	-	-
	-	**-**	**-**	**-**

Following a review of the fair value hierarchy classifications, repurchase agreements, previously classified as Level 1, have been reclassified to Level 2 to better reflect the observability of the valuation inputs used to determine fair value. This reclassification has no impact on the Scheme's net assets or the value of its investments.

21. Fair value determination (continued)

As at 31 December 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Defined Benefit Section				
Pooled investment vehicles	3,892	85,431	230,311	319,634
Derivatives	-	(14,346)	-	(14,346)
Bonds	496,661	-	-	496,661
AVC investments	-	9,015	-	9,015
Repurchase agreements	(133,683)	-	-	(133,683)
Cash deposits	69,759	-	-	69,759
Other	2,773	-	-	2,773
	439,402	80,100	230,311	749,813
Defined Contribution Section				
Pooled investment vehicles	-	595,863	-	595,863
Cash deposits	992	-	-	992
	992	595,863	-	596,855

22. Investment risk disclosures

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.

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

- Currency risk: this is the risk that the fair value of 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 of 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 of 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 Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

22. Investment risk disclosures (continued)

The following table summarises the extent to which the various classes of investments are affected by the aforementioned direct financial risks. This does not include the AVC investments, and amounts due from broker, as these are not considered significant in relation to the overall investments of the Scheme.

		Market risk			2025	2024
	Credit risk	Currency	Interest rate	Other Price	£'000	£'000
Absolute Return						
PIMCO Diversified Income	●	◐	○	◐	59,642	54,159
Insight High Grade ABS	●	◐	◐	◐	33,119	31,273
Illiquid Alternatives						
Aviva REaLM Multi Sector Unit Trust	●	○	○	●	23,905	42,595
Hayfin Direct Lending Fund II	●	○	○	◐	2,348	2,922
Hayfin Direct Lending Fund III	●	○	○	◐	13,021	15,539
M&G UK Residential Property	●	○	○	●	31,273	30,947
Chorus Capital Credit Fund IV	●	●	○	◐	5,133	19,625
Chorus Capital Credit Fund V	●	●	○	◐	39,788	16,579
Chorus Capital Credit Fund VI	●	●	○	◐	4,178	-
Basalt Infrastructure Partners Fund III	●	●	○	●	-	32,661
ISQ Global Infrastructure Fund III	●	●	○	●	35,478	27,260
KKR Diversified Core Infrastructure Fund	●	●	○	●	40,375	42,183
KKR Global Atlantic IVY Co-Invest	●	●	○	●	1,979	-
Ares Global Structured Solutions Offshore	●	●	○	●	3,237	-
Ares Credit Secondaries (Lux) SCSp	●	○	○	◐	2,945	-
LDI and Cash						
Insight Liquidity Funds	●	○	○	○	1,534	4,240
Northern Trust Liquidity Funds	●	○	○	○	101,573	69,410
Bonds	●	○	●	◐	549,040	496,661
Derivatives	●	○	●	◐	(21,619)	(14,346)
Repurchase agreements	●	○	●	◐	(187,515)	(133,683)
Total DB section investments					**739,434**	738,025

In the above table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly / not at all.

22. Investment risk disclosures (continued)

Defined Benefit Section

Investment Strategy

Further information on the Trustee’s approach to risk management, credit and market risk is set out below.

The primary objective of the Scheme's defined benefit investment strategy is to ensure long-term returns which meet the long-term future obligations of the Scheme.

The overall return objective has been determined by the Trustee after an assessment of the liabilities and associated risks of the Scheme and consultation with the Employer and is as follows:

"To implement an investment strategy which targets an expected return over fixed interest gilts of at least 2.0% per annum (net of fees) until 31 December 2030, declining 0.5% ahead of fixed interest gilts at 31 December 2040”.

The Trustee had ten investment managers employed, during the year, to manage the Scheme's assets for its defined benefits in line with the Scheme benchmark. The managers appointed to manage the Scheme's predominately 'return seeking' assets are Insight Investment Management (“Insight”), Pacific Investment Management Company (“PIMCO”), Aviva Investors Jersey Unit Trusts Management Limited (“Aviva”), Deutsche International Corporate Services (Ireland) Limited (“Hayfin”), M&G Investments (“M&G”), Chorus Capital Management Limited (“Chorus”), Basalt Infrastructure Partners LLP (“Basalt”), I Squared Capital (“ISQ”), Ares Management LLC (“Ares”) and Kohlberg Kravis Roberts & Co. Partners LLP (“KKR”).

The manager appointed to manage the Scheme's predominately 'risk reducing' assets is Insight Investment Management (“Insight”). Over the year to 31 December 2025, the Scheme increased the target hedge ratio in a series of tranches to 90% on both interest rate risk and inflation risk.

The Scheme does not hold EE Limited shares nor makes loans to EE Ltd or any of its subsidiaries; any holding that the Scheme has (if any) in the parent company is indirect, that is, as a result of investing in pooled funds which may include shares of British Telecommunications plc.

The defined benefit investment managers are remunerated on an 'ad valorem' (percentage of fund) basis with the exception of Insight who are remunerated on a base fee plus performance related fee basis.

The Trustee continued transitioning to the revised investment strategy in 2025, which is as follows:

- 15% Global Equities
- 35% Illiquid alternatives
- 10% Absolute Return
- 40% LDI

The Trustee may review and adopt a higher or lower overall return objective from time to time, after consultation with the sponsoring employer. Factors the Trustee will take into account in its consideration of the overall return objective include the Scheme’s funding level, the Trustee’s tolerance to risk and the Trustee’s assessment of the employers covenant to the Scheme.

22. Investment risk disclosures (continued)

Defined Benefit Section (continued)

Credit risk

A summary of the exposures to credit risk is given in the following table. The notes below explain how risk is managed and mitigated.

	31 December 2025 £'000	31 December 2024 £'000
Funds which invest in bonds/derivatives (direct and indirect risk)	739,434	738,025

The Scheme is subject to credit risk because the Scheme directly invests in bonds, repurchase agreements and OTC derivatives. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the units it holds in the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on the debt instruments held by the pooled investment vehicles.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC derivatives is reduced by collateral arrangements. At the year end the Scheme held total collateral of approximately £378.1m (2024: £350m).

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the investment manager, the regulatory environments in which the investment managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee relies on advice from their investment consultant pertaining to the operational strength of all existing and new pooled investment managers and on an on-going basis monitors any changes to the regulatory and operating environment of the pooled manager.

Indirect credit risk is mitigated by employing skilled investment managers the Trustee believes to be qualified to manage exposures to different types of counterparty, whether bond holdings or derivative instruments. The Trustee manages the associated credit risk by ensuring that it appoints investment managers who diversify their portfolio to minimise the impact of default by any one issuer.

The Scheme is also subject to credit risk because the Scheme holds cash balances. These cash balances are small and balances held are typically only sufficient to cover the working capital requirements of the Scheme over an agreed time period. Credit risk arising on cash is mitigated in this instance by holding cash within financial institutions which are at least investment grade credit rated.

Currency risk

The Scheme is subject to indirect currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles. The Trustee does not set limits to overseas currency exposure.

The Scheme's investments made through segregated vehicles are not subject to currency risk.

As at 31 December 2025, the Scheme's total exposure to currency risk was £222.9 million (2024: £223.7 million).

22. Investment risk disclosures (continued)

Defined Benefit Section (continued)

Interest rate risk

The Scheme is subject to indirect interest rate risk because some of the Scheme's investments are held in leveraged bonds and indirect interest rate swaps held through pooled investment vehicles.

The Scheme is subject to interest rate risk because some of the scheme's investments are held in bonds, interest rate swaps, repurchase agreements, and cash. The Scheme's physical allocation to these assets, in total is 55%.

Under this strategy, if interest rates fall then the value of the LDI portfolio will typically rise to help match some of the increase in the actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise the LDI portfolio will typically fall in value, as will actuarial liabilities, because of an increase in the discount rate. As at 31 December 2025, the LDI portfolio represented 46.2% of the investment portfolio (2024: 47.8%).

The exposure to interest rate risk arising from the underlying investments in the Insight Segregated LDI portfolio held by the Scheme was £339.9m (2024: £348.6m).

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities held in pooled vehicles, hedge funds, absolute return strategies and property investments.

The Scheme manages this exposure to overall price movements by diversifying its return seeking assets by geography, asset class, issuer and manager. The Trustee has set a benchmark of 60% of assets in return seeking investments. As at 31 December 2025, these assets held a value of £296.4m (2024: £315.7m).

All investments are subject to idiosyncratic price risks that arise from factors peculiar to the asset class or individual investment in addition to credit risk, currency risk and interest rate risk.

Legal nature of the pooled arrangements

	31 December 2025 £'000	31 December 2024 £'000
Open ended investment company	125,333	120,270
Unregulated collective investment scheme	23,905	42,595
Limited partnerships	148,482	156,769
Total	**297,720**	319,634

22. Investment risk disclosures (continued)

Defined Contribution Section

Market risk

The Scheme's DC section was subject to indirect foreign exchange risk, interest rate and other price risk arising from the underlying financial instruments held in the funds which were made available to members

Fund	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk	2024 £'000
High Growth	√	√	√	√	2,083
Growth	√	√	√	√	388,066
Moderate Growth	√	√	√	√	336
Defensive	√	√	√	√	1,307
Cash and Money Market	√	-	√	-	831
Annuity Retirement	√	-	√	-	1,783
Target Annuity 2025-2031 Retirement	√	√	√	√	507
Diversified Retirement	√	√	√	√	87
Target Drawdown 2025-2032 Retirement	√	√	√	√	99,952
Global Equity (60:40)	-	√	-	√	10,372
UK Equity	-	-	-	√	19,343
Overseas Equity	-	√	-	√	29,976
European (ex-UK) Equity	-	√	-	√	1,165
US Equity	-	√	-	√	3,949
Japanese Equity	-	√	-	√	1,603
Asia Pacific (ex Japan) Equity	-	√	-	√	2,582
Emerging Markets Equity	-	√	-	√	1,425
Diversified Growth	√	√	√	√	4,806
Fixed Interest Gilt	√	-	√	-	1,110
Index Linked Gilt	√	-	√	-	69
UK Corporate Bond	√	-	√	-	291
Property	-	√	√	√	1,133
Ethical	-	√	√	√	4,295
Shariah	-	√	-	√	2,507
Drawdown Retirement	√	√	√	√	11,087
Cash Retirement	√	-	√	-	2,446
Target Cash 2025 – 2032 Retirement	√	√	√	√	2,752

The analysis of these risks set out above was at Scheme level. Member level risk exposures were dependent on the funds invested in by members.

The Trustee had selected the above funds and had considered the indirect risks in the context of the investment strategy described in the Trustee's Report.

23. Current assets

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Contributions due from employer in respect of:			
Deficit contributions	-	-	-
Other debtors and prepayments	850	-	850
Cash balances	1,885	-	1,885
	2,735	**-**	**2,735**

	2024 £'000	2024 £'000	2024 £'000
Contributions due from employer in respect of:			
Deficit contributions	1,667	-	1,667
Other debtors and prepayments	640	-	640
Cash balances	2,943	1,142	4,085
	5,250	1,142	6,392
Allocated to members		1,088	
Not allocated to members – cash balances		54	
		1,142	

Following the termination and wind up of the DC section, any balances previously reported under this section were transferred to the DB Section.

24. Current liabilities

	2025 Defined benefit section £'000	2025 Defined contribution section £'000	2025 Total £'000
Unpaid benefits	922	-	922
Other creditors	41	-	41
	963	**-**	**963**

	2024 £'000	2024 £'000	2024 £'000
Unpaid benefits	123	1,149	1,272
Other creditors	53	1	54
	176	1,150	1,326
Allocated to members		1,150	
Not allocated to members - other creditors		-	
		1,150	

25. Commitment to invest

The Scheme, in prior years, has made commitments with existing manager Deutsche International Corporate Services (Ireland) Limited ("Hayfin"). Hayfin were first appointed as Investment Managers 18 January 2017, with the Scheme investing in the Direct Lending Fund (DLF) II. The total commitment to the DLF II was £30 million and to date £30 million has been paid. The Scheme committed £30 million on 25 April 2019 to the Direct Lending Fund (DLF) III and to date £11.6 million has been paid.

The Scheme made a commitment to a new fund with Chorus Capital who were appointed in 2020. The total commitment to the Capital Credit Fund IV was £40 million and to date £40 million has been paid. A further commitment was made in 2024 to the Capital Credit Fund V of £40 million and to date £40 million has been paid. The Scheme committed a further £40 million in 2025 to the Chorus Credit Fund VI and to date £4.2 million has been paid.

The Scheme made a commitment to I Squared Capital who were appointed in 2021 of £36.4 million ($49 million) and to date £29.6 million ($39.8 million) has been invested.

The Scheme made a commitment to KKR Infrastructure who were appointed in 2021 of £36.4 million ($49 million) and to date £36.4 million ($49 million) has been invested. The Scheme also made a commitment to the KKR Ivy Strategy of £37.2 million ($50 million) and to date £2.2 million ($2.9 million) has been invested.

The Scheme made commitments to Ares Credit Secondaries during the year of £22.5 million and to date £2.8 million has been invested. The Scheme also made commitments to Ares Structured Solutions during the year of £22.3 million ($30 million) and to date £2.2 million ($3 million) has been invested.

The Scheme made a commitment to Basalt Infrastructure who were appointed in 2020. The interest in the fund alongside unfunded commitments was sold as of 31st December 2025.

26. Related party transactions

Defined Benefit Section

Related parties of the EE Pension Scheme are as follows:

- Principal and participating employers
- EE Pension Trustee Limited

The principal and participating employer is provided on page 4 of this Report. All transactions between the Scheme and the participating employers are disclosed in the accounts.

All of the Scheme's administration expenses, other than those disclosed in note 10, were borne by the Employers directly.

The Trustee is shown on page 2 of this Report.

The Trustee is not aware of any other additional related party transactions that require disclosure in the accounts.

26. Related party transactions (continued)

Defined Benefit Section (continued)

The Principal Employer, EE Limited, provides secretarial services to the Trustee and bears these costs, and certain other costs of the Scheme, itself. The costs borne are not reflected in these financial statements.

During the year the DB Section paid Trustee fees of £69,000 (2024: £57,000). At the year end £16,000 (2024: £15,000) was unpaid.

Defined Contribution Section

The Principal Employer, EE Limited, provides secretarial services to the Trustee and bears these costs and certain other costs of the Scheme itself but the costs borne are not reflected in these financial statements.

The assets held in the DC section were transferred to the Legal & General Master Trust as detailed in note 9. The DC section has subsequently wound up.

All of the above transactions were made in accordance with the Scheme Rules.

27. GMP Equalisation

On 26 October 2018 the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit schemes.

The High Court has since determined that the Trustee owes a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the Trustee is under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Trustee has now completed the vast majority of the work of correcting past benefits as well as inequalities in benefits coming into pay in the January 2026 pension increase window. Further work is now planned to equalise the calculation basis of past and future transfers over the coming year. The Trustee continues to estimate that the total GMP equalisation liability is immaterial and therefore no provision has been included within these financial statements.

28. Employer-related investments

There were no directly held employer related investments either during the Scheme year or at the year end. Any indirect holdings did not exceed 5% at any time in the Scheme year. The Scheme's investments comply with restrictions prescribed by regulations made under section 40(2) of the Pensions Act 1995.

29. Cable & Wireless benefits

Following the end of the reporting period, the Trustee became aware that the benefits for ex-Cable and Wireless members who retired between age 60 and 65 had not been calculated correctly. A rectification exercise will take place this year, the current estimated cost of correcting benefits is not expected to be material and so has not been accounted for in these financial statements.

Appendix

Statement of Investment Principles

Defined Benefit Section (other than Money Purchase benefits)

1. INVESTMENT OBJECTIVE

The Trustee aims to invest the assets of the Defined Benefit section (i.e. other than money purchase benefits of the Defined Benefit section) of the Scheme prudently to ensure that the benefits promised to members are provided. In setting investment strategy for the Defined Benefit section of the Scheme, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the Defined Benefit section's liabilities. The asset allocation strategy it has selected is designed to achieve a higher return (and hence necessitates the taking of a higher level of risk) than the lowest risk strategy while maintaining a prudent approach to meeting the Defined Benefit section's liabilities.

The Trustee recognises that targeting outperformance of the Defined Benefit section's liabilities requires the adoption of an asset mix that will perform differently from the liabilities. This implies that the funding level will be subject to volatility. The Trustee will measure and monitor this volatility using Value at Risk (VaR)[1]. The Trustee will aim to keep the VaR within an acceptable range determined by the Trustee after consultation with the Employer.

The absolute level of VaR depends on a number of factors, such as asset allocation but also prevailing market conditions and the assumptions used to calculate it. In addition, the Trustee's risk tolerance will vary over time with certain factors such as sponsor covenant, funding level and liability profile.

The overall return objective has been determined by the Trustee after an assessment of the Defined Benefit section's liabilities and associated risks of the Defined Benefit section of the Scheme and consultation with the Employer and is, based on the Actuarial Valuation date of 31 December 2021, as follows:

"To implement an investment strategy which targets an expected return over fixed interest gilts of at least 2.0% per annum (net of fees) until 31 December 2030, declining to 0.5% ahead of fixed interest gilts at 31 December 2040"

The Trustee monitors the funding position and associated risks on a number of actuarial bases including the ongoing funding basis (technical provisions) and a "self-sufficiency" type actuarial basis using gilt yield curves to discount future expected Defined Benefit section liability cashflows.

The Trustee may review and adopt a higher or lower overall return objective from time to time, after consultation with the Employer. Factors that the Trustee will take into account in its consideration of the overall return objective include the Defined Benefit section's funding level, the Trustee's tolerance to risk and the Trustee's assessment of the Employer's covenant to the Scheme.

[1] Value at Risk estimates the possible downside risk facing the funding level and is specified as a monetary amount. Based upon a set of economic assumptions there is a 5% chance in any one year that the funding level could fall by at least this amount.

Statement of Investment Principles (continued)

2. STRATEGY

In order to meet the investment objective for the Defined Benefit section of the Scheme as stated above, the Trustee invests in a range of different asset classes, some predominantly return seeking assets such as equities and some predominantly risk reducing or diversifying asset classes such as index-linked gilts, corporate bonds and real estate.

The overall allocation to different asset classes may vary over time, depending on a number of factors, including market conditions and decisions taken by the fund managers and Trustee in the light of views about the relative outlook for different asset classes.

The current asset allocation strategy, as detailed within Appendix A, was determined with regard to the actuarial characteristics of the Defined Benefit section of the Scheme, in particular the strength of the funding position, the assumptions used to assess the funding position, the Defined Benefit section liability profile and the Employer's covenant.

The Trustee's policy is to make the assumption that riskier assets such as equities will outperform lower risk assets such as gilts over the long term. However, the Trustee recognises the potential volatility in the returns on riskier assets, particularly relative to the Defined Benefit section's liabilities. When choosing the Defined Benefit section's asset allocation strategy the Trustee considered written advice from Brightwell and, in doing so, addressed the following:

- The need to consider a full range of asset classes.
- The risks and rewards of a range of alternative asset allocation strategies.
- The suitability of each asset class.
- The need for appropriate diversification.

In addition, the Trustee also consulted with the Employer when setting this strategy.

The Trustee's policy is for the investments of the Scheme to be sufficiently liquid to enable disinvestment of assets to meet liabilities of the Scheme as they arise.

3. RISK

The Trustee recognises that the key risk to the Defined Benefit section of the Scheme is that it has insufficient assets to make provisions for 100% of the Defined Benefit section's liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause deterioration in the Defined Benefit section of the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and its advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Defined Benefit section's immediate liabilities ("cash flow risk"). The Trustee and its advisers will manage the Defined Benefit section of the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fiduciary manager to achieve the rate of investment return assumed by the Trustee ("manager risk"). This risk is considered by the Trustee and its advisers

both upon the initial appointment of the fiduciary manager and on an ongoing basis thereafter.

- The failure by the fiduciary manager to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Defined Benefit section of the Scheme's investment strategy.
- The possibility of failure of the Defined Benefit section of the Scheme's sponsoring Employer ("covenant risk"). The Trustee and its advisers considered this risk when setting the Defined Benefit section's investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some risks may also be modelled explicitly during the course of such reviews.

Having set an investment objective which relates directly to the Scheme's liabilities and implemented through a fiduciary manager, the Trustee's policy is to monitor, where possible, these risks quarterly. The Trustee receives quarterly reports showing:

- Actual funding level versus the Scheme specific funding objective.
- Performance versus the Scheme investment objective.
- Performance of individual fund managers versus its respective targets.
- Any significant issues with the fiduciary manager that may impact its ability to meet the performance targets set by the Trustee.

To manage risk the Trustee conducts a risk assessment (which feeds into the Scheme's risk register) and, where appropriate, discusses the quarterly reports with fund managers.

4. IMPLEMENTATION

Brightwell has been selected as fiduciary manager to the Trustee in respect of the Defined Benefit section of the Scheme,. It operates under an agreement to provide a service which ensures the Full Board of the Trustee and the Funding & Investment Sub Committee (F&ISC) are fully briefed to take decisions themselves and to monitor those they delegate. Brightwell is paid on a fixed fee basis for specific items of work it undertakes for the Defined Benefit section of the Scheme although time cost basis and performance related fees may be negotiated by the Trustee for certain projects. This structure has been chosen to ensure that cost-effective, independent advice is received.

In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustee recognises that "financial material considerations" over the time needed to fund future benefits by the investments of the Scheme include environmental, social and governance factors including climate change and believes that bad performance in these areas can negatively impact the value of investments held if not understood and evaluated properly. The Trustee acknowledges that consideration of these factors may also offer investment opportunities. The Trustee considers this risk when selecting the fiduciary manager and when monitoring their performance.

The Trustee has delegated all day-to-day investment decisions about the Defined Benefit section investments to the fiduciary manager. When choosing investments, the Trustee and its fiduciary manager are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018. The managers' duties also include taking into account environmental, social and governance considerations in the selection, retention and realisation of investments as appropriate.

Fiduciary Manager Arrangement

The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the fiduciary manager are aligned with the Trustee's policies.

The Trustee is supported in this monitoring activity by Brightwell. Some of the detailed monitoring is often delegated to the F&ISC. This typically includes updates from Brightwell on various items, including the investment strategy, performance and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objectives. The Trustee would not typically seek to terminate an investment manager on the ground of short-term performance alone.

The Trustee also receives regular updates on the monitoring and engagement activities carried out by its asset managers, which supports the Trustee in annually assessing asset managers and determining the extent to which the Scheme's stewardship policy has been followed throughout the year.

The Trustee shares the policies, as set out in this SIP, with the Scheme's fiduciary manager, Brightwell, and requests that they review and confirm whether their approach is in alignment with the Trustee's policies.

The Trustee believes that having appropriate governing documentation, setting clear expectations to Brightwell by other means, such as sharing the policies set out in this SIP, and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to have an investment strategy, and make decisions, that align with the Trustee's policies and are based on assessments of medium- and long-term performance.

The Trustee does not seek to incentivise Brightwell to take into account non-financial performance as it is not the Trustee's policy to take into account non-financial factors (see below).

There is typically no set duration for arrangements with Brightwell, although the continued appointment will be reviewed periodically and at least every three years.

Stewardship – Voting and Engagement

As part of its delegated responsibilities, the Trustee expects Brightwell to select and monitor investment managers in relation to:

- Where appropriate, engage with relevant parties, such as investee companies; and
- Exercise the Trustee's voting rights in relation to the Scheme's assets, with an aim to protect and enhance the long term value of Scheme assets.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it or its appointed Fiduciary Manager, or their selected asset managers would monitor and engage with relevant persons, including an issuer of debt or equity, an investment manager, other stakeholders or another holder of debt or equity. The Trustee may engage on relevant matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest. In practice, based on the current strategy and fund structures, the Trustee delegates this to the Fiduciary Manager, who in turn delegates to asset managers.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to environmental, social and governance considerations, or other factors such as present and future quality of life matters and ethical considerations (defined as "non-financial factors"[1]).

The Trustee has taken steps to satisfy itself that the managers have the appropriate knowledge and experience for managing the Defined Benefit section of the Scheme's investments and that they are carrying out their work competently. The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from Brightwell with regard to any changes. Each of the appointed managers has been set a specific benchmark and performance objective by the Trustee which is monitored in detail by the Trustee on a quarterly basis.

Details of the appointed managers can be found in a separate document produced by the Trustee entitled "Summary of Investment Arrangements for the Defined Benefit section of the Scheme", which is available to members upon request.

Costs and Transparency

The Trustee is aware of the importance of monitoring its asset manager's total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred by the asset manager that can increase the overall cost incurred by their investments.

The Trustee collects annual cost transparency reports covering all of its investments and ask that the investment manager provides this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each pooled fund. This allows the Trustee to understand exactly what the Scheme is paying the asset manager. The Trustee works with Brightwell and asset manager to understand these costs in more detail where required.

The Trustee acknowledges that portfolio turnover costs, that is transaction costs associated with the buying and selling of assets within the investment manager's mandates, are a necessary cost in order to generate investment returns and that the level of these costs varies across asset classes and pooled funds. A high level of transaction costs is acceptable so long as it is consistent with the asset class characteristics, manager's style and historic trends. The Trustee regularly monitors and discusses with Brightwellportfolio turnover costs and turnover ranges (the minimum and maximum frequency within which the assets of the Scheme are expected to be bought or sold). Where the Trustee monitoring identifies a lack of consistency, the mandate may be reviewed.

The Trustee is supported in its cost transparency monitoring activity by Brightwell.

[1]The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

Defined Contribution Section and Money Purchase benefits within the Defined Benefit Section

Historic contributions into the Defined Contribution ("DC") Section AVCs, historic bonus sacrifices, and some transfer values brought into the DC Section of the Scheme are invested in a range of pooled investment vehicles selected by the Trustee.

The members choose within the constraints of, and subject to, the Trust Deed and Rules and the restrictions from time to time imposed by the Trustee, how their assets are invested.

The Trustee's policy is to offer a range of pooled investment vehicles providing different investment risk and reward profiles to meet a range of different objectives of the different members of the Scheme with regard to:

- the differing ages,
- members' attitudes to risk,
- the differing expectations as to time of retirement, and
- the options available to members as to the way in which their benefits from their money purchase investments are to be taken.

1. INVESTMENT OBJECTIVE

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee's objective is therefore to make available a range of investment options for this purpose.

For members who do not wish to take an active role in investment decisions, the Trustee offers a **default option** ("Do it for me") which includes lifestyling arrangements to de-risk investments to an asset allocation designed to be appropriate for a typical member who intends to access their benefits via income drawdown at retirement. More details regarding the default options are available in Appendix B (DC Members) and Appendix C (AVCs) of this Statement.

2. INVESTMENT POLICIES

For the DC Section (including AVCs) of the Scheme the Trustee has contracted with Scottish Widows Limited ("Scottish Widows") to deliver investment management services through their investment platform. The DC Section's investment platform is provided under contract with Scottish Widows and Mercer Workplace Savings (MWS), both of whom are regulated by the Financial Conduct Authority. Mercer has been selected as the Delegated Investment Manager.

The Trustee makes available a range of funds and lifestyle strategy options for the DC Section of the Scheme which they believe provide appropriate strategic choices for members' different saving objectives, risk profiles and time horizons. Members themselves determine the fund(s) in which they choose to invest. Further detail on the fund range offered to members is included in the Investment Policy Implementation Document "IPID".

The investment choices for the DC Section includes developed market equities, emerging market equities, real estate, money market investments, gilts, index-linked gilts, corporate bonds, diversified growth funds and pre-retirement funds. Both active and passive management options are offered to members, depending on asset class.

Members who do not indicate a preference are invested in the default option which is a lifestyle strategy designed for members intending to take their benefits at retirement via income drawdown for DC members, or cash at retirement for AVC members. Members' assets are de-risked as they approach retirement via the use of target date funds. More information on the default strategy is included in Appendix B (DC Members) and Appendix C (AVCs).

In addition, alternative lifestyle strategies are available to members that reflect the alternative ways in which members might take their benefits at retirement (Income Drawdown, Annuity or Cash). Assets will be switched into investments which seek to more closely match how the member wishes to access their pension savings as they approach retirement.

Four risk profiled funds have also been made available to members, which are multi-asset funds targeting different risk and return objectives in order to provide members with a choice from lower risk to higher risk funds. The Delegated Investment Manager is responsible for making decisions on asset allocation, selection, appointment, removal and monitoring of underlying external investment managers in these risk profiled funds. This decision making responsibility also applies to all standalone MWS funds.

Members determine the balance between the different kinds of investments they hold. This balance will determine the expected return on member's assets and should be related to the member's own risk appetite and tolerances.

The Trustee undertakes to review the DC Section's delegated fund choices offered to members and the delegated investment manager arrangements on a regular basis. In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitability qualified investment advisor. The advice received and arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

All funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on member demand.

Non-financial matters, such as member and beneficiary ethical views and views in relation to social and environmental impact and their present and future quality of life are not explicitly taken into account in the selection, retention and realisation of investments. However, the Trustee does make available an Ethical Fund and a Shariah Fund which consider the views of members and their non-financial concerns.

3. RISK MANAGEMENT AND MEASUREMENT

The Trustee has considered investment risk for the DC Section of the Scheme from a number of perspectives. The below list is not exhaustive but covers the main risks that the Trustee considers and how they are managed and measured.

Statement of Investment Principles (continued)

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that the investment return over members' working lives will not keep pace with inflation and does not, therefore secure an adequate pension.	The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation
Market risks	Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	Members are able to set their own investment allocations, in line with their risk tolerances. Within active funds management of many of these market risks is delegated to the investment manager.
Market risks	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	
Market risks	Equity, property and other price risk	The risk that investment market movements lead to a substantial reduction in the anticipated level of the benefit.	
Environmental, Social and Corporate Governance risk		The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Scheme's assets.	The management of ESG related risks is delegated to investment managers. See Section 4, below, for the Trustee's responsible investment and corporate governance statement. The Trustee reviews the Mercer Stewardship Monitoring Report on an annual basis.
Investment Manager risk		The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The Trustee regularly reviews performance of investment funds. The management of this risk is outsourced to the delegated investment manager.
Liquidity risk		The risk that the Scheme's assets cannot be realised at short notice in line with member demand.	The Scheme is invested in daily dealt and daily priced pooled funds.

Pension Conversion risk	The risks that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The Trustee makes available three lifestyle strategies for DC members. Lifestyle strategies automatically switch member assets into investments whose value is expected to be less volatile relative to how the member wishes to access their pension savings as they approach retirement age.

The above items listed in Sections 2 and 3 of this Statement take into account what the Trustee considers 'financially material considerations', which includes (but is not limited to) environmental, social and governance considerations (including climate change). The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level (depending on their need to fund future benefits by investments of the Scheme). This will be dependent on the member's age and when they expect to retire.

4. RESPONSIBLE INVESTMENT AND CORPORATE GOVERNANCE (VOTING AND ENGAGEMENT)

The Trustee believes that environmental, social, and corporate governance ("ESG") factors have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration.

The Trustee has delegated day to day management of the assets to Mercer who in turn delegates responsibility for the investment of the assets to a range of underlying investment managers. These investment managers are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The managers' stewardship activities include engaging with relevant persons (including issuers of debt or equity, investment managers, other stakeholders or other holders of debt or equity relevant matters) on relevant matters such as performance, strategy, risk, ESG factors, corporate governance, capital structure and management of potential conflicts of interest.

The Trustee considers how ESG, climate change and stewardship is integrated within Mercer's investment processes and those of the underlying managers in the monitoring process. The Trustee believes that Mercer has the necessary expertise and framework in place to effectively manage and monitor investments in line with these areas, and this is implemented through their four pillar framework: integration, stewardship, thematic investment and screening. Where Mercer is the manager the funds for the Scheme incorporate these four pillars as far as is practical. Mercer is expected to provide reporting on a regular basis, at least annually, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

5. OTHER INVESTMENTS

Historically members were able to invest in a With Profits Fund managed by Equitable Life Assurance Society ("Equitable Life"). In January 2020, the Scheme's Equitable Life With Profits Fund holdings for DC members were transitioned to Utmost Life and Pensions Limited ("Utmost") into their Secure Cash Fund. The legacy DC assets were subsequently moved out of the Secure Cash Fund and transitioned into the Scheme's DC arrangement.

The legacy DB AVC members who remained at Utmost had their funds initially transferred to the Money Market Fund, before being subsequently transferred into a new AVC arrangement, which mirrors the Scheme's DC arrangement with Scottish Widows.

The Trustee also held an AVC policy with Fidelity. Following a review by the Trustee, members' AVC assets invested under this policy were subsequently transferred to the Scheme's AVC arrangements with Scottish Widows.

The AVC arrangements with Scottish Widows are now the sole AVC policy.

6. INVESTMENT RESTRICTIONS

The Trustee recognises that it is not possible to specify investment restrictions where assets are managed via pooled funds. For the DC section, it is noted that this is particularly true given that it is Scottish Widows Limited, the Scheme's investment platform provider that has the direct relationship with the third parties offering the funds (and not the Trustee).

7. IMPLEMENTATION AND ENGAGEMENT POLICY

The below table sets out the Trustee's approach to implementation and engagement. The list below is not exhaustive, but covers the main areas considered by the Trustee.

Policy statement	Trustee's Approach
How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the trustee's policies	The Delegated Investment Manager appoints underlying investment managers and the Trustee appoints investment managers of externally managed funds based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives. As the Trustee invests in pooled investment vehicles, they accept that they have limited ability to influence investment managers to align their decisions with the Trustee policies set out in this Statement. However, appropriate mandates have been selected to align with the Trustee's overall investment strategy.

Appendix

Statement of Investment Principles (continued)

	The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Delegated Investment Manager is dissatisfied, then they will look to replace the manager. If the Trustee is dissatisfied (for example if an underlying investment manager's investment strategy or decisions are not consistent with the Trustee's policies) the Trustee may remove the fund from the fund range, thus incentivising the investment manager to remain aligned with the Trustee's objectives. If the investment objective for a particular manager's fund changes, the Delegated Investment Manager will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.
How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term	The Trustee and the Delegated Investment Manager expect investment managers to incorporate the consideration of medium to long term financial performance, into their decision making process where appropriate. The extent to which this is so will be considered during the selection, retention and realisation of manager appointments, undertaken by the Delegated Investment Manager. Voting and engagement activity should be used by investment managers to discuss and improve the medium to long term performance of an issuer of debt or equity. The Delegated Investment Manager engages with investment managers on this activity and if dissatisfied will look to replace the manager. If the Trustee is dissatisfied (for example if an underlying investment manager is not making decisions based on medium to long term financial assessments, or is not using engagement activity to improve performance) the Trustee may remove the fund from the fund range, thus incentivising the investment manager to remain aligned with the Trustee's objectives. The Trustee does not seek to incentivise investment managers to incorporate non-financial performance into decision making as the Trustee's policy is that non-financial matters should not explicitly be taken into account in the selection, retention and realisation of investments (see above).
How the method (and time horizon) of the evaluation of the asset manager's performance and the	The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The

remuneration for asset management services are in line with the trustee's policies	Trustee reviews both absolute and relative performance against a portfolio or underlying investment manager's benchmarks on a quarterly basis, including assessments of both shorter and longer time horizons and against the Trustee's policies and objectives. The remuneration for investment managers used by the Scheme is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for money assessment to ensure they continue to represent value for members. If performance is not satisfactory, or is not in accordance with the Trustee's policies, the Trustee will ask the Delegated Investment Manager to provide additional rationale, and if not satisfied with this, may request further action be taken, including a review of fees. The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over three months, one year, three years, five years, and since inception. The Trustee's review the absolute performance, relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst the Trustee's focus is on long-term performance in accordance with the Trustee's policies, they also take shorter-term performance into account. The underlying managers are appointed by the Delegated Investment Manager, who review if the manager is meeting its stated performance objective and if any changes have been made.
How the trustee monitors portfolio turnover costs incurred by the asset manager.	Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members' assessment. The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for members' assessments. Importantly, performance is reviewed net of portfolio turnover costs.
How the trustee defines and monitor targeted portfolio turnover or turnover range.	The Trustee does not currently define or monitor target portfolio turnover or turnover ranges for funds since this information is not currently routinely provided by underlying fund managers. The Trustee may review its approach to monitoring portfolio turnover in due course if the information is provided by underlying fund managers.

How the trustee defines and monitors the duration of the arrangement with the asset manager.	The Trustee is a long term investor, all funds are open-ended and therefore there is no set duration for manager appointments. The Delegated Investment Manager is responsible for the selection, appointment, monitoring and removal of the underlying investment managers. The Trustee is responsible for the selection, appointment and removal of the externally managed funds. The Trustee may also choose to remove a fund from the fund range, if no longer considered appropriate, and the fund range reviewed on at least a triennial basis. The funds in use are also looked at on an annual basis through the Mercer SmartPath review.

Defined Benefit and Defined Contribution / AVC Section

1. GOVERNANCE

The Trustee is responsible for the investment of the Scheme's assets. The Full Board of the Trustee takes some decisions itself and delegates others to the Funding and Investment Sub Committee (the "F&ISC"). When deciding which decisions to take itself and which to delegate, the Full Board of the Trustee has taken into account whether the F&ISC has the appropriate training and access to expert advice in order to take an informed decision.

The Trustee has a clearly defined governance structure which includes an agreed Terms of Reference for the F&ISC and also documents governing the services provided by the investment adviser, custodians and fund managers. The delegatory duties and powers of the F&ISC are as provided for within the F&ISC Terms of Reference as amended from time to time.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

The Trustee's policy is to review its direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' AVCs and other monies invested on a money purchase basis. When deciding whether or not to make any new direct investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund managers.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee will monitor the Defined Contribution Section of the Scheme against the Pension Regulators "DC Code of Practice" to ensure that the scheme adheres to the best governance practices. Through the services of Mercers' Workplace Savings, the investment related quality features such as clear investment objectives, a suitable default strategy, on-going review of investment options and performance and the transparency of costs are already in place.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Fund managers are remunerated on an ad valorem basis, a performance related basis or a mixture of the two. The level of remuneration paid to fund managers is reviewed regularly by the Trustee against market rates and the Trustee's policies to ensure the fund managers' interests are aligned with those of the Scheme. In addition, fund managers pay commissions to third parties on many trades they undertake in the management of the assets and also incur other ad hoc costs.

The Trustee's agreement with each fund manager is, in the case of pooled fund investments, an agreement between the Trustee, the manager, the Delegated Investment Manager and the custodian. In the case of segregated investments the Trustee will have separate agreements with the fund manager and a custodian. The custodians are responsible for the safekeeping of the underlying assets and perform the administrative duties attached, such as the collection of interest and dividends and dealing with corporate actions.

The Trustee will review this SIP at least every three years and as soon as practicable following a significant change in investment strategy. The Trustee will take investment advice and consult with the Employer over any changes to the SIP.

Appendix A – Strategy for the Defined Benefit section of the Scheme

The overall return objective for the Defined Benefit section of the Scheme has been determined by the Trustee after an assessment of the Defined Benefit section liabilities and associated risks of the Defined Benefit section of the Scheme and consultation with the Employer and is, as at December 2023, as follows:

"To implement an investment strategy which targets an expected return over fixed interest gilts of at least 2.0% per annum (net of fees) until 31 December 2030, declining to 0.5% ahead of fixed interest gilts at 31 December 2040"

The one year Value at Risk (VaR95) (as at 30 September 2024) for the Defined Benefit section strategy is estimated to be approximately £94m[1]. The Trustee will monitor the VaR95 and aim to ensure that it remains below 25% of the Scheme's liabilities as calculated on the Scheme's technical provisions basis (equating to about £170m as at 30 September 2024).

The Defined Benefit section of the Scheme's investment portfolio is notionally split into four sub-sections from return seeking riskier assets such as equities to risk reducing lower expected return assets such as index-linked gilts. Certain assets such as property and corporate bonds have characteristics that are a mixture between pure return seeking and risk reducing assets.

The Defined Benefit section strategy is split approximately as follows together with illustrative ranges within which the Trustee expects to maintain the allocations to each broad asset class over the long term:

Asset Class	Central Strategic Weighting %	Illustrative Ranges %
Equities (including synthetic)	15.0	10.0 - 20.0
Absolute Return	10.0	5.0 - 15.0
Illiquid Alternatives	35.0	30.0 - 40.0
LDI and cash	40.0	35.0 - 45.0

Note: (1) Fixed and index-linked bond investments may include gilts, investment grade and higher yield corporate bonds and debt, cash and money-market investments, and other cash-like collateral for supporting, as required, agreed derivative contracts.

The Trustee may also invest in other (predominantly return seeking) alternative assets, for example private equity, hedge funds and absolute return funds, infrastructure and commodities from time to time. If the Trustee does revise its asset allocation for the Defined Benefit section strategy to include investment in such other assets, it will share its revised asset allocation strategy with the Employer.

The Trustee may also invest in other (predominantly risk reducing) assets, for example insurance products and/or assets expected to give some protection against increases in the liabilities due to improvements in longevity, or changes in interest rates or inflation.

The Trustee will monitor the actual asset allocation for the Defined Benefit section versus the central strategic weights set out in the table above. The Trustee recognises that from time to time the actual asset allocation may deviate from the central strategic weight due to market movements or due to medium term views on the relative attractiveness of different asset classes.

If it is considered that the mix has deviated too far from the central strategic weighting for too long a period, the Trustee will consider whether to rebalance back towards the central strategic weightings, taking into account current market conditions, medium term market views, and any changes to the Trustee's risk tolerance, and any changes to the funding position or liability profile of the Defined Benefit section of the Scheme.

[1]The one-year VaR95 means there is a one in twenty (5%) chance that the deficit will worsen by more than £100m in one year's time.

Appendix B – EE Pension Scheme ('the Scheme')

Statement of Investment Principles - Default Option (DC Members)

For members who do not wish to take an active role in investment decisions, the Trustee offers a **default option** which is a lifestyling arrangement, de-risking investments to an asset allocation designed to be appropriate for a typical member who intends to access their benefits via income drawdown at retirement. Referred to as the Target Drawdown Path.

This Appendix of the SIP should be read in conjunction with "Defined Contribution Section and Money Purchase benefits within the Defined Benefit Section".

1. AIMS AND OBJECTIVES

The aims of the default option are detailed below:

- To generate returns in excess of inflation during the "growth" phase of the strategy whilst managing downside risk.
- To provide a strategy that reduces investment risk for members as they approach retirement.
- To offer to members a mix of assets at retirement that is broadly appropriate for an individual planning to take their benefits via income drawdown.

2. INVESTMENT POLICIES

The Target Drawdown Path is implemented using a range of pooled funds managed by the Trustee's chosen investment managers. The Trustee delegates the selection, retention and realisation of investments within these pooled funds to the chosen investment managers.

Assets in the default arrangement are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole. All funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore the Trustee expects these to be realisable at short notice, based on member demand.

A range of asset classes are included within the default arrangement, including: developed market equities, emerging market equities, small capitalisation equities, low volatility equities, real estate, money market investments, gilts, index-linked gilts, corporate bonds, diversified growth funds and pre-retirement funds. Both active and passive management funds are utilised, depending on asset class.

The Target Drawdown Path adopts a lifestyle approach to manage risk throughout a member's lifetime in the Scheme. As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that it is appropriate to reduce investment risk as the member approaches retirement, this is expected to reduce the chance of market shocks producing unfavourable outcomes for members at retirement. The Trustee has delegated the investment strategy to Mercer, the asset allocation is consistent with the expected amount of risk that is appropriate given the age of the member and when they expect to retire.

- If the member is more than eight years from their expected retirement date contributions will be invested in a fund which holds a diversified range of assets (equities, bonds and non-traditional assets) with the objective of providing growth whilst mitigating inflation erosion and downside risk.

- Eight years before their target retirement date (or Normal Retirement Date if no target has been specified) members will have their holdings transferred into a target date fund based on expected date of retirement. The target date fund aims to gradually move assets to investments more suitable for targeting cash and variable income (drawdown) as members approach retirement.
- Within the Target Drawdown Path, units across the underlying pooled funds are bought and sold according to the lifestyle matrix set out in the IPID. Specific details on the pooled funds within the Target Drawdown Path are also set out in the IPID.

The Trustee's policy for its arrangements with delegated investment managers is the same as those set out in Sections (6) Investment Restrictions and (7) Implementation and Engagement Policy in the Defined Contribution Section above.

Non-financial matters, such as member and beneficiary ethical views and views in relation to social and environmental impact and their present and future quality of life are not explicitly taken into account in the selection, retention and realisation of investments within the default investment option.

The Trustee considers illiquid assets as those which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a dailydealing multi-asset fund. The default arrangement includes no direct allocation to illiquid investments. The default investment arrangement invests in multi-asset funds that do not invest in any underlying illiquid assets as at September 2024.

The Trustee understands the potential for higher returns and benefits of diversification that illiquids can offer relative to more traditional asset classes (such as bonds or equities). While these benefits are recognised by the Trustee, it is also aware of the risks associated with these investments, for example illiquidity and active manager risk. On balance therefore the Trustee has decided not to include illiquid assets in the default fund. The Trustee acknowledges illiquid assets is a developing area for defined contribution pensions, and expects the Delegated Investment Manager to monitor the position closely and continue to evaluate the suitability of such an investment. In selecting investments for the default arrangement, the Trustee uses modelling to consider the expected impact of different strategic allocation mixes on members' projected pots.

For any future investment, the Trustee carefully considers whether the investment provides value for members taking into account the potential for returns and associated risks. It is the Trustee's policy to review the allocation of the default investment strategy on a triennial basis, and it expects the Delegated Investment Manager to review on an annual basis. The Delegated Investment Manager has confirmed that such reviews will include whether the incorporation of illiquid asset investments is appropriate.

3. RISK

In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In particular, when reviewing the investment strategy of the default investment option, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option.

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that the investment return over members' working lives will not keep pace with inflation and does not, therefore secure an adequate pension.	The Trustee monitors the performance of the growth phase against inflation. The strategy for the default option is set with the intention of diversifying these risks to reach a level of risk deemed appropriate. The strategy is outsourced to the delegated investment manager. Within active funds management of many of these market risks is delegated to the investment manager.
	Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	
	Equity, property and other price risk	The risk that investment market movements lead to a substantial reduction in the anticipated level of the benefit.	
Environmental, Social and Corporate Governance risk		The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Scheme's assets.	The management of ESG related risks is delegated to investment managers. See Section 4 in the DC Section of this SIP for the Trustee's responsible investment and corporate governance statement. The Trustee reviews the Mercer Stewardship Monitoring Report on an annual basis.
Investment Manager risk		The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The Trustee regularly reviews performance of investment funds. The management of this risk is outsourced to the delegated investment manager.
Liquidity risk		The risk that the Scheme's assets cannot be realised at short notice in line with member demand.	The Scheme is invested in daily dealt and daily priced pooled funds.

Pension Conversion risk	The risks that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	As part of the triennial default strategy review, the Trustee ensures the default destination remains appropriate. Members who wish to take their pots via other methods are able to choose alternative lifestyle strategies, which may be more suitable for targeting these outcomes, reducing the risk of mismatches between investment strategy and target destination.

The above items in Sections 2 and 3 of this Appendix, take into account what the Trustee considers 'financially material considerations', which includes (but is not limited to) environmental, social and governance considerations (including but not limited to climate change). The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level (depending on their need to fund future benefits by investments of the Scheme). This will be dependent on the member's age and when they expect to retire. It is partly for this reason that the default investment option is a lifestyle strategy.

4. MEMBERS INTERESTS

The Trustee's policy for the default arrangement in relation to the exercise of rights attaching to investments and the undertaking of engagement activities in respect of investments is the same as those set out in Section (4) "Responsible Investment and Corporate Governance (Voting and Engagement)" in the Defined Contribution Section above.

Taking into account the demographics of the Scheme's membership and the Trustee's view of how the membership will behave at retirement, the Trustee believes that the current default strategy (including the policies referred to in this SIP) is appropriate to ensure that assets are invested in the best interests of members and beneficiaries invested in the default option. The Trustee will continue to review this over time, at least triennially, or after significant changes to the Scheme's investment policy or demographic profile, if sooner.

Appendix C – EE Pension Scheme ('the Scheme')

Statement of Investment Principles - Default Option (AVC Members)

For members who do not wish to take an active role in investment decisions, the Trustee offers a **default option** which is a lifestyling arrangement, de-risking investments to an asset allocation designed to be appropriate for a typical member who intends to access their benefits via cash at retirement. Referred to as the Target Cash Lifestyle.

This Appendix of the SIP should be read in conjunction with "Defined Contribution Section and Money Purchase benefits within the Defined Benefit Section".

1. AIMS AND OBJECTIVES

The aims of the default option are detailed below:

- To generate returns in excess of inflation during the "growth" phase of the strategy whilst managing downside risk.
- To provide a strategy that reduces investment risk for members as they approach retirement.
- To offer to members a mix of assets at retirement that is broadly appropriate for an individual planning to take their benefits as cash.

2. INVESTMENT POLICIES

The Target Cash Lifestyle is implemented using a range of pooled funds managed by the Trustee's chosen investment managers. The Trustee delegates the selection, retention and realisation of investments within these pooled funds to the chosen investment managers.

Assets in the default arrangement are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole. All funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore the Trustee expects these to be realisable at short notice, based on member demand.

A range of asset classes are included within the default arrangement, including: developed market equities, emerging market equities, small capitalisation equities, low volatility equities, real estate, money market investments, gilts, index-linked gilts, corporate bonds, diversified growth funds and pre-retirement funds. Both active and passive management funds are utilised, depending on asset class.

The Target Cash Lifestyle adopts a lifestyle approach to manage risk throughout a member's lifetime in the Scheme. As a member's pot grows, investment risk will have a greater impact on member outcomes. Therefore, the Trustee believes that it is appropriate to reduce investment risk as the member approaches retirement, this is expected to reduce the chance of market shocks producing unfavourable outcomes for members at retirement. The Trustee has delegated the investment strategy to Mercer, the asset allocation is consistent with the expected amount of risk that is appropriate given the age of the member and when they expect to retire.

- If the member is more than eight years from their expected retirement date contributions will be invested in a fund which holds a diversified range of assets (equities, bonds and non-traditional assets) with the objective of providing growth whilst mitigating inflation erosion and downside risk.

- Eight years before their target retirement date (or Normal Retirement Date if no target has been specified) members will have their holdings transferred into a target date fund based on expected date of retirement. The target date fund aims to gradually move assets to investments more suitable for targeting cash as members approach retirement.
- Within the Target Cash Lifestyle, units across the underlying pooled funds are bought and sold according to the lifestyle matrix set out in the IPID. Specific details on the pooled funds within the Target Drawdown Path are also set out in the IPID.

The Trustee's policy for its arrangements with delegated investment managers is the same as those set out in Sections (6) Investment Restrictions and (7) Implementation and Engagement Policy in the Defined Contribution Section above.

Non-financial matters, such as member and beneficiary ethical views and views in relation to social and environmental impact and their present and future quality of life are not explicitly taken into account in the selection, retention and realisation of investments within the default investment option.

3. RISK

In designing the default option, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In particular, when reviewing the investment strategy of the default investment option, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option.

The Trustee has considered risks from a number of perspectives. The list below is not exhaustive but covers the main risks that the Trustee considers and how they are managed.

Type of Risk	Risk	Description	How is the risk monitored and managed?
Market risks	Inflation risk	The risk that the investment return over members' working lives will not keep pace with inflation and does not, therefore secure an adequate pension.	The Trustee monitors the performance of the growth phase against inflation. The strategy for the default option is set with the intention of diversifying these risks to reach a level of risk deemed appropriate. The strategy is outsourced to the delegated investment manager. Within active funds management of many of these market risks is
	Currency risk	The risk that fluctuations in foreign exchange rates will cause the value of overseas investments to fluctuate.	

Appendix

Statement of Investment Principles (continued)

Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	delegated to the investment manager.
Equity, property and other price risk	The risk that investment market movements lead to a substantial reduction in the anticipated level of the benefit.	
Environmental, Social and Corporate Governance risk	The risk that environmental, social or corporate governance concerns, including climate change, have a financially material impact on the return of the Scheme's assets.	The management of ESG related risks is delegated to investment managers. See Section 4 in the DC Section of this SIP for the Trustee's responsible investment and corporate governance statement. The Trustee reviews the Mercer Stewardship Monitoring Report on an annual basis.
Investment Manager risk	The risk that the investment manager underperforms its objectives, fails to carry out operational tasks, does not ensure safe-keeping of assets or breaches agreed guidelines.	The Trustee regularly reviews performance of investment funds. The management of this risk is outsourced to the delegated investment manager.
Liquidity risk	The risk that the Scheme's assets cannot be realised at short notice in line with member demand.	The Scheme is invested in daily dealt and daily priced pooled funds.

Pension Conversion risk	The risks that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The default option is a lifestyle strategy which automatically switch member assets into investments broadly appropriate for an individual planning to take their benefits as cash. This is appropriate for the membership due to members also having DB pensions. Members who wish to take their pots via other methods are able to choose alternative lifestyle strategies, which may be more suitable for targeting these outcomes, reducing the risk of mismatches between investment strategy and target destination.

The above items in Sections 2 and 3 of this Appendix, take into account what the Trustee considers 'financially material considerations', which includes (but is not limited to) environmental, social and governance considerations (including but not limited to climate change). The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level (depending on their need to fund future benefits by investments of the Scheme). This will be dependent on the member's age and when they expect to retire. It is partly for this reason that the default investment option is a lifestyle strategy.

4. MEMBERS INTERESTS

The Trustee's policy for the default arrangement in relation to the exercise of rights attaching to investments and the undertaking of engagement activities in respect of investments is the same as those set out in Section (4) "Responsible Investment and Corporate Governance (Voting and Engagement)" in the Defined Contribution Section above.

Taking into account the demographics of the Scheme's membership and the Trustee's view of how the membership will behave at retirement, the Trustee believes that the current default strategy (including the policies referred to in this SIP) is appropriate to ensure that assets are invested in the best interests of members and beneficiaries invested in the default option. The Trustee will continue to review this over time, at least triennially, or after significant changes to the Scheme's investment policy or demographic profile, if sooner.

[redacted]

Date

Company consulted and confirmed on 27 March 2025