T-Mobile International UK Pension Scheme (the 'Scheme')

Statement of Investment Principles – Defined Benefit Section

March 2024

The following document outlines the Scheme's Statement of Investment Principles, which sets out the investment objective, the investment strategy, the Trustee's approach to risk management, issues concerning implementation of the strategy and the policy on governance.

The principles outlined in this section of the Statement of Investment Principles became effective following the delegation of certain decision making powers by the Trustee of the T-Mobile International UK Pension Scheme ("the Trustee") to BlackRock (the "Manager"). The Trustee has taken advice from Aon Investments Limited ("Aon") regarding the suitability of the Manager in this capacity. A copy of this Statement is available on the Scheme's publicly available website or on request.

1. INVESTMENT OBJECTIVE

The Trustee aims to invest the assets prudently to ensure that the benefits promised to members are provided. In setting investment strategy, the Trustee first considered the lowest risk asset allocation that it could adopt in relation to the 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 liabilities and is as follows:

"To implement an investment strategy such that the Defined Benefit Section of the Scheme achieves full funding with liabilities valued on a gilts only basis. This objective takes account of contributions paid to the Defined Benefit Section of the Scheme by the sponsoring employer, inclusive of any paid as deficit recovery contributions."

The Trustee recognises that targeting outperformance of the Scheme'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 (+/-15% of the Scheme's funding level) determined by the Trustee after consultation with the Employer.

Value at Risk estimates the possible downside risk facing the funding level and is usually 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. The Trustee's risk objective is as follows:

"To implement an investment strategy which reduces the probability of the Defined Benefit Section of the Scheme's funding level on a technical provisions (gilts+1%) basis falling by more than 15% in any one year to less than a 5% chance."

For example, were the Scheme to be 75% funded, the Trustee's risk objective would be to reduce the probability of the funding level falling below 64% in any one year, to less than a 5% chance.

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.

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

2. STRATEGY

The initial asset allocation chosen to meet the objective above is set out in the table below. The asset allocation was set based on the assumption that equities would outperform gilts over the long term, that active management would add value and that some alternative asset classes offer diversification and outperformance relative to bonds.

	Target allocation %	Range%
Delegated Growth Fund (DGF)	50	0 – 75
Delegated Liability Fund (DLF)	50	25 – 100

(1) DGF is the return seeking portion of the assets.
(2) DLF is the liability matching portion of the assets.

This strategy was decided following consideration of the Scheme's assets, liabilities and funding position as well as expert advice from the Trustee's investment advisers. The Trustee's investment advisers considered the Scheme's liability structure and a range of alternative asset allocation strategies.

This allocation may vary over time as the DLF aims to take into account the movement in the underlying value of the Scheme's liabilities whilst the DGF weighting will be affected by market prices of a broad range of asset classes.

The Trustee recognises the potential volatility in equity returns, particularly relative to the Scheme's liabilities, and the risk that the fund managers chosen by the Manager do not achieve the targets set. When appointing the Manager, the Trustee considered advice from its investment advisers concerning the following:

- The need to consider a full range of asset classes (including alternative 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 Trustee has also set a long-term glide path target (also known as a de-risking target) to help ensure the Scheme meets its long-term objective of being fully funded with liabilities valued on a gilts only basis. The glide plan outlines the investment return the Manager will target once the Scheme's hits certain funding level triggers.

Funding level Trigger	**Target Return (% p.a.)**
75% (Current)	Gilts + 2.5%
85%	Gilts +2.2%
90%	Gilts +1.75%
95%	Gilts +0.75%

Target returns are based on BlackRock's return assumptions.

Note that these target returns are subject to change as market conditions evolve subject to the proviso that the objective of the strategy is to deliver cumulative investment returns of gilts +1.85% p.a. over the period from September 2023 through to full funding on a gilts flat basis. The manager will reassess the size of the de-risking step once the trigger is breached, based on prevailing market conditions and the remaining illiquid allocation (subject to the proviso above).

3. RISK MEASUREMENT AND MANAGEMENT

The Trustee recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustee has identified a number of risks which have the potential to cause deterioration in 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 Scheme's immediate liabilities ("cash flow risk"). The Trustee and its advisers will manage 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 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 Manager and on an ongoing basis thereafter.
- The failure to spread investment risk ("risk of lack of diversification"). The Trustee and its advisers considered this risk when setting the Scheme's investment strategy.
- The possibility of failure of the Scheme's sponsoring employer ("covenant risk"). The Trustee and its advisers considered this risk when setting 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 of these risks may also be modelled explicitly during the course of such reviews.

The Trustee's policy is to monitor, where possible, these risks periodically. The Trustee receives quarterly reports showing:

- Performance versus the Scheme's investment objective.

In addition, the Trustee will be notified by Aon of any significant issues that arise.

4. IMPLEMENTATION

The Trustee has delegated all day-to-day decisions in respect of the Scheme's investment to the Manager through a written contract including the allocation of assets between different asset classes and the appointment and monitoring of fund managers. When choosing asset classes and fund managers, the Trustee and Manager are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4).

5. GOVERNANCE

The Trustee is responsible for the investment of the Scheme's assets. The Trustee takes some decisions itself and delegates others. When deciding which decisions to take itself and which to delegate, the Trustee has taken into account whether it has the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision making structure:

<table>
<tr><td colspan="2">Trustee
• Sets structures and processes for carrying out its role
• Appoint the Manager
• Agree the overall investment objective
• Monitors Investment Advisers and the Manager
• Select direct investments</td></tr>
<tr><td>The Manager ("BlackRock")
• Set the strategy for investing in different asset classes
• Determine strategy for selecting fund managers
• Implement the investment strategy
• Select and appoint investment managers
• Monitor investment managers
• Adjust asset allocations to reflect medium term market expectations
• Report on asset returns against objectives</td><td>Investment Adviser ("Aon")
• Advise on appropriateness of service provided by the Manager
• Advise on investment strategy
• Advise on the investment liability benchmark
• Draft and review the Statement of Investment Principles
• Advise on direct investments
• Carry out further project work when required</td></tr>
</table>

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. 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

6. RELATIONSHIP WITH ADVISERS

Aon has been selected as investment adviser to the Trustee. They operate under an agreement to provide a service which ensures the Trustee is fully briefed to take decisions itself and to monitor those it delegates.

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

The Manager (and underlying managers) are paid on a combination of an ad valorem and performance fee basis. This structure has been chosen to align the interests of the Manager and those of the Scheme.

The Trustee expects the Manager to handle the assets delegated to them under the terms of the contract and to give effect to the principles in this statement so far as is reasonably practicable.

Aon is authorised and regulated by the Financial Conduct Authority.

7. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS

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 considers investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme's investments. The Trustee considers these risks by taking advice from its investment adviser and the Manager.

The Trustee has appointed BlackRock to manage the Scheme's assets. BlackRock invests in a range of underlying investment vehicles.

As part of BlackRock's management of the Scheme's assets, the Trustee expects BlackRock to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;

- Use its influence to engage with underlying managers to ensure the Scheme's assets are not exposed to undue risk; and

- Report to the Trustee on its ESG activities as required.

8. ARRANGEMENTS WITH ASSET MANAGERS

The Trustee has appointed BlackRock as their fiduciary manager (who they consider to be their asset manager). References in this policy to 'underlying asset managers' refers to those asset managers which BlackRock in turn appoints to manage investment on behalf of the Trustee. The Trustee meets with the Manager on a regular basis and receives reports from the Manager and Aon with regard to the Manager's performance and compliance with its Investment Management Agreement including the costs incurred.

The Trustee recognises that the arrangements with their Manager, and correspondingly the underlying asset managers, are important to ensure that interests are aligned. In particular, the Trustee seeks to ensure that the Manager is incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries. The Trustee receives regular reports and verbal updates from the Manager on various items including the investment strategy, performance, and the 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 objectives, and assesses the Manager over 3-year periods.

The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by their Manager, which supports the Trustee in determining the extent to which the Scheme's engagement policy has been followed throughout the year.
The Trustee shares the policies, as set out in this SIP, with the Scheme's Manager and request that they review and confirm whether their approach is in alignment with the Trustee's policies.

The Trustee delegates the ongoing monitoring of underlying asset managers to the Manager. The Manager monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the underlying asset managers are aligned with the investment objectives of the Scheme. This includes monitoring and reviewing the extent to which the underlying asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and

- engage with issuers of debt and equity in order to improve their performance in the medium- to long-term.

Before appointment of a new fiduciary manager, or other asset manager, the Trustee will review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation or express their expectations (such as through side letters, in writing, or verbally at trustee meetings) so that there is alignment with the Trustee's policy.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the Manager, and regular monitoring of the Manager's performance and investment strategy, is sufficient to incentivise the Manager to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance. Where the Manager is considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically engage with the Manager to understand the circumstances and materiality of the decisions made.

The Trustee is aware of potential conflicts for the Manager, for example with regard to the use of in-house funds, and will work with the Manager to review and update where necessary clear conflict management policies in order ensure interests are aligned between the Trustee and the Manager.

There is typically no set duration for arrangements with the Manager although the continued appointment will be reviewed periodically. Similarly, there are no set durations for arrangements with the underlying asset managers that the Manager invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place.

9. COST MONITORING

The Trustee is aware of the importance of monitoring their asset managers' 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 asset managers that can increase the overall cost incurred by their investments.

The Trustee receives annual cost transparency reports from the Manager. These reports present information in line with prevailing regulatory requirements for fiduciary managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Scheme;
- The fees paid to the Manager;
- The fees paid to the asset managers appointed by the Manager;
- The amount of the portfolio turnover costs (transaction costs) incurred by the asset managers appointed by the Manager;
    - The Trustee defines portfolio turnover costs as the costs incurred by buying and selling underlying securities held within the funds of the asset managers appointed by the Manager;
- Any charges incurred through the use of pooled funds (custody, administration, and audit fees);
- The impact of costs on the investment return achieved by the Scheme.

The Trustee acknowledges that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and asset manager. The Manager monitors and reviews the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustee.

The Trustee benefits from the economies of scale provided by the Manager in two key cost areas:

- The ability of the Manager to negotiate reduced annual management charges with the appointed asset managers;
- The ability of the Manager to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the underlying asset managers and achieve efficiencies where possible.

10. EVALUATION OF PERFORMANCE AND REMUNERATION

The Trustee assesses the (net of all costs) performance of the Manager on a rolling three-year basis against the Scheme's specific liability benchmark and investment objective. The remuneration paid to the Manager and fees incurred by third parties appointed by the Manager are provided annually by the Manager to the Trustee. This cost information is set out alongside the performance of the Manager to provide context. The Trustee monitors these costs and performance trends over time.

11. STEWARDSHIP

The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.

The Trustee has delegated all voting and engagement activities to the Scheme's underlying managers, via its fiduciary manager. The Trustee accepts responsibility for how the Underlying Managers steward assets on its behalf, including the casting of votes in line with each Underlying Manager's individual voting policies. The Trustee relies on BlackRock to review manager voting and engagement policies and activities on an annual basis. BlackRock review these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee's, and therefore the members', best interests.

As part of BlackRock's management of the Scheme's assets, the Trustee expects BlackRock to:

- monitor and engage with Underlying Managers, including prospective Underlying Managers, on the extent to which they exercise voting rights (where appropriate) in relation to the Scheme's assets; and
- report to the Trustee on stewardship activity by Underlying Managers as required.

The Trustee endorses the 2020 UK Stewardship Code (the 'Code') that was by the Financial Reporting Council. The Trustee regularly reviews the fund managers' approach to shareholder activism and their compliance with the Code by enforcing a "comply or explain" philosophy. BlackRock and current underling managers are signatories to the Code. The Trustee expects that, where UK domiciled, underlying managers are signatories to the Code.

Underlying Managers are expected to vote at company meetings and engage with companies on the Trustee's behalf in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Scheme, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; voting differed from the voting policy of the Trustee.

The Trustee may engage with the Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made.

This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustee's active ownership policies, are being actioned. This will take the form of the Implementation Statement annual reporting and follow up meetings, where necessary, from

BlackRock. Such reporting will be made available to Scheme members on request.

Should the Trustee's monitoring process reveal that an Underlying Manager's voting and engagement policies and actions are not aligned with the Trustee's expectations, the Trustee will engage with BlackRock, via different medium such as emails and meetings, to discuss how alignment may be improved to bring about the best long-term outcomes for the Scheme.

12. 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 ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

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

13. REVIEW

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

Approved by the Trustee of the T-Mobile International UK Pension Scheme.

Dated: March 2024

This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustee also complies with the requirements to maintain and take advice on the Statement and with the disclosure requirements.