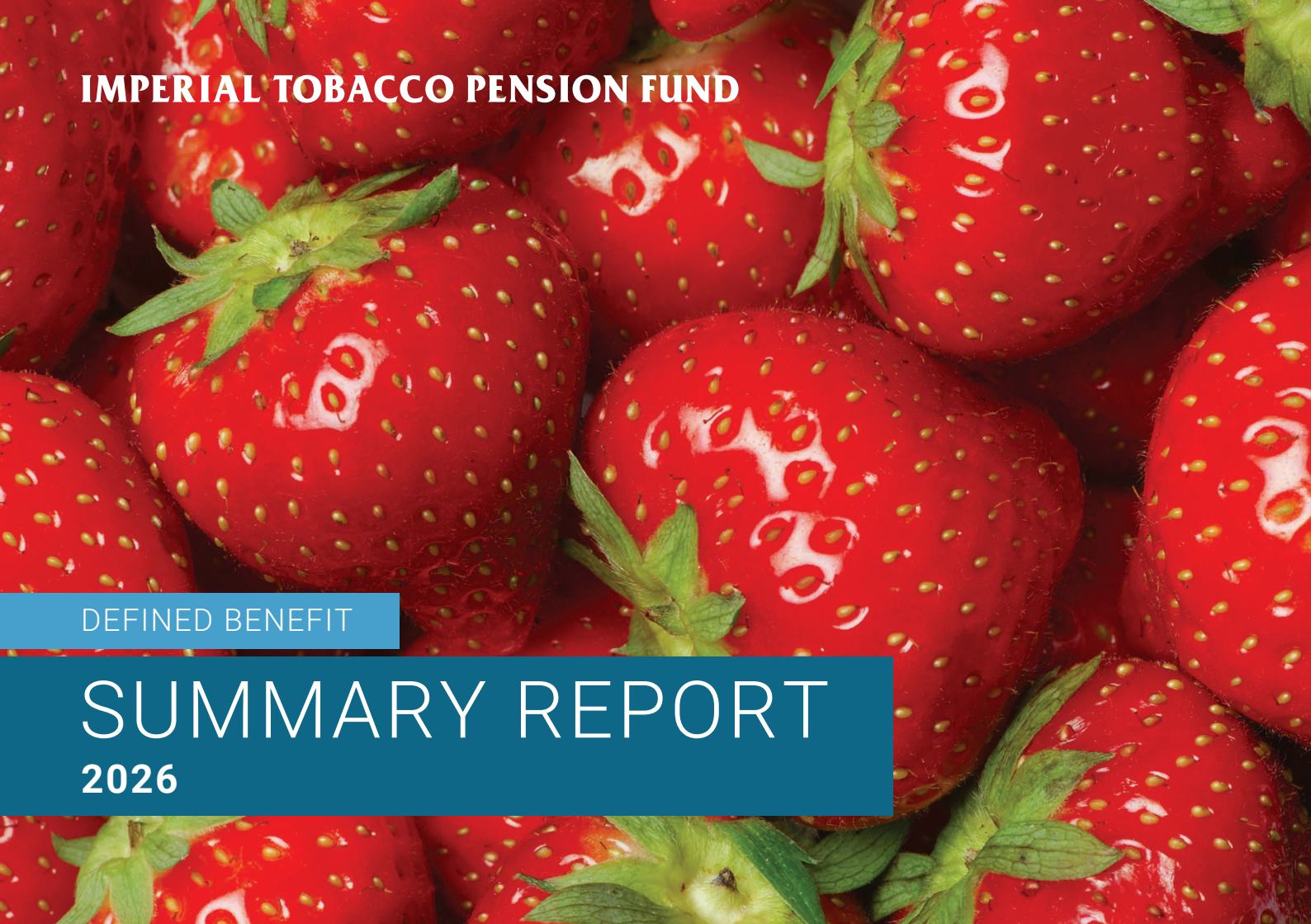




IMPERIAL TOBACCO PENSION FUND

DEFINED BENEFIT

SUMMARY REPORT

2026



Valuation confirms strong funding position

We've recently wrapped up the latest triennial actuarial valuation, looking at the Fund's position as at 31 March 2025, and the good news is that the funding position remains strong.

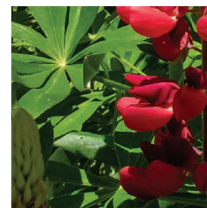
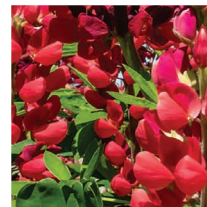
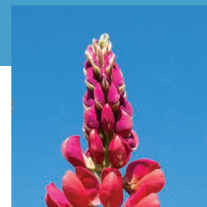
You can read more about the results of the valuation, along with the 2026 annual funding update from page 6. On pages 4 and 5 you can see the latest update on the Fund's financial position as at 31 March 2026, summarised from the recently signed audited accounts. The Trustee Board continues to review the funding position and associated investment strategy, working with the Company to ensure the continued security of your pension.

We're also making solid progress on GMP (Guaranteed Minimum Pension) equalisation. This is a complex area, but we've now written to all members to confirm whether they're affected. If you'd like to understand more, you'll find further details on pages 10 and 11.

I'm pleased to welcome Dr Layla Malt to the Trustee Board as the new Employee Nominated Trustee Director. Layla joined the Board on 1 March 2026 replacing Ross Parker who left the business in October 2025. On behalf of my fellow trustees I would also like to thank Ross for his valued contribution to the Board during his term of office.

Finally, don't forget that you can keep up to date with Fund news and developments anytime by visiting  myimperialpension.com

Tom Lukic, Dalriada Trustees Limited
Chair of the Trustee Board



Keeping up to date

The figures in this summary have been taken from the Fund's full report for the year to 31 March 2026, which contains an unqualified opinion on the Fund's financial statements from its independent auditors RSM UK Audit LLP.

A free copy of the full report, and other useful documents, is available from the Pension Fund Office and can also be found at:

 myimperialpension.com

Keeping in touch

The members of the Trustee Board are keen to hear your views. Please contact the Pension Fund Office at:

 Imperial Tobacco Pension Fund,
PO Box 3242, Winterstoke Road,
Bristol BS3 9GY

 pension.enquiries@uk.imptob.com

 0117 953 0000



Please notify us of changes to personal details in writing

Remember that if your contact details change – address, telephone number or bank details – we will need to receive the new information in writing, accompanied by your signature. This helps us ensure that the request is genuine.

You can choose to receive generic Fund news and Trustee communications electronically by emailing your request to  pension.enquiries@uk.imptob.com and quoting your full name and Pension Fund number. You will still continue to get personal Fund correspondence like pension statements through the mail.

Seek professional guidance or advice

It is important to be well informed before making any decisions about your pension. The Government offers free, impartial guidance at  moneyhelper.org.uk/en/pensions-and-retirement

While guidance helps you understand your options, advice, which is generally paid-for, will give you a recommendation. The Trustee recommends taking independent financial advice from a qualified and authorised advisor when making decisions about your pension that will impact your retirement income.

A list of advisers can be found on the Financial Conduct Authority's website at  register.fca.org.uk/s and Unbiased ( unbiased.co.uk) is an independent site that can also help.



Investment summary

Over the year to 31 March 2026, investment markets delivered positive performance, supported by improving economic conditions and expectations of gradually easing monetary policy, although geopolitical developments and inflation concerns introduced periods of volatility across asset classes.

The Fund's credit mandates delivered positive performance over the year, while property mandates were flat to marginally negative due to disposals of certain assets at discounts to net asset value, which offset

The Fund's investment performance over various time periods to 31 March 2026

Period to 31 March 2026	Fund return % p.a.	Benchmark return* % p.a.
1 year	3.3	4.5
3 years	-1.0	0.0
5 years	-6.0	-5.7

* The benchmark return is the weighted average 'strategic target' which is based on the Fund actuary's modelling analysis used to set the investment strategy.

While the Fund reported a negative return on its assets over both the 3 and 5 year period, this reflects the specifics of the Fund's investment strategy which also saw the associated liabilities fall over the same period, mitigating the impact on the overall funding position (for more information and the latest update on the funding position see pages 6 and 7).

income gains. Overall, the Fund returned 3.3% for the year, compared to a benchmark return of 4.5%.

DB numbers as at 31.03.2026
(last year's membership in brackets)



Deferred: **10,843** (11,335)



Pensioners: **11,852** (12,165)

Summary of money paid into and out of the DB section of the Fund in the year to 31 March 2026

Money paid in		£000s	Money paid out		£000s
Employer and member contributions*		0	Pension payments		149,335
Investment income		129,192	Lump sums on retirement		6,011
			Transfers out and other payments		2,423
			Administration and investment expenses		6,562
Total income		129,192	Total outgoings		164,331

*The DB section closed to future accrual on 30 September 2023.

The Fund's investments are used to cover any shortfall.

Task Force on Climate-related Financial Disclosures

The Trustee is required to produce a report assessing the impact of climate change on the Fund. It can be viewed here:

 myimperialpension.com/library/tcfd-report-taskforce-on-climate-related-financial-disclosures-2026/ A hard copy is available on request.

Asset allocation

Actual as at 31.03.26	16.7	83.3	Cashflow driven alternatives (%)
Actual as at 31.03.25	30.4	69.6	Bond-like assets (%), including LDI and the bulk annuity policy (%)



Summary Funding Statement shows Fund in strong position

A formal valuation of the Defined Benefit section of the Fund is carried out by the Actuary every three years. This statement covers the results of the latest actuarial valuation, as at 31 March 2025, and the subsequent annual actuarial report as at 31 March 2026. They show the Fund is in surplus on both its funding measures and remains in a strong position.

At 31 March 2025, the Fund carried out a formal actuarial valuation which showed that the funding position on the winding-up objective had improved since 31 March 2024 to just above 100%, partly as a result of improved pricing from insurers. The statutory funding objective also continued to show a strong surplus despite a slight reduction to the funding level over the year.

In the year to March 2026, the funding level on the winding-up objective improved again, while the funding level on the statutory funding objective reduced slightly, mainly as a result of a reduction to long-term asset returns. As at 31 March 2026, there continues to be a surplus on both funding objectives.

The Trustee Board believes that, together with the continuing



Lorna Johns – Fund Actuary, WTW

commitment from the Company, members have a high degree of security for the benefits they have been promised.

What is an actuarial valuation?

An actuarial valuation compares the value of the Fund's current investments or assets against the amount of money the Actuary calculates it needs to hold now to pay out benefits to all members in the future.

If the assets are less than this amount, the Fund has a shortfall and the Actuary recommends a recovery plan for Imperial Tobacco Limited to make up this shortfall as quickly as it can.

The Trustee must obtain a formal actuarial valuation at least once every three years. In years between actuarial valuations, the Trustee obtains an annual report from the Actuary to update them on the Fund's financial position.

What are the funding objectives?

The Fund has two main funding objectives: the first from UK pensions law and the second specific to this Fund.

1. Statutory funding objective. This assumes the Fund continues to operate as it does now. The objective is to have enough assets to pay for all pensions in the future.

The assumptions used to calculate the statutory funding objective are required by law to be prudent.

2. Winding-up objective. This is for the Fund to have enough assets to cover the cost of securing benefits with an insurer if the Fund was discontinued.

What do the valuation results show?

The table below shows the results of the annual actuarial reports as at 31 March 2024 and 31 March 2026 as well as the actuarial valuation as at 31 March 2025.

1. Statutory funding objective	2024	2025	2026
Assets	£2,661m	£2,316m	£2,228m
Technical Provisions*	£2,444m	£2,163m	£2,122m
Surplus/(deficit)	£217m	£153m	£107m
Funding level	109%	107%	105%

2. Winding-up objective	2024	2025	2026
Assets	£2,661m	£2,316m	£2,228m
Winding-up cost	£2,711m	£2,313m	£2,186m
Surplus/(deficit)	(£50m)	£3m	£42m
Funding level	98%	100%	102%

**The amount needed to pay members' benefits in full as they retire, based on the Fund's approach for financing these benefits, using prudent financial and demographic assumptions.*

Figures may not sum due to rounding.

As a result of the strong funding position at 31 March 2025, no Company contributions were due in the year to 31 March 2026 and the full £8m held in a separate account outside of the Fund was returned to the Company as per the terms of the agreement. Given the winding-up surplus at 31 March 2026, no Company contributions are due in the year to 31 March 2027.

What other protections are in place?

The Fund continues to benefit from additional security:

- Company agreement to pay deficit contributions if required in future, depending on the size of the winding-up deficit.
- Increased contributions of three times the annual deficit contribution each year if the credit rating of Imperial Brands PLC falls below investment grade.
- The continuing formal parent company guarantee from Imperial Brands PLC.
- The Fund has previously held surety guarantees which can be called on by the Trustee Board in specified circumstances, such as the Company's liquidation. Due to the continued strong funding position, the Trustee has released the existing guarantees subject to annual review with the Company.



Summary Funding Statement shows Fund in strong position

Statutory statements

There has been no payment out of the Fund's assets to the Company over the period from March 2024 to June 2026. There has been no intervention from The Pensions Regulator to use its powers to modify the Fund or to impose a direction or schedule of contributions.



Stay alert to scammers

Scammers are becoming increasingly sophisticated, making it harder to tell what's genuine and what isn't. Taking a moment to stop and check can help protect you and your savings.

Be cautious of unexpected contact, especially about pensions. Legitimate providers are unlikely to approach you out of the blue, and unsolicited pension cold calls are illegal. Offers such as 'free pension reviews' or promises of high or guaranteed returns should always ring alarm bells.

Before engaging, take your time and check who you're dealing with. The Financial Conduct Authority's Firm Checker can confirm whether a company is authorised and permitted to offer the services in question. Be aware that scammers may impersonate real companies (known as 'clone firms'), so always use the official contact details listed on the FCA website:  fca.org.uk/firmchecker or call: 0800 111 67 68.

For more advice on staying safe, visit the Stop! Think Fraud campaign at:  stopthinkfraud.campaign.gov.uk



Proposed inheritance tax changes

The Government is proceeding with plans to bring pensions into the scope of inheritance tax (IHT). From **6 April 2027**, unused pension pots and lump-sum death benefits can no longer be automatically passed on tax free to your beneficiaries. They will be included in the value of your estate, along with your property, money, possessions and so on, when working out if any inheritance tax is due. For many people, the change will have no impact.

The following pension benefits are not subject to the new IHT rules:

- Dependants' pensions from defined benefit (DB/final salary) schemes, such as this one.
- Survivors' pensions from annuity policies.
- Death in service lump sum benefits from registered pension schemes.

Inheritance tax isn't due if you leave your entire estate, regardless of its value, to your legal spouse (or civil partner) in the UK. If you don't, you can still usually leave up to £325,000 on your death without paying IHT, which is an individual's standard allowance. Inheritance tax at 40% is due on amounts over this threshold (or £500,000 if you leave your home to a direct descendant). The Government has confirmed these levels remain fixed until 2030.

The personal representatives of deceased members will be liable for reporting and paying any IHT due on unused pension funds and death benefits. Pension scheme administrators will have new duties to support this, including obligations to communicate the potential tax consequences of decisions and paying IHT through the new Pensions Direct Payment Scheme.

The rules are complex and, if you're concerned, you should get advice from an estate planning specialist when making your will.

The minimum pension age is going up

The Trustee would like to remind you that if you're thinking about early retirement, the normal minimum pension age is rising and it may affect your plans. From **6 April 2028**, the earliest you can access your pension is **going up from age 55 to 57**, unless you retire early due to ill-health. This statutory change will only apply to deferred members of the DB section.



GMP (Guaranteed Minimum Pension) equalisation

The Trustee has written to all members to let them know if they are likely to be impacted by GMP equalisation.

What is GMP?

Guaranteed Minimum Pension (GMP) is the minimum pension the Fund had to provide for members between 1978 and 1997, when it was contracted out of part of the State Pension.

During this period, members paid lower National Insurance and built up GMP benefits in the Fund instead. Because GMP was calculated differently for men and women, it can result in unequal pension amounts.

What is GMP equalisation?

Since May 1990, pensions must be equal for men and women. In 2018 a High Court ruling confirmed this also applies to GMPs. As a result, pension schemes have to correct any inequalities for GMP benefits built up between 17 May 1990 and 5 April 1997. This is a complex issue and many occupational pension schemes delayed dealing with it until guidance was received from the Government and the pensions industry.

How will this be addressed in the Fund?

The Trustee has chosen GMP conversion, which replaces GMP with adjusted, non-GMP benefits in a one-off change. This approach simplifies administration while ensuring fairness to members. Due to the complex nature of the calculations involved and the number of members impacted, the Trustee is dealing with this in phases. The Trustee is required to consult with members about the change and the initial consultation for members included in phase 1 is underway.

Who is affected?

Only members who built up GMP between 1990 and 1997 are affected. For these members, all GMP earned between 1978 and 1997 will also be converted.

What does this mean for you?

If you are impacted, you should have received a letter from us informing you that:

- You may see an increase in your pension
- You may receive a one-off back payment



Generally, any increase in a member's pension is expected to be small and the Trustee has written to all members to confirm whether they are affected and which phase they are in. Further updates will follow as the process continues.

Questions?

A dedicated helpline and email support are available:

☎ 0117 933 7298

✉ gmpenquiries@impbrands.com

HMRC app makes life a little easier

HM Revenue & Customs has introduced a free app to help you keep track of your tax and State Pension information. You can check your tax code, view your State Pension forecast, spot any gaps in your National Insurance contributions that could impact on your pension, and lots more. Search 'HMRC app' on the App Store or Google Play.

The Pensions Dashboard Programme

The Government's Pensions Dashboard Programme will allow you to access information about all of your pensions that aren't yet in payment – including your State Pension – securely online and in one place.

It is designed to make planning for retirement easier and more effective. You don't need to do anything, but you will be required to use HMRC's identity service to access your dashboard.

The Fund has connected to the dashboard's ecosystem, but it won't be until autumn 2026 at the earliest that all UK pension schemes are connected, ahead of an expected public launch in 2027.

In the meantime, please be alert to scammers who may attempt to take advantage of the project as it gains momentum and greater public awareness. **At no point will anyone from the pensions dashboard service contact you to ask for confirmation of any of your data.**

Trustee Board update

Trustee Board update

Dr Layla Malt has been appointed to the Board as the Employee Nominated Trustee (ENT), following a rigorous selection process. Layla, who leads the Scientific Affairs and Behavioural Sciences function within the Harm Reduction and Engagement Department, replaces Ross Parker.

"It is an honour to serve as the ENT and I am committed to ensuring members' voices remain central to the Fund's decisions and supporting its continued success," she said.

Imperial Tobacco Pension Trustees Limited Board of Directors:

Nominated by Imperial Tobacco:

Tom Lukic, Dalriada Trustees Limited (Chair)

Tony Dunnage (Imperial Brands Global ESG Director)

Lisa Hall (Imperial Brands Chief Transformation Officer, People & Culture)

James King (Imperial Brands Head of Finance UK & Ireland)

Martin Staunton (Imperial Brands Chief Strategy & Development Officer)

Nominated by pensioners and deferred members:

Kirsty Green-Mann

Ken Hill



Trustee board: from left, Tony Dunnage, Martin Staunton, Lisa Hall, James King, Layla Malt, Ken Hill, Tom Lukic, Kirsty Green-Mann

Nominated by employees:

Dr Layla Malt (Imperial Brands Behavioural Sciences & Surveillance Senior Manager)

Pension Fund Office

Robert Egginton (Head of UK Pensions and Secretary)

Leigh Callaghan (Pensions Manager)