Taskforce on Climate-related Financial Disclosures ("TCFD") Report

Imperial Tobacco Pension Fund (the "Fund")

Year ending 31 March 2026

isio.

Trustee statement on climate risks and opportunities

Statement from the Chair

The Trustee considers Environmental, Social and Governance ("ESG") factors to be financially material, and recognises that identifying and mitigating such risks forms part of its fiduciary duty. Climate change, in particular, represents a significant investment risk that may intensify over time. Set out below are some of the key actions undertaken over the past year (with further detail provided in the report) to help mitigate and monitor the level of climate risk the Fund is exposed to, as well as how best to benefit from the opportunities that can arise from it..

Defined Benefit (DB) Section:

The DB Section remains well funded, supported by a largely de-risked investment strategy and a strong Sponsor covenant. During the year, updated scenario analysis was undertaken to assess the potential impact of different climate pathways on the Section's funding position. The results indicate that the Fund is well protected against climate-related volatility over the relevant time horizons. The Trustee also considered the potential effects of climate risk on the Sponsor's covenant and concluded that these are not expected to impair the Sponsor's ability to provide continued strong support.

In addition to strategic considerations, the Trustee conducts annual reviews of all DB investment managers' ESG and climate capabilities. While a proportion of the portfolio remains invested in illiquid assets — expected to be reduced over the coming years — our influence over these holdings is limited. However, within more liquid portfolios, the Trustee continues to engage actively with investment managers to enhance ESG integration. Notably, within the corporate bond mandate, climate-related objectives have been incorporated into the Investment Management Agreement, including a target to reduce greenhouse gas intensity by at least 50% and to align with a portfolio temperature pathway below 2°C.

Defined Contribution (DC) Section:

A significant project for the Trustee over recent years has been the transition to a new DC provider, successfully completed in Q1 2025. This included the introduction of a new default arrangement and an expanded self-select range. As part of this review, the impact of ESG and climate was one of the many factors we considered as a Trustee Board. During the most recent TCFD reporting period, we were pleased to see a number of ESG improvements as a result of this change, particularly in the integration of ESG within the default strategy's underlying components, as well as enhanced availability of metrics and stewardship reporting to support ongoing monitoring.

Our Targets:

As well as considering ESG issues across both Sections, we also set a specific TCFD target that we then monitor over time. Three years ago, the Trustee set a specific TCFD target to improve ESG data coverage. It is only with improved data that we can properly assess and improve ESG considerations. I am pleased to say that at the end of the three-year period, we achieved our target on the DB Section and comfortably exceeded it on the DC Section. Over the next twelve months, we will continue to consider "what next?" from an overall TCFD target perspective.

Tom Lukic, Chair of the Trustee of the Imperial Tobacco Pension Fund

Executive Summary

The Taskforce on Climate-related Financial Disclosures ("TCFD") Framework encompasses four key pillars:

Governance:

Governance around climate-related risks and opportunities

ESG Policy – Trustee maintains an ESG Policy which sets out Trustee ESG beliefs & implementation framework.

Meetings – Trustee Board meets regularly and receives advisor support.

Training – Trustee has received training on relevant climate risks and opportunities from its Investment Consultant.

Climate Delegation Framework – Established by Trustee. Defines roles and responsibilities in relation to climate-related risk.

Strategy:

Actual and potential impacts of climate-related risks and opportunities.

Time horizons – Trustee has defined key time horizons and considered how the strategy may develop over these periods.

Scenario analysis – Trustee has conducted scenario analysis to assess the impact of increased global average temperature. Updated DB and DC scenario analysis has occurred due to a change in strategy.

Covenant impact – Trustee has considered how climate-related risks and opportunities could affect covenant strength.

Risks & opportunities – Trustee has identified climate-related risks and opportunities over time horizons.

Risk Management:

The identification, assessment and management of climate-related risks.

Risk register – Trustee has included climate-related risks to better identify and assess risks.

Manager assessments – Investment Consultant conducts annual review of the investment managers to identify improvement areas and aid Trustee decisions.

Stewardship activity – Trustee has delegated stewardship responsibilities to its investment managers.

Metrics & Targets:

Disclosure of key metrics and targets.

Metrics – Trustee has selected four metrics to report on and collated data against these from the Fund's investment managers over three years.

Targets – Trustee has either met or exceeded their previous coverage targets over the reporting year.

After Trustee review this year, these targets have been retained, with the aim of seeing further improvement in the DB Section and refreshing the DC Section target to align it with the provider's Master Trust target once finalised.

Governance

Describe the Trustee Board's oversight of climate-related risks and opportunities

Climate-related beliefs

The Trustee maintains an ESG Policy that sets out the Trustee's ESG beliefs and how these are implemented. Over the year, we completed an annual review of the ESG Policy and concluded that it remained appropriate for the Fund.

The Trustee has also agreed a Climate Delegation framework, with further detail provided overleaf.

Oversight responsibilities of the Trustee Board

Whilst overall responsibility lies with the Trustee, some investment decisions are delegated to the IC, including the identification, assessment, and management of ESG-related risks. The Trustee meets at least four times a year and receives updates from the Investment Committee (IC) on ESG and climate change topics, as well as from our various advisors. The IC challenges the information provided where appropriate, such as querying material changes in the TCFD metrics reported by investment managers.

The Trustee measures the Investment Consultant against agreed objectives annually. Following advice from its Investment Consultant, it includes a specific objective relating to assisting the Trustee in meeting the TCFD requirements.

Climate-related training

Over the past few years, the Fund's Investment Consultant has provided TCFD training to the IC. This focused on the impacts of climate risks, key climate-related metrics and climate scenario modelling. The Trustee considers these discussions important and worthwhile to appropriately assess potential ESG risks and opportunities .During the year, the Trustee received updates from the Investment Consultant covering climate metrics and targets, climate-related risks and opportunities, and an update on the ESG credentials of the portfolio.

As part of our ESG Policy we have considered how our ESG beliefs are implemented. Our ESG implementation considerations are set out below:

- Continue to develop our climate-related knowledge via regular training and keeping ourselves up to date on the latest sustainable investment opportunities
- Review our ESG policies and beliefs approximately annually, including our Climate Delegation framework
- Incorporate ESG criteria into new manager (and platform) selection exercises, with explicit consideration of ESG factors for any segregated mandates
- Undertake annual reviews of our investment managers'/platform provider's integration of ESG factors, with support from our Investment Consultant
- Monitor our investment managers'/platform provider's stewardship and engagement activities and seek to improve the effectiveness of these activities

Governance

Describe the Trustee Board's role in assessing and managing climate-related risks and opportunities

Climate Delegation Framework

The Trustee has agreed a Climate Delegation Framework which sets out the roles and responsibilities of various stakeholders for managing climate-related risks and opportunities. The Trustee has the ultimate responsibility for ensuring Fund-level climate-related risks and opportunities are governed well, and the Trustee reviews the performance of the stakeholders, usually on an annual basis, to ensure delegated responsibilities are being fulfilled. Our Climate Delegation Framework sets out the governance process we have agreed to ensure we have oversight of the climate-related risks and opportunities that are relevant to the Fund.

Roles and Responsibilities

Trustee	– Maintaining sufficient knowledge and understanding relating to climate-related risks and opportunities through self-evaluation and with support from its advisors. – Setting and implementing a Climate Delegation Framework. – Incorporating climate-related considerations into the ESG Policy, ongoing risk management and monitoring, and strategic decisions. – Allowing for climate-related considerations when assessing and monitoring the strength of the sponsoring employer's covenant. – Setting clearly defined responsibilities for external advisors in respect of climate risk, and assessing advisors against their climate responsibilities.
Investment Committee (IC)	– Receiving regular training on climate-related risks and opportunities. – Factoring in climate-related risk management capabilities into the selection, review and monitoring of investment managers. – Identifying climate-related risks and opportunities for the Fund and setting and monitoring metrics and targets. – Considering climate-related risks and opportunities when reviewing the investment strategy by undertaking analysis of various climate scenarios. – Receiving updates on the Fund's investments from the Fund's Investment Consultant, including data on ESG metrics and progress against any targets set in relation to these metrics. – Overseeing delivery of TCFD reporting. – Providing regular updates to the Trustee on the particular climate-related risks the Fund is exposed to.
Pensions Team	– Allowing sufficient time for TCFD and ESG-related items on meeting agendas. – Corresponding with the Trustee, IC and advisors outside of meetings.
Investment Consultant	– Advising on the inclusion of climate considerations in the Fund's governance arrangements, investment strategy or risk management. – Advising how climate-related risks and opportunities might affect the Fund's exposure to different asset classes. – Assisting the Trustee in the selection and monitoring of appropriate climate-related metrics and targets. – Providing training on relevant climate-related matters.
Scheme Actuary	– Assessing climate-related risks and opportunities in relation to the Fund's funding position and the implications for the Fund's funding and long-term objective, including using climate scenario analysis.
Covenant Advisor	– Undertaking periodic reviews of the extent to which climate-related risks and opportunities might affect the Fund's sponsoring employer.
Legal Advisor	– Providing training to the Trustee on climate-related legal matters. – Assist with the preparation of the Trustee's annual TCFD report.
Investment Managers (including DC Provider)	– Identifying, assessing and managing climate-related risks and opportunities in relation to the Fund's investments. – Exercising voting rights and engaging with portfolio companies in relation to climate-related risks and opportunities. – Providing climate-related metrics in relation to the Fund's investments with a focus on increasing quality and availability.

Strategy – relevant time horizons

Describe the climate-related risks and opportunities the Trustee has identified over the short, medium and long term

During the year, the Trustee considered the potential impact of climate on the Fund. We have identified timeframes relevant to the Fund based on climate outlook, membership demographics, the funding position, the lifetime profile of the current assets and the ability to pay benefits. Timeframes differ between DB and DC given each Sections' different circumstances, as outlined below. **In the shorter term, we expect transition risks to be greatest. However, in the longer-term, we expect physical risks to increasingly manifest and become more important.**

DB Section

<table>
<tr><th>Timeframe</th><th>Investment Horizon</th><th colspan="4">Climate Horizon</th><th>Risks to Assets</th><th>Risks to Liabilities</th><th>Risks to Sponsor</th></tr>
<tr><td>Short term
3 years</td><td>Actuarial review cycle</td><td>Company target setting</td><td>Improvement in data quality</td><td>Government responses to COP29</td><td>UN PRI Inevitable Policy Response</td><td rowspan="2">Transitional risks dominate, such as the anticipated costs associated with global carbon pricing and regulation</td><td rowspan="3">Changes to yields (as for assets), inflation and longevity expectations due to expected transition costs or rising physical risks.</td><td rowspan="3">Immediate operational and financial impacts associated with transition. Physical risks can be acute or chronic, with chronic risks leading to broader structural change over time.</td></tr>
<tr><td>Medium term
3 years</td><td>Expected sale of illiquids</td><td colspan="2">Companies hitting interim 2030 targets</td><td colspan="2">Alignment with SDGs</td></tr>
<tr><td>Long term
11 years</td><td>Duration of the Fund's liabilities</td><td colspan="4">Introduction of carbon removal techniques aimed to contribute towards Net Zero target</td><td>Emerging physical risks, such as damage to assets by extreme weather events</td></tr>
</table>

DC Section

<table>
<tr><th>Timeframe</th><th>Investment Horizon</th><th colspan="4">Climate Horizon</th><th>Risks to Assets</th></tr>
<tr><td>Short term
5 years</td><td>Members who are approaching retirement</td><td>Company target setting</td><td>Improvement in data quality</td><td>Government responses to COP26</td><td>UN PRI Inevitable Policy Response</td><td rowspan="2">Transitional risks, such as costs associated with global decarbonisation, are expected and likely to impact growth assets. Emerging physical risks, such as damage to assets by extreme weather events, scaling up over the period.</td></tr>
<tr><td>Medium term
10 years</td><td>Members with some retirement saving in place and a modest amount of time to invest further in their pension pot, looking to de-risk as they move from their growth to pre-retirement phase</td><td colspan="2">Further expected changes in data quality and regulatory activity</td><td colspan="2">Introduction of carbon removal techniques aimed to contribute towards Net Zero target</td></tr>
<tr><td>Long term
25 years</td><td>Members early in their journey to saving for retirement, with a significant time to invest their pension pot.</td><td colspan="4">Companies hitting Net Zero 2050 targets</td><td>Transition risk and physical risk, such as extreme weather events, impact assets.</td></tr>
</table>

Climate scenarios

Describe the resilience of the Fund's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The Trustee uses climate scenario analysis - hypothetical futures, which can apply different levels of climate action and produce a unique combination of physical and transition risk – to assess potential risks and opportunities to the Fund. Climate scenarios differ slightly between the DB and DC Sections because they have been provided by different firms, based on which parties are best placed to assess each Section. These consider two main types of climate risk:

Transition risks - risks arising from the transition to a low-carbon economy, which are expected to be strongest in the short term given climate-related regulatory developments, market trends and decarbonisation action.

Physical risks - risks arising from the physical impacts of climate change (including both acute risks, e.g. sudden natural disasters, and chronic risks, e.g. slower shifts in weather patterns), which are expected to scale up in the long term as global average temperatures increase.

DB Section: During the year to 31 March 2026, the IC assessed the potential impact on the Fund's assets and liabilities, and the Sponsor Company, under five climate scenarios defined and modelled by our Actuary, Towers Watson Limited (WTW). The IC, in conjunction with its Investment Consultant, chose these climate scenarios to provide a balanced set of hypothetical constructs to assess climate risks and opportunities.

Net Zero 2050	Below 2°C	Delayed Transition Below 2°C	Nationally Determined Contributions	Hot House World
Aggressive climate mitigation policy is undertaken immediately,	Globally co-ordinated climate policies are introduced immediately, becoming more stringent over time.	Delays in meaningful policy action result in a rapid policy shift around 2030.	A "business as usual" outcome where current policies continue.	The world follows a Net Zero 2050 pathway, however the resultant temperature outcome exceeds 2°C

DC Section: During the year to 31 March 2026, the IC assessed the potential impact on the Fund's assets under four climate scenarios defined and modelled by the DC platform provider, L&G. The IC agreed that using the established scenario approach applied by L&G provided a well-governed basis for assessing climate-related risks.

Net Zero 1.5°C	Below 2°C	Delayed Below 2°C	Inaction
Immediate, highly ambitions actions to address climate change. Leads to a reduction in CO_2 emissions to net zero around 2050.	Immediate, ambitious policy and action to address climate change. Succeeds in limiting global warming to well-below 2°C.	Policy and investment action to limit global warming to well-below 2°C is delayed until 2035, resulting in more disruptive change,	National governments do not implement the required policies to achieve climate targets. Low carbon technology is built where it is cheaper than alternatives.

Strategy (DB)

Describe the climate-related risks and opportunities the Trustee has identified over the short, medium and long term

Impact on investment strategy

Given the Fund's mature status, strong funding level, and the significant allocation to liability-driven investment and buy-and-maintain credit, the Trustee considers that the current asset allocation is likely to be resilient to both physical and transitional climate risks over the time horizons assessed. The Trustee recognises that there are limited options to further integrate ESG and climate-related opportunities within the Fund's remaining illiquid assets given their likely holding period. The Trustee has considered how best to integrate ESG and climate considerations into its liquid portfolio (liability driven investments and corporate bonds) whilst recognising the limitations of these asset classes. Within this framework, the Fund's corporate bond strategy incorporates specific ESG objectives, including a targeted reduction of at least 50% in greenhouse gas intensity and alignment with a portfolio-level temperature pathway below 2°C. Nonetheless, the IC, supported by its Investment Consultant, will continue to engage with the investment managers to promote stronger integration of ESG considerations and to enhance climate-related data, metrics and reporting. The IC will continue to monitor the impacts of climate scenarios through triennial reviews of its scenario analysis.

Impact on liabilities

The Fund's liabilities are well hedged and significantly protected against adverse movements in interest rates and inflation. The Fund's Actuary therefore identified longevity risk as the primary mechanism through which climate change could impact the Fund's liabilities, by affecting how long members are expected to live and draw their pensions from the Fund, despite a proportion of the liabilities' exposure to longevity risk being hedged

Given the potential for significant indirect health impacts from climate change, periods of stagnant or even worsening mortality are plausible under more extreme temperature-rise scenarios. The scenario analysis indicates that, in most climate pathways, assumptions of lower future life expectancy partially or fully offset the adverse effects of lower asset returns, with the Fund remaining fully funded across all scenarios assessed.

Taken together, these factors provide resilience against climate-related risks to the Fund's liabilities. Accordingly, the Trustee considers that such risks are appropriately managed within the current funding and risk-management framework.

Impact on the sponsor

During the year to 31 March 2026, the IC received refreshed covenant advice, which reaffirmed that the Sponsor's financial position remains robust, further enforcing the Trustee's assessment of the Fund's resilience. The Trustee does not expect climate-related risks to materially affect the Fund's reliance on the Sponsor, though covenant strength will continue to be monitored as part of the Trustee's integrated risk management approach.

Strategy (DB)

Describe the resilience of the Fund's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Climate scenario analysis

The Trustee undertook a refreshed climate scenario analysis over the year to 31 March 2026. Climate risks and opportunities have been assessed over both short/medium (which are considered to be the same) and long-term horizons, consistent with the Fund's valuation cycle and duration of its liabilities.

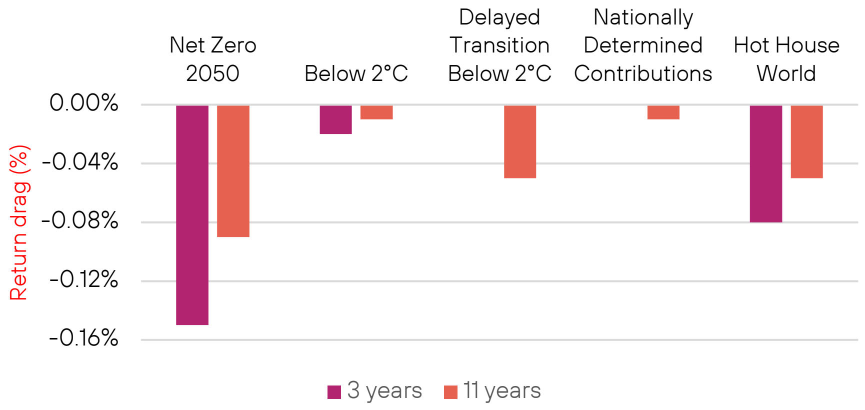
The effect of physical risks are expected to be highest under the Nationally Determined Contributions and Hot House world scenarios. In contrast, transition risk is highest under the Delayed Transition scenario.

Asset-only impacts are negative across all scenarios relative to the base case, but the magnitude of these impacts remain modest due to the Fund's low-risk investment strategy and strong funding position. When liability impacts are incorporated, reduced life expectancy in most scenarios partially offsets lower asset returns. The exception is the Below 2°C scenario, where improved longevity results in the lowest projected funding outcome.

Under all modelled scenarios, the absolute funding position remains robust; the DB section is expected to remain in surplus at both the 2028 and 2036 time horizons.

Overall, the analysis indicates that the Fund's current funding surplus and investment strategy are resilient to a range of plausible climate-related risks over the relevant time horizons. The Trustee will continue to monitor climate risks and update the analysis as climate science and regulations evolve.

The assumed annual return drag for the Fund's investment strategy under different climate scenarios relative to the Base scenario



Projected winding up funding level	3 years	11 years
Net Zero 2050	104.0%	106.8%
Below 2°C	103.9%	105.3%
Delayed Transition Below 2°C	104.5%	108.2%
Nationally Determined Contributions	104.8%	110.4%
Hot House World	105.0%	112.1%

Source: WTW climate scenario analysis, as at 30 September 2025

Strategy (DC)

Describe the climate-related risks and opportunities the Trustee has identified over the short, medium and long term

Impact on investment strategy

Following an investment strategy review in the previous reporting year, the Trustee appointed a new platform provider and default investment solution. The IC, on behalf of the Trustee, considered climate-related risks and opportunities as part of the process. The Trustee undertook climate scenario analysis on the new investment solution during the year to 31 March 2026.

The strategy is implemented through Target Date Funds ("TDFs"), which allow members to remain invested in a single fund aligned to their expected retirement date. Each TDF is well diversified across asset classes, sectors and geographies to help manage investment risks, including climate-related risks. The asset allocation within each TDF is designed to reflect the member's stage on the glidepath, with automatic de-risking that gradually reduces exposure to growth assets as members approach retirement. 100% of the underlying funds within the growth phase consider ESG factors, with allocations to L&G's Future World Equity Index fund range and a Climate Action Equity fund. L&G also integrate ESG within multi-asset and fixed income Future World funds and a Net Zero Corporate Bond fund as a TDF de-risks.

The Trustee has identified climate-related risks to DC member assets as falling into two broad categories: transitional risks, which are more likely to be most prominent in the shorter term, and physical risks, which are expected to materialise over the longer term. The impact of these risks varies depending on a member's stage of their savings journey. In the shorter term, sudden repricing of assets to reflect the costs of transitioning to a lower-carbon economy is less likely to materially affect younger members (who typically have lower accumulated fund values) or members very close to retirement (whose portfolios are largely de-risked).

Physical climate-related risks are more relevant to members with longer investment horizons. The Fund's diversified investment approach, together with its gradual de-risking over time, is intended to help mitigate the potential impact of these longer-term risks on member outcomes.

The Trustee relies on L&G's implementation of investment decisions and risk management within the TDFs, and the IC will continue to monitor climate scenario impacts through triennial reviews of the scenario analysis.

Climate scenario analysis:

In line with the Regulator's guidance, the IC conducted scenario analysis on the Fund's default arrangement, which represented the primary investment option for the majority of DC members during the reporting year. It is important to note that these are intended to illustrate some of the potential pathways and impacts but do not represent all possible outcomes or all members. Individual members bear their own investment and longevity risks, and climate change is likely to have different impacts for different members depending on their circumstances, retirement saving decisions and choices at retirement. Illustrative examples on page 11 are included to show how relative fund values for three representative members may differ under each climate scenario.

Strategy (DC)

Describe the resilience of the Fund's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Member 25 years from retirement (growth phase)

A member 25 years from retirement experiences the largest projected impacts across scenarios, reflecting the highest allocation to growth assets. In addition, while the member is less affected by early transition shocks due to relatively low accumulated fund values in the earlier years, the longer-term physical impacts associated with higher warming scenarios are assumed to accumulate over time and have a more material effect on outcomes.

Member 10 years from retirement (initial de-risking)

For a member 10 years from retirement, the projected impacts across scenarios are primarily driven by the allocation to growth assets (such as equity) but to a lesser extent than a member in the growth phase. In addition, as this member is assumed to retire before most physical climate risks begin to materialise, the impact on the member would be dominated by the assumed short-term transition costs rather than longer-term physical impacts.

Member 5 years from retirement (further de-risking)

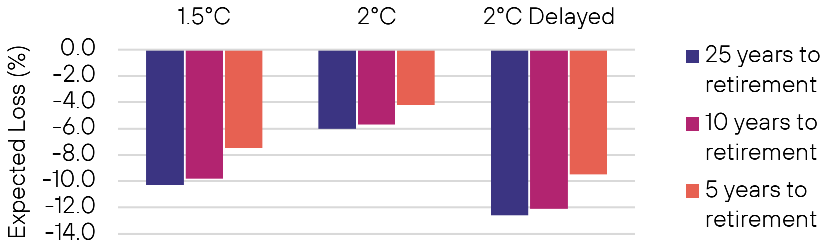
The projected impact on a member near to retirement (5 years) is lowest across the scenarios, as the asset allocation has de-risked and holds a greater proportion of defensive assets (such as corporate bonds). Also, most climate-related transition and physical risks are expected to materialise beyond the point at which this member is assumed to draw benefits.

Self-select investment choices

Alongside the strategy-level assessment, the IC and its Investment Consultant analysed climate-related risk across a selection of common self-select investment options available to members. Equity funds show high sensitivity to climate-related risks, reflecting their greater exposure to both transition and physical climate impacts. In contrast, cash shows minimal sensitivity, given limited market exposure.

Impact on fund value if climate risk until 2050 was fully priced in today, assuming climate risk is not reflected accurately in today's asset valuations

Default glidepath



Common self-select funds

Self-select funds	1.5°C	2°C	2°C Delayed
L&G MT Global Developed Equity Index	-12.7%	-7.6%	-14.7%
L&G PMC World (Ex-UK) Equity Index	-12.5%	-7.5%	-14.4%
L&G PMC HSBC Islamic Global Equity Index	-11.2%	-6.9%	-13.3%
L&G PMC Cash	-0.1%	0.0%	-0.2%

Source: LGIM climate scenario analysis, as at 31 March 2025
Notes: Inaction scenario is not currently included as its impact is expected to be driven mainly by physical risks that are more uncertain and localised, and are likely to occur further in the future. Additional detail on scenario analysis can be found in the appendix.

Risk Management

Describe the Trustee's processes for identifying, assessing and managing climate-related risks

Climate-related risk management process

We depict below the Trustee's climate-related risk management process. This is designed to allow identification of the most material risks for the Fund and the development of controls and processes to manage these.

Risk identification and prioritisation

Risk register: The Trustee reviews the climate-related considerations annually.

Roles & responsibilities: The Trustee has agreed with the Fund's Advisors their various roles and responsibilities for advice covering the identification, assessment and management of climate-related risks across investment, actuarial, legal and covenant matters.

Training: The Trustee and IC receive climate change training to understand potential impacts of climate-related risks.

Investment strategy impact

Climate scenario analysis: The IC seeks to quantify the potential impact of climate change on the Fund's investment and funding strategy (as discussed on pages 6-11 and 20-22).

ESG integration: Where possible, the IC ensures ESG considerations are integrated within each mandate. For example, offering a sustainable global equity fund within the DC Section's self-select options.

Climate risk monitoring

Assessing investment managers: The IC assesses the ESG capabilities of our investment managers and DC provider on an annual basis (further detail provided on page 14).

Assessing climate metrics: The IC monitors a set of climate-related metrics on an annual basis, in line with TCFD recommendations.

Stewardship

Assessing investment managers: The IC assesses the stewardship activities and capabilities of our investment managers on an annual basis to ensure these align with our ESG beliefs and policy through the Implementation Statement and regular reviews by its Investment Consultant.

Risk Management

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Trustee's overall risk management

Risk register and Own Risk Assessment

The Trustee has competed its Own Risk Assessment ("ORA") to assess whether there is an Effective System of Governance ("ESOG") during the reporting year. The risk register was last reviewed in early 2026 and climate considerations are embedded into the Fund's ongoing governance and risk management processes.

	Potential risk areas:	Mitigating controls:
Sponsor Company Covenant	• Worsening covenant position associated with the impacts of climate change (transitional and physical). • Damage to reputation and/or legal challenge due to poor or inconsistent climate practices.	• Covenant formally considered by the Covenant Advisor. • Regular review with Sponsor Company.
Investment Strategy	• Asset mispricing due to the impacts of climate change and the transition to low-carbon economy and/or physical impacts of climate change, e.g. lower real returns and/or market shocks due to pricing-in climate change.	• Professional advice from Investment Consultant. • Continued monitoring of investments against the Trustee's ESG policy and climate target and regular climate scenario modelling. • Ongoing Trustee training.
Asset and Investment Manager Allocations	• Investment managers do not adequately integrate financially material ESG factors (including climate risks) into their risk management framework. • Investment managers do not adopt effective stewardship: e.g. using voting rights and engagement to improve management of climate factors by investee entities, or do not collaborate to encourage best practice in addressing systemic climate risks. • Investment managers do not consider potential investment opportunities or individual asset classes, which may benefit and provide upside.	• Investment Consultant monitors managers and reports to the Trustee. This may include but is not limited to monitoring managers and asset classes on the risks and opportunities that arise from climate change and how these are managed on an ongoing basis.
Funding	• Funding target is increased at future actuarial valuations due to climate-related reasons. • Cost of longevity insurance increases due to climate change.	• Trustee, Company and all relevant advisors regularly assess funding position. • Training and advice on potential funding impact using climate scenario analysis.

Risk Management

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Trustee's overall risk management

Investment managers

Whilst the Trustee retains overall responsibility, the Trustee delegates day-to-day management of the investments to investment managers, and the Trustee expects the managers to be identifying, assessing and managing climate-related risks on an ongoing basis on the Trustee's behalf.

The Trustee's Investment Consultant undertakes an annual review of each of our manager's ESG capabilities. This results in an annual report, which is presented to the Trustee, with each mandate allocated an ESG score as well as an explicit climate score to aid investment decision making. The managers are assessed across five key areas (which are aligned with the Trustee's ESG beliefs):

1. Investment approach
2. Risk management
3. Stewardship
4. Reporting
5. Collaboration

Example criteria for this assessment under each area are shown on the right.

In the most recent review, carried out in March 2026, the DB Section fund-level ESG score improved, driven mainly by the reallocation of capital from weaker- scoring illiquid assets into higher-scoring corporate and government bond mandates over the year. While changes to the scoring methodology mean the DC Section results are not directly comparable with the previous year, the default strategy met all assessment criteria, and was considered strong on both an absolute basis and relative to other providers. The Trustee's Investment Consultant engages with managers on areas for improvement identified through this assessment, such as aligning mandate-level ESG objectives, and monitors fund-level ESG scores over time to track progress.

Assessment category	Example evaluation criteria
Investment approach	Are the fund's climate objectives quantifiable with interim targets set?
Risk management	Does the manager have a dedicated individual within the ESG team with responsibility for oversight of the climate change policy?
Stewardship	Can the manager provide a case study example demonstrating effective engagement on climate-related issues?
Reporting	Does the manager undertake forward-looking climate scenario modelling and is this published in quarterly reports?
Collaboration	Is the manager a member of the UN Net Zero Asset Owner Alliance? If not, is there a valid reason why?

Stewardship Activity

The Trustee recognises the importance of stewardship in driving change both across investee companies as well as across the wider pensions industry.

The Trustee delegates stewardship responsibilities to its investment managers, and the managers should engage and vote on all issues, including climate, in the best interests of the Fund's members. Notable stewardship activity is published in the Fund's annual Implementation Statement. The IC, via its Investment Consultant, has previously engaged with L&G to include climate-aligned guidelines within its corporate bond mandate in the DB Section.

Metrics and Targets

Disclose the metrics used by the Trustee to assess climate-related risks and opportunities in line with its strategy and risk management process

Climate metrics selection

The IC agreed to annually measure, monitor and publish four climate metrics:

1. **Absolute emissions metric:** Total greenhouse gas emissions (scope 1 & 2 and scope 3)
2. **Emissions intensity-based metric:** Carbon footprint (scope 1 & 2 and scope 3)
3. **Portfolio alignment metric:** Implied temperature rise ("ITR")
4. **Additional climate change metric:** Data quality

The process of selecting these metrics for monitoring focussed on two key aspects 1) **level of impact** and 2) **availability of data**.

Level of impact

The metrics were chosen based on their potential to add value to the IC and Trustee's decision making.

Emissions based metrics (metrics 1 & 2): Greenhouse gas ("GHG") emissions are a key driver of climate change. These result from a number of economic activities, primarily due to the burning of fossil fuels. The gases contribute to increased retention of the sun's energy, resulting in a "greenhouse effect" where the Earth is warmed. Slowing and reducing the release of GHGs into the atmosphere is therefore important. The Trustee has reported on scope 1 and 2 i.e. direct emissions from company-owned or -controlled sources and indirect emissions from purchased energy. In addition, the Trustee reports on Scope 3 emissions (indirect emissions associated with the value chain), where available.

Forward looking metric (metric 3): Whilst it's important to consider emissions to date, it's also important to assess how these could evolve into the future. We have chosen the ITR, expressed in degrees Celsius (°C), in order to estimate the global implied temperature rise if the whole economy was invested according to our strategy. This ensures we have a longer term focus for our climate-related decision making.

Availability of data

The metrics were also selected based on the availability of data from the investment managers. Other metrics based on climate-related risks associated with water, energy, land use and waste management do not have sufficient data quality currently.

The Investment Consultant gathered the selected metrics data from the investment managers on behalf of the Trustee. The quality of this information is important to allow robust decision making and target setting.

Data quality (metric 4): We have chosen to monitor data quality as our fourth metric given the above.

Monitoring

The Trustee will assess these metrics, at least annually, to monitor climate-related risks and as a tool to engage with the investment managers.

More detail on how the metrics are defined can be found in the Appendix.

Metrics and Targets Defined Benefit Section

Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks

The Trustee gathered climate metrics for the Fund's investment strategy as at 30 September 2025 (or the data at the best-available proximate date) and the results are set out below. The below metrics can be compared with previous reporting periods to understand trends over time and problem areas within the portfolio.

Mandates	Total GHG emissions (scope 1 & 2)		Carbon footprint (scope 1 & 2)		Data quality % of scope 1 & 2 emissions intensity that are:				Total GHG emissions (scope 3)		Carbon footprint (scope 3)		Implied Temperature Rise	
	Metric, tCO_2e	Coverage	Metric, tCO_2e/ $1m of EVIC	Coverage	Verified	Reported	Estimated	Unavailable	Metric, tCO_2e	Coverage	Metric, tCO_2e/ $1m of EVIC	Coverage	Metric	Coverage
Government Bonds	51,185	156%*	55	156*	0%	0%	95%	5%	-	-	-	-	2.1°C	100%
Corporate Bonds	3,010	56%	20	56%	0%	55%	1%	44%	50,068	54%	339	54%	1.9°C	56%
Secured Finance	13,088	77%	63	77%	0%	0%	77%	23%	39,430	75%	189	75%	2.3°C	20%
Private Markets – Mandate 1	-	-	-	-	0%	0%	0%	100%	-	-	-	-	-	-
Private Markets – Mandate 2	1,543	55%	8	55%	0%	55%	0%	45%	133,379	39%	660	39%	-	-
Balanced Property	0.2	100%	0	100%	100%	0%	0%	0%	5	100%	0	100%	1.5°C	100%
Ground Lease Property	-	-	-	-	0%	0%	0%	100%	-	-	-	-	-	-
Buy-in	47,743	47%	90	47%	0%	43%	4%	53%	178,888	47%	338	47%	2.9°C	47%
Total Portfolio	**116,569**	**65%**	**60**	**66%**	**9%**	**21%**	**36%**	**34%**	**401,942**	**36%**	**296**	**36%**	**2.4°C**	**61%**

Source: Investment Managers, Investment Consultant calculations.
*Coverage for the Government Bonds mandate exceeds 100% as it represents the leveraged position from the LDI portfolio.
Further notes and detail can be found in the Appendix.

Metrics and Targets Defined Contribution Section

Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks

The Trustee gathered climate metrics for the Fund's investment strategy as at 30 September 2025 (or the data at the best-available proximate date) and the results are set out below. The below metrics can be compared with previous reporting periods to understand trends over time and problem areas within the portfolio.

Mandates	Total GHG emissions (scope 1 & 2)		Carbon footprint (scope 1 & 2)		Data quality % of scope 1 & 2 emissions intensity that are:				Total GHG emissions (scope 3)		Carbon footprint (scope 3)		Implied Temperature Rise	
	Metric, tCO_2e	Coverage	Metric, tCO_2e/ $1m invested	Coverage	Verified	Reported	Estimated	Unavailable	Metric, tCO_2e	Coverage	Metric, tCO_2e/ $1m invested	Coverage	Metric	Coverage
L&G 2020 - 2025 Target Date Fund	44	71%	48	71%	0%	69%	3%	29%	524	51%	573	51%	2.7	61%
L&G 2025 - 2030 Target Date Fund	447	75%	44	75%	0%	72%	3%	25%	5,212	57%	507	57%	2.6	67%
L&G 2030 - 2035 Target Date Fund	928	84%	42	84%	0%	79%	6%	16%	11,035	69%	496	69%	2.6	78%
L&G 2035 - 2040 Target Date Fund	1,233	94%	36	94%	0%	88%	6%	6%	16,416	87%	481	87%	2.6	91%
L&G 2040 - 2045 Target Date Fund	1,422	95%	39	95%	0%	90%	5%	5%	17,420	91%	483	91%	2.6	93%
L&G 2045 - 2050 Target Date Fund	1,366	95%	39	95%	0%	90%	5%	5%	16,702	91%	482	91%	2.6	94%
L&G 2050 - 2055 Target Date Fund	935	95%	39	95%	0%	90%	5%	5%	11,419	91%	482	91%	2.6	94%
L&G 2055 - 2060 Target Date Fund	491	96%	40	96%	0%	90%	5%	4%	6,001	91%	484	91%	2.6	94%
L&G 2060 - 2065 Target Date Fund	128	96%	40	96%	0%	90%	5%	4%	1,568	91%	487	91%	2.6	94%
L&G 2065 - 2070 Target Date Fund	9	96%	40	96%	0%	90%	5%	4%	111	91%	489	91%	2.6	94%
Total Portfolio	**7,003**	**93%**	**39**	**93%**	**0%**	**87%**	**5%**	**7%**	**86,407**	**85%**	**486**	**85%**	**2.6**	**90%**

Source: Investment Managers, Investment Consultant calculations. Notes: Data quality figures may not sum to 100% due to rounding. Further notes and detail can be found in the Appendix.

Metrics and Targets

Describe the targets used by the Trustee to manage climate-related risks and opportunities and performance against targets

Target setting

The Trustee set a target to increase carbon footprint data coverage to 66% for the DB Section and 80% for the DC Section by 30 September 2025.

Three years on, the Fund has achieved this target for both Sections, with DB Section's verified, reported and estimated data at 66% and the DC Section's at 93%.

The Trustee has agreed that the existing data quality targets should be retained for the following reasons:

DB: The Fund has met, but not exceeded, the DB Section data-coverage target. Retaining the existing target for a further year allows the Trustee to consolidate this improved level of coverage and assess whether results remain stable, given potential year-to-year fluctuations. At this stage, the quality and availability of emissions data do not support the setting of a more ambitious decarbonisation target, particularly as progress in the DB Section is constrained by allocations to illiquid assets.

DC: The DC Section is aligned with the broader climate strategy of the DC provider's Master Trust (which uses the same default as the Fund). The Master Trust's climate target is currently under review and given the Trustee does not have direct control over the default investment strategy, it has deemed it appropriate to wait and see what the outcome of the Master Trust review is. The Trustee expect that this will be known during the current TCFD reporting year and therefore the DC Section's target will be reviewed concurrently with this.

Carbon footprint data coverage	Baseline 30/09/2022	Current 30/09/2025	Target met/exceeded
DB Section	48%	66%	Met
DC Section	64%	93%	Exceeded

Appendix

Strategy

Scenario analysis appendix

Approach to scenario analysis conducted as at 30 September 2025

The impacts of climate change can be visualised as future return drags

The scenario analysis models the impact of climate-related risks as drags on asset (and liability) returns that are felt each year. As such, these drags will increase or decrease the returns and move the expected impacts away from the base case scenario.

Looking at the impact of these return drags can help to illustrate the sensitivity to the timing of climate impacts as it is unknown when markets could start to price in climate related costs. For the DC Section, members invest their contributions in different ways, most notably the asset allocation for members in lifestyle strategies depends upon their term to retirement. To understand the range of impacts across the membership, the analysis considers example members invested in different stages of the glidepath within the TDF arrangement.

The potential financial impacts of climate change have been categorised into physical risk and transition risk

The scenario analysis models the potential impacts of climate change on assets (and liabilities) for each climate scenario by considering the return drags in relation to two categories of climate risk.

Transition costs are assumed to be incurred earlier than physical costs, as society moves to attempt to avoid the long-term physical damage of climate change. We expect that the **higher the transition costs**, due to a greater effort to transition to a low carbon economy, the **lower the eventual physical costs** as the physical consequences are reduced. The scenarios represent a range of plausible outcomes for physical and transition risk and the trade-off between the two.

Strategy

Scenario analysis appendix

DB Section scenario analysis limitations

The Trustee acknowledges that climate scenario analysis is subject to inherent limitations, including the potential underestimation of climate-related risks. Accordingly, the analysis is used to support decision-making and inform comparative assessments, rather than as a precise representation of future outcomes.

Asset returns

The scenario impacts are derived on the basis of all other things being equal, which is unlikely to be the case in practice. For example, the climate transition could lead to higher levels of investment, employment and productivity-enhancing innovation. These effects are more challenging to estimate with any degree of certainty.

While there is some uncertainty around the future expected asset allocation for the DB Section, modest differences in allocation would generally be expected to have a broadly proportional impact on the different projected outcomes which would limit the impact on the relative outcomes and on this basis would not change the ordering of the outcomes for the different climate scenarios.

No allowance has been made for climate impacts on the buy-in value on the assumption that any impacts would be reflected in both the asset and liability value and would therefore have broadly no net impact on the funding position.

Life expectancy

The projections are intended to illustrate the potential variability in future mortality rates due to climate change, however they are subjective and arguments could be made for different outcomes. For example, the analysis assumes that any life expectancy changes emerge gradually over time whereas in practice trends may be less gradual.

Future insurer pricing

The projections for the DB Section are based on the cost of securing the Fund's liabilities with an insurer. Aside from making allowances for future possible changes in life expectancy, the projections do not make any allowance for possible changes in insurer pricing.

General

The assumptions used inevitably contain an element of subjective judgement. Any opinions or return forecasts contained in this material are not intended to imply, nor should they be interpreted as conveying, any form of guarantee or assurance of the future performance of the asset classes in question. The scenarios considered are designed to illustrate the possible future range of long-term returns from different asset classes and their inter-relationship. No economic model can be expected to capture perfectly future uncertainty, particularly the risk of extreme events. The analysis is intended for illustrative purposes.

Strategy

Scenario analysis appendix

DC Section scenario analysis methodology

Individual members in a DC Section bear their own investment and longevity risks and climate change is likely to have different impacts for different members across the DC Section.

The DC Section analysis considers the impact on three example members to highlight the potential difference in climate impacts for different members. The assumptions used for each example member are set out in the table below.

Example member	Current age	Retirement age	Assumed investment (as at 31 March 2026)
Member 25 years to retirement	40	65	L&G 2050 – 2055 Target Date Fund
Member 10 years to retirement	55	65	L&G 2035 – 2040 Target Date Fund
Member 5 years to retirement	60	65	L&G 2030 – 2035 Target Date Fund

These examples are intended to illustrate a range of potential outcomes for members at different stages of the glidepath. However, the characteristics and retirement saving decisions will vary from member to member and the member examples are not expected (or intended) to cover every member of the DC Section.

As member choices at retirement will vary depending on the member, the analysis does not consider the potential impact on the member's retirement options, such as changes in annuity rates due to changes in life expectancy or the potential impact on investment returns after retirement which may affect the retirement income a member is able to draw.

Limitations:
The Trustee and IC recognise that there are limitations of climate scenario modelling given the inherent uncertainty around the future impact of climate change and the need to use subjective assumptions. The Trustee and IC therefore use the scenario analysis for comparative purposes rather than analysing the absolute magnitude, to help understand some of the possible impacts of climate-related risks. The inaction scenario has not been included by L&G due to material physical risks being subject to greater uncertainty.

Metrics and Targets

Metrics appendix

Climate metrics definitions

The IC selected and monitored four climate metrics during 2025:

1. **Absolute emissions metric:** Total greenhouse gas emissions (scope 1 & 2 and scope 3)
   Total amount of greenhouse gas emissions emitted by the underlying portfolio companies and total indirect emissions that occur in the value chain, attributed to the investor based on the total investment in each company.

2. **Emissions intensity-based metric:** Carbon footprint (scope 1 & 2 and scope 3)
   An intensity measure of direct and indirect emissions that assesses the level of greenhouse gas emissions arising from a $1 million investment in a company.

3. **Portfolio alignment metric:** Implied temperature rise ("ITR")
   The temperature pathway the mandate aligns to, expressed as a projected increase in global average temperatures by the end of the century.
   A Paris-aligned strategy should have an ITR of 1.5°C.

4. **Additional climate change metric:** Data quality
   Exposure to emissions data that is verified, reported, estimated and unavailable:
   Verified: Data that has been independently verified.
   Reported: Data directly reported by the company.
   Estimated: Data that has been estimated by the investment manager or an ESG data provider.
   Unavailable: Data that is not available under any of the other categories.

Climate metrics supporting information

The following notes support the tables on pages 16 and 17.

tCO_2e: Tonnes of carbon dioxide equivalent, where CO_2e expresses the impact of each different greenhouse gas in terms of the amount of CO_2 that would create the same degree of warming.

EVIC: Enterprise value including cash.

Coverage: Denotes the percentage of each fund where data is available.

All data is reported as at 30 September 2025, except for Balanced Property and Private Markets Mandate 2 which is as at 31 December 2024.

Government Bond Mandate's data quality is unavailable therefore coverage is assumed to be estimated, its subsequent ITR metric does not consolidate impacts of its derivative investment.

The Secured Finance Mandate and the Buy-in have been converted to USD using the exchange rate as at 30 September 2025 and Private Market Mandate 2 as at 31 December 2024 to allow comparison. These mandates also calculate total emissions on an absolute basis (they are not scaled to 100%) and make no assumption for data not covered.

Balanced Property reports carbon footprint as kilograms of CO_2e per £1M GAV, this has been converted to tonnes. The ITR is based on their net-zero target, not via a calculation of current holdings, and all data has been verified via third party assurance.

No data is currently available for Ground Lease Property or Private Market Mandate 1.

For each Section, cash and mandates with immaterial asset values have been excluded from the coverage calculations, with the remaining assets scaled to 100% using asset values as at 30 September 2025.

Metrics and Targets

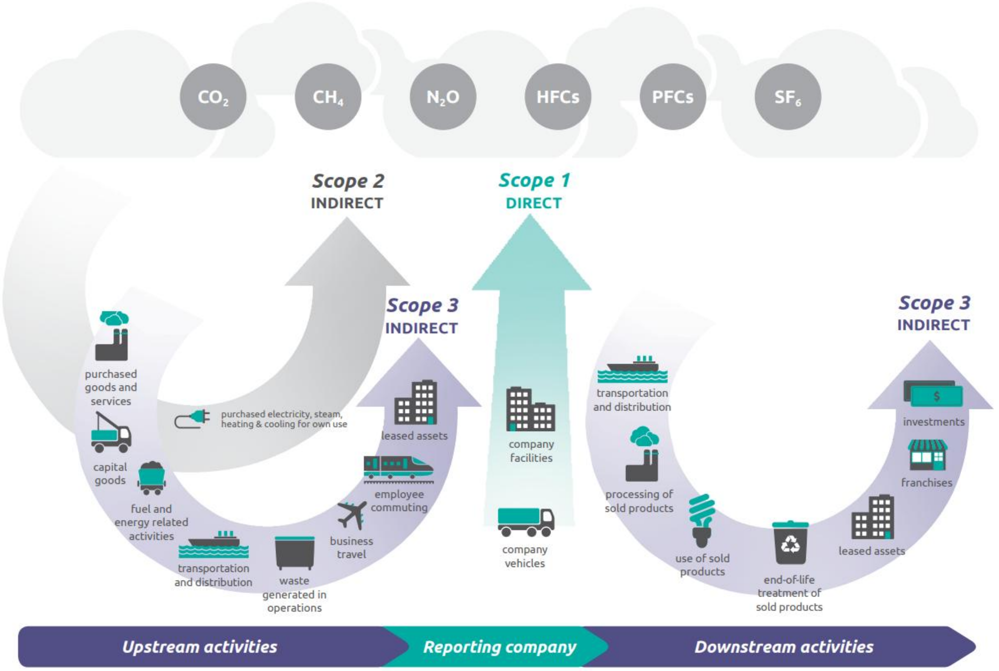
Metrics appendix

GHG emissions from a particular company can be split across three levels, as shown in the diagram.

- **Scope 1** are direct emissions from company owned or controlled sources – this includes heating/cooling of offices/factories and fleet vehicles.

- **Scope 2** are indirect emissions from purchased energy – emissions are created during the production of the energy which is eventually used by the company.

- **Scope 3** are all indirect emissions that occur in the value chain – this includes emissions from the production of purchased goods and services and the use of sold products. There are currently industry-wide issues with reporting scope 3 emissions.



Source: [WRI/WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standard (PDF)]

This report has been prepared for the sole benefit of the Trustee of the Imperial Tobacco Pension Fund and based on their specific facts and circumstances and pursuant to the terms of Isio Group Limited's services contract. It should not be relied upon by any other person. Any person who chooses to rely on this report does so at their own risk. To the fullest extent permitted by law, Isio Group Limited accepts no responsibility or liability to that party in connection with the Services.

Information used in this document in relation to scenario analysis and covenant impacts has been taken from reports provided by Towers Watson Limited (WTW) in their roles as scheme actuary and covenant advisor to the DB Fund and Legal & General (L&G) as DC provider. Please refer to the specific limitations and terms of service set out in those reports:

- TCFD DB covenant report, dated 3 February 2026
- DB Scenario modelling and analysis: Climate change, dated 21 February 2026
- DC Climate Scenario analysis, dated February 2026

Isio Services Ltd is authorised and regulated by the Financial Conduct Authority FRN 922376.