



IMPERIAL TOBACCO PENSION FUND

DEFINED BENEFIT

SUMMARY REPORT

2025



Triennial actuarial valuation is underway

I am delighted to have been appointed as Chair of the Trustee Board following Helen Clatworthy's retirement. Helen's hard work and dedication to the scheme over many years has been an important part of its ongoing success and I wish her all the very best for the future.

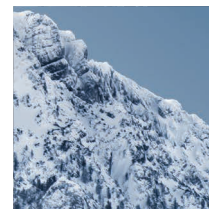
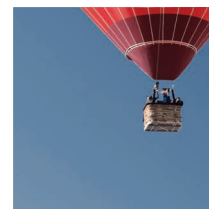
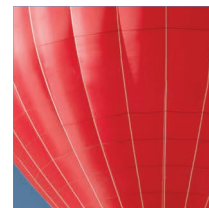
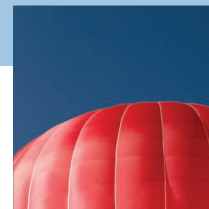
I'd also like to thank Jan Killick, who has retired from her role as Secretary to the Trustee and Imperial's Head of UK Pensions after six years with the company, and welcome her successor, Robert Egginton. You can read more about the changes to the Trustee Board and the Pension Fund Management team on pages 10 and 11.

The triennial actuarial valuation of the Fund as at 31 March 2025, which assesses the financial health of the scheme by comparing the value of its assets against ongoing liabilities (benefits in payment and those due to be paid), is underway. The results, giving the current funding position of the scheme, will be communicated with members once the valuation process is complete.

I hope many of you will take the opportunity to receive this report and other general communications from the Fund digitally going forward to help us reduce our carbon footprint and costs. Details of how you can do this can be found on page 3.

Finally, I'd like to acknowledge the efforts of my fellow Trustee Directors, the Pension Fund Office, and our professional advisers over the past year. I look forward to working with them all in my new role, building on the great work carried out to date as we continue on the next stage of the journey.

Tom Lukic, Dalriada Trustees Limited
Chair of the Trustee Board





Further information

The figures in this summary have been taken from the Fund's full report for the year to 31 March 2025, 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 is available from the Pension Fund Office to any member on request.

Also available are the actuary's report on the last triennial valuation (as at 31 March 2022) and the latest version of the Statement of Investment Principles and the ESG Policy Statement.




Copies of these, and other useful documents, can be found at:



myimperialpension.com

Opt in to email communications

Help us provide you with information in a fast, convenient and environmentally friendly way by opting to receive generic Fund news and Trustee communications by email.

Email  pension.enquiries@uk.imptob.com, with 'opt-in to electronic communications' in the subject line. Please also quote your full name and Pension Fund number.



You will continue to receive personal Fund correspondence such as pension statements in paper format through the post.

Notify us of changes to personal details in writing

Please remember to inform us if your contact details change, including your address, telephone number or bank details (if you are being paid a pension).



We continue to need this new information in writing, accompanied by your signature to help us ensure the request is genuine. Without up-to-date details there may be delays in paying your benefits on retirement or, if you are already in receipt of a pension, it may result in your payments being suspended.

For other matters, the team can also be contacted by email or telephone. See **details on back page.**



Investment summary

The Fund's credit and balanced property mandates delivered robust performance over the year, but this was offset by the negative returns posted by the Fund's Liability Driven Investment (LDI) portfolio. As a result, the Fund's total portfolio return was -3.8%, versus a benchmark return for the year of -3.7%.

While the Fund returns reported below are negative, the Fund investment strategy is designed seeking to match movements in Fund assets with those of the Fund's liabilities. As such, while Fund assets decreased so did the Fund's liabilities therefore protecting the overall

funding position and security of members' benefits.

The Trustee's primary objective for the DB section is to invest the Fund's assets in an appropriate and secure manner so that members' benefit entitlements can be paid as and when they are due. The investment strategy is set to achieve that objective, while also considering the other risks identified in the Fund's Statement of Investment Principles.

Performance is considered against a range of metrics, including the strategic return but also mindful of considerations such as liquidity.

The Fund's investment performance over various time periods to 31 March 2025

Period to 31 March 2025	Fund return % p.a.	Benchmark return* % p.a.
1 year	-3.8	-3.7
3 years	-12.7	-11.6
5 years	-5.9	-6.5

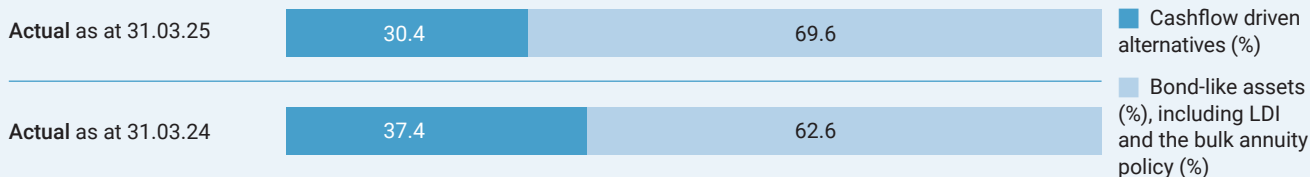
* The benchmark return is the weighted average 'strategic target' which is based on the Willis Towers Watson (WTW) modelling analysis used to set the investment strategy. The strategic target was updated from 31 December 2022 to reflect WTW's updated return assumptions for each asset class. The Trustee reviews the calculation methodology periodically.

Summary of money paid into and out of the DB section of the Fund in the year to 31 March 2025 (£000s)

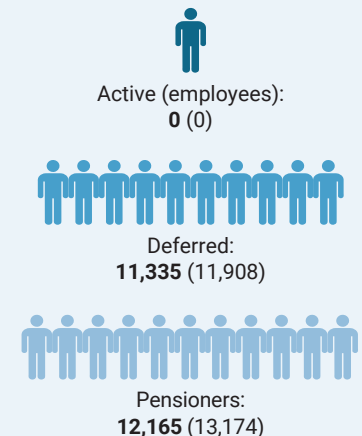
Money paid in		Money paid out	
	£		£
Employer and member contributions*	0	Pension payments	149,810
Investment income	179,295	Lump sums on retirement	12,759
		Transfers out and other payments	2,397
		Administration and investment expenses	7,784
Total income	179,295	Total outgoings	172,750

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

Asset allocation



DB numbers as at 31.03.2025 (last year's membership in brackets)





Proposed inheritance tax changes

What changes are planned?

In the 2024 Autumn Budget, the Government announced changes to inheritance tax (IHT) that mean pensions will no longer be fully exempt.

Currently, unused Defined Contribution (DC) pension pots don't count as part of your estate so, when you die, they are not taxed under IHT rules. But, under the proposals, from 6 April 2027, unused DC pension pots will be included in your estate and may be taxed at the standard IHT rate of 40%.

The legislation isn't final yet and things may change, but the Government has confirmed that those handling your estate after your death will be responsible for reporting and paying any IHT due on unused pension funds – not pension scheme administrators.

What doesn't change?

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

- Dependants' pensions from defined benefit (DB/final salary) schemes, such as the Imperial Fund.
- Survivors' pensions from annuity policies.
- Death in service lump sum benefits from registered pension schemes e.g. the lump sum of eight times salary from the Fund.

Who will be affected?

You can usually leave up to £325,000 on your death without paying IHT which is an individual's standard allowance. Additional tax free allowances can be applied in certain circumstances, including where the main home is left to a child or grandchild (current additional allowance in these circumstances being £175,000). If you own a home and have a DC pension pot these allowances may be exceeded meaning IHT could be due when you or your partner dies. The good news is that assets passed to your spouse or civil partner are exempt from IHT.

What could I do to prepare for the changes?

The changes aren't final yet, and you should not rush into making financial decisions, but you could:

- Stay informed. The Trustee will also update members when the legislation is confirmed.
- Speak to an independent financial adviser (see p9).
- Review how and when you access your pension: you might want to adjust how you draw from ISAs, pensions, and other savings.
- Update your pension nominations to make sure they reflect your wishes and consider the tax implications.
- Think about your partner's position as the spousal exemption may influence your nominations.

New Fund Actuary Leads Triennial Actuarial Valuation



The Fund has a new Actuary, who is responsible for recommending company contributions so the Fund is able to meet its long-term commitments.



Lorna Johns, Senior Consultant at WTW (formerly Willis Towers Watson), has taken over from Tim Panter, who has headed the Fund's actuarial team since 2012.

"I am delighted to have taken on the role of Actuary," said Lorna, pictured above right, who is based at WTW's Bristol office. "I've been part of the Fund's actuarial team for nine years and really enjoy working with the Trustee team and the Pension Fund Office to help support members.

"We're currently working together on the Fund's full triennial actuarial valuation as at 31 March 2025 which involves doing a detailed review of the Fund's membership and finances to ensure security for members' benefits."

The results of the full triennial actuarial valuation take a lot longer to come through than the annual update on the financial health of the Fund usually provided in this report, so will be included within next year's report. In the meantime, once the valuation is complete, a Summary Funding Statement detailing the results will be issued to all DB members.



Claiming and taking **your benefits**

Tracking down members with unclaimed benefits

The Trustee is trying to trace deferred members of the Fund with whom it has lost contact.

Some of these members have passed their normal retirement age and their benefits should have come into payment while others are approaching retirement age and due to claim their benefits. If you are in touch with former colleagues, particularly those of retirement age, it may be worth mentioning this in conversation in case they have unclaimed benefits.

The Trustee is aware that some members have specifically chosen not to claim their pension benefits on reaching the Fund's normal retirement age because they may still be working and do not wish to have to pay income tax on their pension payments as well as their earnings.

Unlike some other schemes, the Fund does not increase pension benefits on late retirement. Instead, it backdates the payment to normal retirement age (60 or 65) and pays the arrears due with the first pension payment. This arrears payments can be quite large and, as all pension payments are subject to tax, members could see a large amount of tax being deducted from their first payment.

As a result, deferring payment of your pension may not necessarily mean you are reducing your tax liability.

Please respond if you receive communication from the Trustee about your unclaimed benefits – even if it's just to confirm that you do not wish to draw your benefits at the current time.

Options on drawing benefits

When drawing benefits members will typically have three options:

- 1) Draw your pension and receive a regular monthly payment each month for the rest of your life. Pensions are paid in arrears on the last working day of each month.
- 2) Under current legislation, if you are eligible, you may take up to 25%* of the value of your DB pension as a tax-free cash lump sum. If you exchange part of your pension for cash then this will reduce the starting amount of your pension.

*depending on the type of deferred benefits you hold it may not be possible to exchange part of your pension for a tax-free cash sum or take the full 25%. This will be the case if your DB pension consists entirely of Guaranteed Minimum Pension (GMP) or a large part of it is made up of GMP.

- 3) Transfer the value of your DB pension to another registered pension policy such as a personal pension, annuity or income drawdown. This can give you greater flexibility over how you take your benefits. For example, you may not be ready to draw your benefits so decide to invest the transfer value with the aim of increasing its value before you start to draw your benefits. Or you may wish to draw some, but not all, of your benefits and decide that an income drawdown policy may be better suited to your needs. Transferring your benefits also gives the option of taking the total value as a cash sum on retirement albeit only 25% would be paid tax-free under current legislation.

Seek professional advice

It is important to take independent financial advice from a qualified and authorised advisor when making decisions about your pension that will impact your retirement income.

You can find a list of advisers 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. Remember that most advisers charge for their services.

The government's MoneyHelper (moneyhelper.org.uk/en) service also offers free and impartial guidance about your pension options. If you are considering a transfer then you should make an appointment with MoneyHelper as these sessions provide invaluable information about your options, investments and staying alert to pension scams and unscrupulous advisers.

If you have benefits in a Defined Contribution (DC) pension plan (or plan to transfer your DB benefits to a DC plan) and you are aged 50 or over then you can also make an appointment with Pension Wise (moneyhelper.org.uk/en/pensions-and-retirement/pension-wise) to receive free guidance on the options available to you on drawing your DC benefits.

It is important to note that if the transfer value of your DB deferred pension is more than £30,000 then under legislation you are required to seek independent advice from an adviser authorised to provide advice on DB transfers.

A transfer cannot proceed until the Trustee has received suitable confirmation that you have received such advice and/or attended a guidance session with MoneyHelper.

Trustee Board update




Trustee Board update

Tom Lukic, a Director of Dalriada Trustees Limited, has taken over from Helen Clatworthy as Chair of the Imperial Tobacco Pension Fund Trustee Board. He was first appointed to the Board as an independent Employer Nominated Trustee in 2023.

This role has been filled by Martin Staunton. Martin, an accountant by training, joined Imperial Brands as Imperial Brands Strategic Portfolio Transformation Director – Strategy and Development in 2024. Kirsty Green-Mann

We want to know what you think

The Trustee directors 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

You can also find lots of useful information about the Fund, pensions tax information, how to spot a pensions scam, etc, on the Fund's website at:

 myimperialpension.com

has also been re-elected as a Member Nominated Trustee for her second term.

Ross Parker left the business in October 2025 and a selection process will begin shortly to nominate his replacement. Tom Lukic said, "I would like to thank Ross for his contribution to the Board over the last three years; his input has been invaluable."



Trustee board: from left, Ross Parker, Tony Dunnage, Tom Lukic (Chair), Martin Staunton, Lisa Hall, Ken Hill; inset, James King, Kirsty Green-Mann



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 Information Officer)
James King (Imperial Brands Head of Finance UK and Ireland)
Martin Staunton (Imperial Brands Strategic Portfolio Transformation Director – Strategy and Development)

Nominated by pensioners and deferred members:

Kirsty Green-Mann
Ken Hill

Nominated by employees:

Position vacant

Pension Fund Office

Robert Egginton (Head of UK Pensions and Secretary)
Leigh Callaghan (Pensions Manager)



New Head of UK Pensions

Robert Egginton has joined Imperial Brands as Head of UK Pensions and Secretary to the Trustee Board, succeeding Jan Killick, who retired earlier this year.

Over the last 15 years, he has held senior roles at organisations including Mercedes-Benz UK and GXO Logistics, where he most recently led a pensions team covering the UK and Republic of Ireland for both Defined Benefit and Defined Contribution plans.

“I’m really excited to join Imperial Brands and lead the team supporting the Imperial Pension Fund,” said Robert. “The draw for me is the great reputation and history of the Fund and the journey the scheme is on to safeguard members’ benefits.”



The Fund's commitment to **responsible investment**



The Trustee has a legal duty to invest in the best financial interests of the Fund's members and recognises that ESG (Environmental, Social and Governance) factors, including climate change, can be financially material.

The Fund's approach to responsible investing, including how it works with its investment managers, is set out in the ESG Policy, which sits alongside the Statement of Investment Principles (SIP) and Climate Delegation Framework.

The Trustee also produces an annual Taskforce on Climate-related Financial Disclosures (TCFD) report, which sets out a summary of its actions across the four TCFD pillars: governance, strategy, risk management, and metrics and targets.

All of the documents can be viewed at myimperialpension.com

Stay vigilant to scams

The threat of being scammed remains a serious issue and it is crucial to remain vigilant when sharing personal information, clicking on email links and making bank transfers.

The Pension Fund Office will never ask for your pension or bank account information over the telephone and it is important to be wary of any unsolicited communications you receive regarding your pension or any other savings.

If you think you have been the victim of a scam, call Action Fraud on 0300 123 2040 or report it online: actionfraud.police.uk/reporting-fraud-and-cyber-crime You can also check any offer against the information on the Financial Conduct Authority's Scam Smart website: fca.org.uk/scamsmart or you can speak to The Money and Pensions Service on 0800 011 3797.

For more information about how to avoid pension scams visit: myimperialpension.com/pensions-scams/