Kingfisher Pension Scheme

Disclosures in respect of TCFD for the Scheme year ending 31 March 2026

CONTENTS

Chair's Introduction

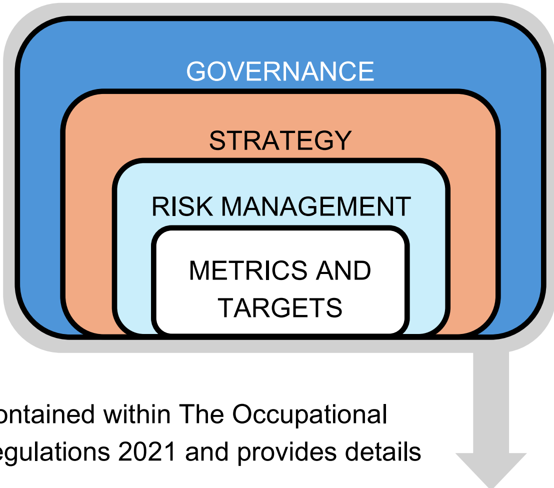
This report sets out our approach as the Trustee of the Kingfisher Pension Scheme ("the Scheme") with regard to assessing, monitoring and mitigating climate-related risks in the context of the Trustee's broader regulatory and *fiduciary* responsibilities to their members.

Scheme membership

The Scheme has both a money purchase ("KPS-MP") section and final salary ("KPS-FS") section. The FS section is the Scheme's legacy defined benefit ("DB") section which closed to future accrual in June 2012 and includes money purchase additional voluntary contributions ("AVCs"). The MP section is a defined contribution ("DC") arrangement which remains open to new members, and which acts to comply with the automatic enrolment regulations. At 31 March 2026, the KPS-MP section had around 75,000 members and total assets of around £1,100m and the KPS-FS section had around 26,000 members and total assets of around £1,900m.

This report

This is our fourth report on our Taskforce on Climate-related Financial Disclosures ("*TCFD*") and provides detail of the steps taken during this and previous reporting years to assess, monitor and mitigate climate-related risks. As in previous years we expect this report and the steps we take to continue to evolve over time. During the year, the Scheme carried out the formal triennial valuation of the DB section as at 31 March 2025. The Scheme is also currently conducting a review of the DC section's default strategy. Strategy changes in relation to these have been considered where relevant in this report, and we expect to provide further detail in next year's *TCFD* reporting. Our previous annual *TCFD* reports are available online to our members on the Kingfisher Pension Scheme website (**Kingfisher Pension Scheme**).



This report has been prepared in accordance with the regulations contained within The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 and provides details of our approach against the four pillars set out by the *TCFD*:

Governance
The Scheme's governance and oversight of climate-related risks and opportunities.

Strategy
The actual and potential impacts of climate-related risks and opportunities on the Scheme's investment strategy and financial planning.

Risk management
The processes used by the Scheme to identify, assess and manage climate-related risks.

Metrics and targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities to the Scheme.

As well as developing our own reporting for *TCFD*, we expect our underlying investment managers to be aligned with *TCFD*. We'll continue to monitor this through our regular reporting and ongoing dialogue with the Scheme's managers

Italicised words and phrases throughout the report can be found within the Glossary, which provides further explanation and detail

Report Summary

On behalf of the Kingfisher Pension Trustee Limited ("the Trustee" or "KPTL"), I am delighted to present the Trustee's fourth report under the Taskforce on Climate-related Financial Disclosures ("*TCFD*") for the Kingfisher Pension Scheme ("the Scheme").

What is *TCFD*?

From 1 October 2021, pension schemes above a certain size have been required to comply with *The Taskforce on Climate-related Financial Disclosures ("TCFD")*. These requirements applied to the Scheme from 1 October 2022. This report is the fourth *TCFD* report produced for the Scheme in line with these requirements. This report outlines the steps we have taken to identify, monitor and manage climate-related risks and opportunities throughout the Scheme year from 1 April 2025 to 31 March 2026. Links to our first three *TCFD* reports covering the years 1 April 2022 to 31 March 2023 and 1 April 2023 to 31 March 2024 and 1 April 2024 to 31 March 2025 are provided on the right.

TCFD report - 31 March 2023

TCFD report - 31 March 2024

TCFD report - 31 March 2025

Climate change

The Trustee believes that climate change and the expected transition to a low carbon economy may have a material impact on the performance of investments so is a financial risk to the Scheme and member outcomes. To ensure a sustainable future, and to safeguard economic growth, concerted global action is required to tackle the climate crisis. Improved transparency on climate-related matters will lead to improved investment decisions which in turn will improve member outcomes.

The four pillars of *TCFD*

Governance: The Scheme's governance and oversight around climate related risks and opportunities.

Strategy: The impacts of climate-related risks and opportunities on the Scheme's strategy and financial planning.

Risk Management: The processes used to identify, assess, and manage climate-related risks to the Scheme.

Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities to the Scheme.

Governance

Our governance approach focuses on managing risks (including climate-related risks), having a clear purpose and strategy, ensuring the right skills and experience are available, and making sure the Scheme provides value for members. We consider climate change to be a key risk to the Scheme and so we ensure climate-related issues are embedded across our overall governance approach, including decision-making, training, policies, and processes. To aid in fulfilling this responsibility in terms of Governance, across the 2025-26 Scheme year we have:

Held targeted climate-related training sessions during the year and continued regular climate change discussions at Trustee and sub-committee meetings.

Reviewed our current climate governance policy that sets out the key roles and responsibilities for the Scheme to ensure it remains appropriate. No changes were required this year.

Completed a full review and update of the Scheme's climate beliefs, originally established in 2022, to be incorporated into wider Scheme governance.

Strategy

Scheme strategy considers both the funding of the Scheme and the investment strategy, as well as how the Employer *covenant* supports this. We recognise that climate-related risks could impact the Scheme in a range of ways, including potential changes in the value of assets, inflation rates, interest rates, life expectancy, and the strength of the *covenant*. This year under the strategy pillar of *TCFD* we have considered how climate-related risks and opportunities fit into the Scheme's strategy at different points in time, namely by engaging with our investment managers on the risks and opportunities they have identified for their specific asset class.

Time horizons: We note climate-related risks and opportunities may vary depending on different time horizons, and so decided relevant time horizons in the first year of our reporting. This year, ahead of updating the climate scenario analysis, we have carried out a full review of the Scheme's time horizons. We have decided to adopt separate time horizons for the DB and DC sections, tailored to their differing objectives and ember profiles.

DB section

3 years – This **short-term timeframe** aligns with the next DB section valuation

10 years – This **medium-term timeframe** is broadly between the short and long-term time horizons

18 years – This **long-term timeframe** aligns with the expected time until most members have retired and the Scheme is financially stable

DC section

5 years – This **short-term timeframe** aligns with the de-risking phase of the default strategy

c25 years – This **medium-term timeframe** is the approximate time to retirement of a 40 year old member

c45 years – This **long-term timeframe** is the approximate time to retirement of a 20 year old member

Climate scenario analysis: The Scheme first undertook climate scenario analysis in 2022, modelling the potential impacts of three climate scenarios on assets and liabilities for the DB section, and on member outcomes for the DC section, across short, medium and long-term time horizons. Following this analysis, the Trustee concluded that both the DB and DC sections are broadly resilient under each of the climate scenarios modelled.

During this Scheme year, the scenario analysis was refreshed in line with TCFD requirements and allowing for the 31 March 2025 valuation, incorporating updated data, assumptions, funding position and developments in the DB section's long-term strategy.

We remain comfortable that the key conclusions are unchanged, and that the Scheme continues to demonstrate broad resilience to climate-related risks across all scenarios considered. The Trustee will review annually whether further scenario analysis is required, with the next mandatory update expected in the 2028/29 Scheme year.

Risk Management

Pension scheme risk management is where trustees identify, manage and monitor the factors that affect the Scheme's objectives. Under the risk management pillar of *TCFD*, we have focused on the processes for identifying, assessing, and managing climate related risks as well as describing how those processes are integrated into overall risk management of the Scheme.

The Scheme's main form of risk management takes is a risk register. This year, the Scheme's risk register was updated, with climate risks explicitly reflected within the Funding and Covenant risk categories and ESG risks also considered in relation to investment governance. A summary of key risks identified continue to be noted in the Scheme's Statement of investment principles.

Statement of Investment Principles

Investment Managers

We expect our investment managers to consider and take appropriate steps to manage climate-related risks within their funds.

We have continued to monitor this through quarterly reports from our investment consultants which provide *ESG* ratings and we continue to engage with our investment managers on climate-related matters as part of the *TCFD* process.

Where are climate risks considered in our decisions?

- Investment Strategy Reviews
- Valuations and *Covenant* Reviews
- Considering asset classes
- Selection of *buy-in* providers/investment managers
- Individual investments

Key risks identified are discussed either at Trustee meetings or relevant sub-committees and where necessary added to our Risk Register, to be monitored and mitigated where possible. The Risk Register is reviewed regularly to ensure all ESG risks and opportunities are captured.

The process of identifying and assessing climate related risks has been reviewed in the process of producing this *TCFD* report and is deemed to remain suitable at this time.

Metrics and Targets

The Trustee uses various metrics and targets to help them understand and monitor Scheme performance and make decisions. Climate-related metrics can help the Trustee to understand and monitor the Scheme's exposure to climate-related risks, whilst targets can act as a measure of Trustee efforts to manage exposure to the identified risks.

Therefore, under the metric and targets pillar of *TCFD* we collect data on the climate-related metrics we previously decided upon and monitor performance against our targets which are to improve data quality and a long-term target of *net zero* by 2050.

The metrics we report on are outlined below:

Total *Greenhouse Gas* emissions

Carbon footprint

Data quality

Portion of the portfolio with *net zero* aligned targets

As part of our fourth year of *TCFD* reporting:

- Collected *scope 1, 2 and 3* data relating to most of the Scheme's assets. Overall, emissions are showing a downward trend over time (both absolute emissions and carbon footprint), which is particularly encouraging to see for Insight (our LDI portfolio) and Aviva (one of the Scheme's *buy-in* providers) which make up the majority of the DB section's current asset allocation.
- We have updated our long-term *net zero* ambition to acknowledge that the journey to *net zero* is not taken alone, and depends on wider global action. We will focus on real-world climate impact such as stewardship and supporting the global transition.
- We were able to collect *scope 3* data across most of our funds, in line with *TCFD* requirements, albeit we note the reporting of this data type is still in its infancy and we will wait until we have more years of *scope 3* data before we start to draw any meaningful conclusions.
- Where data quality remained poor or metrics increased from the previous year, we engaged with managers to understand the reasoning behind this and confirm future expectations for reporting.

We expect that over the next Scheme year we will continue to collect metrics and engage with managers on the absolute emissions and footprint figures they are reporting, specifically where we are seeing upward trends.

The following pages provide full detail on our climate risk disclosures for the Scheme year ending 31 March 2026. Each of our disclosures under the 4 pillars will be discussed in detail, as well as highlighting updates from the Trustee throughout the latest Scheme year.

I would like to thank all those involved who helped produce the report and all the effort that has been made to ensure that the Trustee is meeting its *fiduciary* responsibilities to its Scheme members.

On behalf of the Trustee:

Rachel Croft, Chair

ITS Limited

Governance

Our governance approach continues to focus on managing risks (including climate-related risks), having a clear purpose and strategy, ensuring the right skills and experience are available, and making sure the Scheme provides value for members. Under the governance pillar of *TCFD*, we set out our oversight of climate-related risks and opportunities to the Scheme (*TCFD* Governance Disclosure 1), the role of us as the Trustee and other important parties in assessing and managing these risks (*TCFD* Governance Disclosure 2), as well as how these risks and opportunities can be integrated into the wider Scheme governance, including training, policies, and processes.

This section will cover the following areas being covered in detail:

- The Trustee's oversight of climate-related risks and opportunities.
- The roles and responsibilities of those involved in assessing and managing the Scheme's climate-related risks and opportunities.
- Specific updates from the Trustee of decisions and actions across the 2025-26 Scheme year.

Disclosure 1: Describe the board's oversight of climate-related risks and opportunities

Training and discussion of climate change at meetings

In order to carry out our *fiduciary* responsibility as Trustees effectively we hold regular Trustee Knowledge and Understanding ("TKU") sessions to address any gaps in the knowledge and understanding across the Trustee Board. Over the past few years, we have undertaken several training sessions on climate change and broader Environmental, Social and Governance ("ESG") risks covering a range of topics. Further detail of specific training held across this Scheme year can be found in our update below.

Update from the Trustee for the 2025-2026 Scheme year

Climate-related training continues to help us build upon our understanding of our obligations and *fiduciary* duty in relation to climate-related risks and opportunities, as well as the practical implications of applying regulations and targets to the Scheme.

We are satisfied that, for the reporting period, we have sufficient knowledge and understanding of climate-related risks and opportunities in order to make decisions on these issues, with advice from our advisers where relevant.

Climate-related discussions at Trustee meetings

We discuss climate change at our meetings on a regular basis. For the year covered by this reporting period (ie the year to 31 March 2026), we discussed climate related matters at 4 Trustee meetings as well as at sub-committee meetings.

These discussions included:

- Considerations of updated climate scenario analysis for the DB section alongside the 31 March 2025 valuation results presented at the June 2025 Trustee meeting.
- At the December 2025 Trustee meeting we had a refresher session on the disclosure requirements and discussed draft updated climate beliefs (more on this below) and time horizon definitions following a full review during the year. We also reviewed the governance of the Scheme as it relates to climate change as well as our risk management processes and agreed that our previous disclosures in these areas remained appropriate.
- We received our annual reporting on the Scheme's chosen climate-related risk metrics at our March 2026 meeting, which were discussed and used to inform our monitoring processes, as well as deciding on further engagement required with investment managers to improve data quality. In addition, we

considered finalised climate scenario analysis for the DB section in the context of the final valuation results and reviewed the updated climate scenario analysis for the DC section. Finally the updated climate beliefs were finalised taking into account feedback from the December 2025 Trustee meeting.

Specific training sessions

During the Scheme year the Trustee received specific climate-related training on topics such as *net zero* planning and a training session on climate scenario analysis, including narrative based climate scenario analysis.

We anticipate that further training will be undertaken as required to maintain our knowledge and understanding of the topic and to further aid decision making and understanding of our reporting requirements for *TCFD.*

Climate beliefs

Update from the Trustee for the 2025-26 Scheme year

We have a set of climate beliefs in place for the Scheme. These beliefs were agreed by the Trustee in 2022 as part of our first year of *TCFD* reporting. Given it has been 3 years since the Trustee set our initial climate beliefs (albeit a light touch review is undertaken each year) a full review of our beliefs was carried out this Scheme year. Our updated climate beliefs were agree and finalised at the December 2025 Trustee meeting.

The beliefs are taken into account when making decisions, alongside our broader investment beliefs (found in the Scheme's Statement of Investment Principles ("SIP") Policy, which can be found online at www.kingfisherpensions.com/knowledge-centre/scheme-documentation/). These beliefs are reflected within the wider Scheme governance, namely through inclusion in the sub-committee terms of reference.

We will continue to review these beliefs at a high-level on an annual basis in future years and carry out a formal in-depth review on a three year basis. The next full review will therefore be undertaken in the 2028/29 Scheme year.

Our climate-related beliefs are outlined below for reference:

1. Climate change and the expected transition to a *low carbon economy* may have a material impact on the performance of investments so is a financial risk to the Scheme and member outcomes.

2. Financial interests should not be harmed unless there is a clear consensus from members on any non-financial considerations. The Trustee's *fiduciary* duty to members can include investing the Scheme's assets to try to ensure members' communities and environments are sustainable over the long term.

3. The Trustee should ensure it remains aware and up-to-date on ESG issues through undertaking regular training.

4. As trustees in the 21st Century, the Trustee believes it is their responsibility to support the transition to a low-carbon global economy, consistent with the aims of the Paris Climate Change agreement to limit temperature increases by 2050 to a maximum of 2 degrees Celsius.

5. Trustee should set a target for their portfolio to be carbon neutral by a set date.

6. Climate change may have an impact on investments over their chosen time horizons and so the Trustee considers an investment manager's approach to climate change during the selection process.

7. It is expected that the Scheme's investment managers embed the consideration of climate related issues into their processes and decision making. However, it is left to individual managers to determine

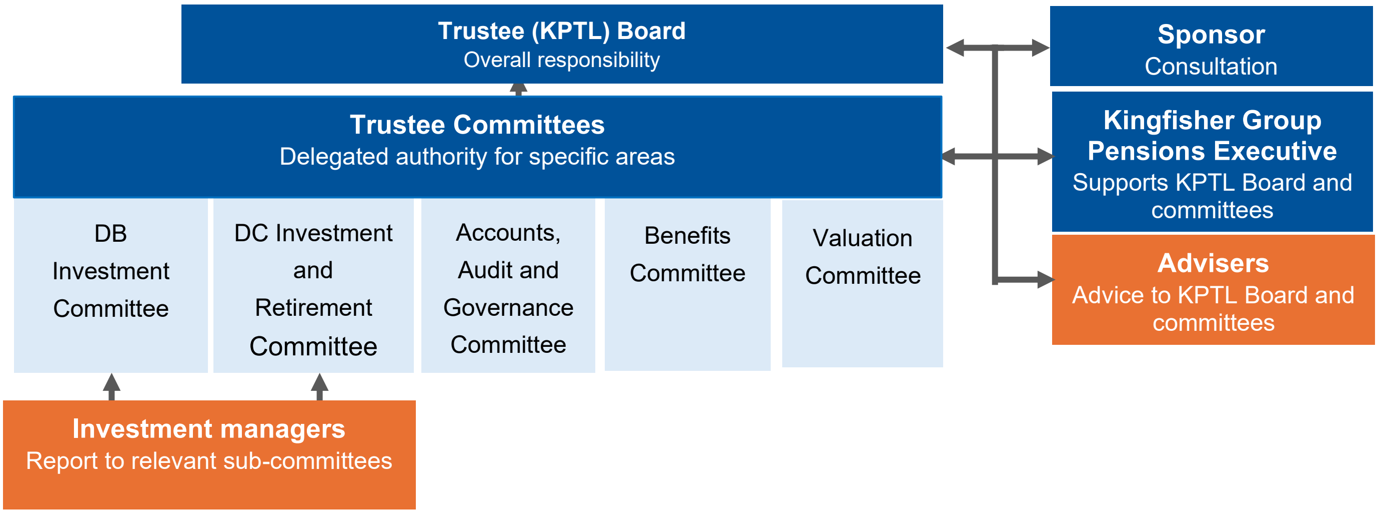
the extent to which climate-related issues are taken into account when making investment decisions because investment managers are better placed than the Trustee to consider these impacts.

8. Investee companies should be run in a responsible way, with due regard to climate-related issues, because in the this is likely to contribute to the companies' financial success. This includes consideration of sustainability issues and engaging proactively with the transition to a *low carbon economy*.

9. Views on climate-related risks and opportunities should be applied to the selection and design of the DC default lifestyle strategy.

Governance policy and structure

The oversight and management of climate related risks and opportunities is integrated into our existing governance structure. which is illustrated in the diagram below.



We consider the oversight of climate risks and opportunities as part of our business plan each year. In addition, climate risks and opportunities are discussed regularly at our quarterly meetings.

In 2022, we agreed a formal climate-related governance policy for the Scheme which sets out roles and responsibilities relating to climate-related issues and how these are brought to our attention. This also includes responsibility for ensuring all regulatory requirements are met and that the Scheme's governance processes are sufficient to ensure proper management of *ESG* related risks.

Update from the Trustee for the 2025-26 Scheme year

The Trustees have reviewed the climate-related governance policy and governance structure and have agreed it remains appropriate.

In fulfilling our duties, we have delegated certain responsibilities to other parties. The parties with a role in the Scheme's management, how they incorporate the identification, assessment and management of climate related risks and opportunities into that role and the methods we use to assess each party is set out in disclosure 2 of the Governance section below and more broadly within this report. Trustee effectiveness reviews are carried out annually, which also include an assessment of these governance structures.

Our investment managers play an important role in ensuring climate-related issues are considered as part of our investment strategy. There are therefore several responsibilities delegated to the investment managers of both the DB and DC section of the Scheme. The investment managers are monitored on an ongoing basis by us, and this includes a specific focus on climate-related issues undertaken by the DB Investment and DC Investment and Retirement Committees. Our external investment consultants also assist with the ongoing monitoring of the investment managers, including rating the approach of the managers with respect to climate-related issues. This is a high-level view of each manager's approach, and we monitor any changes quarterly. Further details on these responsibilities are also included under Governance disclosure 2.

Kingfisher plc ("the Sponsor"), maintains its own objectives and action plan. We maintain an ongoing dialogue with the Sponsor to ensure both parties are aware of each other's approach in this area. We ensure those issues relevant to the Scheme are considered where appropriate and aim to ensure synergy between the Scheme and Sponsor's approach to climate related issues.

We rely on the information provided by both the Sponsor and our Scheme *covenant* advisor, Penfida, to assess the strength of the Sponsor *covenant* under various climate change scenarios.

Update from the Trustee for the 2025-26 Scheme year

We continue to consider the oversight of climate risks and opportunities as part of our business plan. Climate change and its related risks and opportunities have been discussed at quarterly KPTL Board meetings, namely through specific agenda items at every meeting.

We continued to monitor our investment manager's *ESG* considerations through the quarterly monitoring reports provided by our investment consultants as well as through our ongoing dialogue with the investment managers as part of our work towards our *TCFD* reporting.

We also regularly review and maintain a set of documents in place that support our governance of the Scheme. Further information on our governance of the DB and DC sections, as well as documents such as our implementation statements and statement of investment principles, continue to be available online at www.kingfisherpensions.com/knowledge-centre/scheme-documentation/ for our members consideration.

Disclosure 2: Describe management's role in assessing and managing climate-related risks and opportunities

We, as the KPTL Board, have overall responsibility for ensuring that climate related considerations are taken into account, where relevant, in all areas of the Scheme's management and retain overall responsibility for the setting and implementation of the Scheme's climate change beliefs. No other party undertakes Scheme-wide decisions in relation to climate-related risks and opportunities.

In fulfilling this duty, we delegate certain responsibilities to other parties. These parties and their role in the Scheme's overall approach to climate-related issues, including the assessment and management of climate risks and opportunities, is set out below alongside the methods we use to assess each party. This forms the basis of our climate-related governance policy.

Roles and Responsibilities relating to climate change

Update from the Trustee for the 2025-26 Scheme year

As outlined above, we reviewed our climate-related governance policy for the Scheme, and agreed that this policy remains appropriate. We have continued to oversee advisors by discussing, challenging and reviewing advice at sub-committee and Trustee board meetings, as well as carrying out our annual review of the investment advisors against their objectives. The Trustees believe the roles and responsibilities of those involved in the governance of the Scheme remain as detailed below and are satisfied with how these roles have been carried out.

KPTL Board

Our role as the KPTL Board is to oversee the management of the Scheme's strategy, assets, and investments. The KPTL Board has ownership of setting the Scheme's climate change beliefs and overarching strategic objectives for both the KPS - FS and the KPS – MP sections of the Scheme. The KPTL Board is expected to incorporate climate related considerations into its management of the Scheme in all areas including its oversight of the work undertaken by the sub-committees.

DB Investment Committee

The DB Investment Committee has ownership of the investment strategy of the DB section of the Scheme and one of their roles is ensuring the investment strategy takes account of the Scheme's climate change beliefs. The DB Investment Committee is expected to incorporate climate related considerations into its management of the DB section's assets, identifying and managing climate and wider *ESG* related risks and opportunities in all areas including asset allocation decisions, manager appointments and its monitoring of the Scheme's current investment managers.

DC Investment and Retirement Committee

The DC Investment and Retirement Committee has ownership of the investment strategy of the DC section of the Scheme and one of their roles is ensuring the default investment strategy is consistent with the Scheme's climate change beliefs. The DC Investment and Retirement Committee is expected to incorporate climate related considerations into its management of the DC section's assets, identifying and managing climate and wider *ESG* related risks and opportunities in all areas including default strategy design and its monitoring of the Scheme's current investment managers.

Kingfisher Group Pensions Executive ("GPE")

The Kingfisher GPE support the KPTL Board and the committees in taking forward agreed actions between meetings. They also maintain training plans and facilitate training on climate related issues for the KPTL Board. The Kingfisher GPE is responsible for liaising with the Scheme's investment managers, monitoring the Scheme's asset performance and collation of relevant reporting to the KPTL Board and the committees.

Kingfisher plc

We maintain an ongoing dialogue with Kingfisher plc, the Scheme's Sponsor, including updates provided by a Sponsor representative at various Trustee meetings or internal Trustee training events. This dialogue includes the Sponsor's approach to climate-related issues to ensure those relevant to the Scheme are considered where appropriate and ensure synergy between the Scheme and Sponsor's approach to climate related issues.

Covenant advisor

The Scheme's *covenant* advisor advises us on the potential implications of various climate change scenarios on the strength of the Sponsor *covenant.*

Investment, actuarial and governance advisors

The Scheme has several advisors who are responsible for assisting the KPTL Board and the committees by providing advice and training in relation to climate related considerations when required, for example, in relation to strategy reviews, any planned changes to the strategy or new manager appointments and undertaking climate scenario analysis. The Scheme's investment advisers assess the competency of new and existing managers with regard to climate change and wider *ESG* issues. They provide quarterly reports which include an assessment of the investment managers approach to climate change, wider *ESG* and *responsible investment*.

Investment managers

The Scheme's investment managers are expected to integrate climate and wider *ESG* considerations including climate related considerations, to the extent possible, into their management of each of the Scheme's assets. The Scheme's investment managers are expected to provide frequent reporting on climate change and wider *ESG* topics and provide updates when requested.

Valuation sub-committee

The valuation sub-committee is expected to ensure climate related risk is considered in discussions relating to the DB section's long term funding strategy.

KPTL Board oversight of other parties

Climate-related risks and opportunities are discussed at the DB Investment Committee and DC Investment and Retirement Committee and forms part of the Audit Accounts and Governance Committee considerations. Roles and responsibilities with respect to climate-related issues are outlined in the Terms of Reference ("TOR") for each committee. Sub-committees feed back to the wider Trustee Board at quarterly meetings and other relevant points in time where required.

For both DB and DC sections, we and our investment advisers assess the investment managers' approach to *ESG*, and by extension climate-change factors, as part of the investment manager selection process. We expect our fund managers, where appropriate, to have integrated *ESG* factors including climate change as part of their investment analysis and decision-making process. It is left to the investment managers to determine the extent to which *ESG* factors are considered when making decisions as to the underlying investments. On an ongoing basis our relevant sub-committees oversee investment manager performance via regular reporting from the managers and the Scheme investment advisers.

We oversee the Scheme advisors by challenging and reviewing advice at sub-committee and Trustee Board meetings. Investment advisors also have set objectives in place, and we undertake an annual review of performance against these objectives.

Update from the Trustee for the 2025-26 Scheme year

When reviewing the governance arrangements, the Trustee has decided to integrate performance against climate responsibilities into any future advisor effectiveness reviews (where relevant) to further strengthen the oversight of advisors.

Strategy

Scheme strategy considers the funding of the KPS – FS, the investment strategy of both KPS – FS and KPS - MP, as well as how the Employer *covenant* supports this. We recognise that climate-related risks could impact the Scheme in a range of ways, including potential changes in the value of assets, inflation rates, interest rates, life expectancy, and the strength of the *covenant.*

There are a number of strategy considerations for the Scheme when considering climate-related risks and opportunities. This section focuses on:

- What the short, medium, and long term means for the Scheme, and **the climate-related risks and opportunities that may arise over these time horizons** (*TCFD* Strategy Disclosure 1),
- The Trustee's assessment of the potential **impact of climate change on the Scheme's strategy and financial planning** (*TCFD* Strategy Disclosure 2),
- An outline of **the updated scenario analysis that we have undertaken for the Scheme this year** (*TCFD* Strategy Disclosure 3).

Specific updates from the Trustees of decisions and actions across the 2025-26 Scheme year are highlighted throughout the section.

Disclosure 1: Describe the climate-related risks and opportunities the Trustee has identified over the short, medium and long-term.

One of our climate beliefs is that climate change and the expected transition to a *low carbon economy* is a financial risk to the Scheme and member outcomes. We therefore incorporate climate change factors into our strategic decision-making process as far as possible.

We recognise that climate-related risks and opportunities could impact the Scheme in a range of ways such as:

Investment	The value of the Scheme assets or the return from those assets. For example, if the underlying companies invested in or loaned to are unable to pay dividends or loan repayments. It also includes the impact of climate on the Scheme's overarching investment strategy.
Funding	Impacts on the wider economy and society as a whole could cause changes in inflation, interest rates and life expectancy. This could change the value of the liabilities of the DC section's liabilities or impact the purchasing power of DC members' funds.
Covenant	The strength of the sponsor (including its ability to support the DB section and ability to fund contributions for the DC section) could be affected.

We typically consider climate risks in two parts – transition risk and physical risk, which are described in further below.

Physical Risks

These risks relate to the physical impacts of climate change. They can be further broken down into acute and chronic risks:

Acute risks: Acute physical risks can be described as event driven for instance extreme weather events such as floods, or tornados.

Chronic risks: These risks involve long term shifts in climate patterns and could be observed in things like changing sea levels or heat waves.

We note that physical risks can cause damage financially through effects like changes in water or food availability or other indirect effects on the supply chain.

We expect physical risks to feature increasingly over longer time periods, however we recognise that the future is uncertain, and physical risks could emerge earlier than anticipated.

Transitional Risks

These risks relate to transitioning to a *low carbon economy*. They can be further broken down into four different risk areas:

Policy risks: New climate-related policies could introduce financial risks for companies who must adapt to comply.

Technology risks: If new technology or innovations that result from the transition displace old systems then there is a risk to those who are late to adapt and opportunities for those who create innovation or adopt new technology early.

Market risks: The transition could result in changes to supply and demand for certain products depending on adaptation to climate-related risks and opportunities.

Reputation and legal risks: Pension schemes could face reputational or legal liability risk if it is not seen to be actively engaging with climate-related risks and opportunities. For example, if parties who have suffered loss or damage from the effects of climate change seek compensation from those they hold responsible.

Update from the Trustee for the 2025-26 Scheme year

During the Scheme year to 31 March 2026, the Trustee progressed the 2025 formal valuation. As part of this, the valuation sub-committee considered climate-related and wider ESG risks and opportunities alongside the funding advice. This included reviewing how climate risks may affect the Scheme's funding objectives under a series of climate scenarios. Updated climate scenario analysis was also carried out for the DC section.

We recognise that climate related risks may vary in likelihood and intensity over different time horizons, and are dependent on how quickly and well the world transitions to a *low carbon economy*. There are also opportunities that may arise from the transition to a *low carbon economy.* The Trustee believe the risks and opportunities below remain appropriate for this disclosure.

Additionally last year we asked key investment managers what they believe the key risks and opportunities are within their portfolio over the short, medium, and long-term. The risks identified as part of this are outlined in last year's *TCFD* report.

The Trustee will continue to monitor climate-related risks and opportunities on an ongoing basis as part of their quarterly risk register reviews and annual *TCFD* reporting.

Time horizons

Update from the Trustee for the 2025-26 Scheme year

In the 2022-23 Scheme year the Trustee agreed appropriate short, medium and long-term time horizons for the Scheme. These were determined using a combined approach across DB and DC sections and comprised a short term horizon of 3-5 years, a medium term horizon of 12 years and a long term horizon of 30 years reflecting key Scheme milestones.

In advance of updated scenario analysis and strategic planning being considered alongside the 31 March 2025 actuarial valuation, the Trustee took the opportunity to undertake a full review of the previously agreed time horizons.

The Trustee agreed that in light of the updated strategies for both the DB and DC it would be more appropriate for the Scheme to adopt different time horizons for the DB and DC sections. The rationale for the chosen time horizons is provided in the tables below.

The Trustee will continue to review these time horizons regularly to assess their appropriateness in the context of any potential changes to the Scheme's strategy.

DB Section

Term	DB Section Time Horizon (years from 31 March 2025)	Reasoning
Short	3 years	This aligns with the timeframe to the next formal valuation for the DB section.
Medium	10 years	This is broadly in between the short and long-term time horizons.
Long	18 years	Under the new DB Funding Code, Trustees are required to plan towards a time when most members have retired and the Scheme is in a stable financial position, with little or no reliance on the employer. This is known as the Scheme's 'date of significant maturity' and was determined to be 18 years as part of the 31 March 2025 valuation.

DC Section

Term	DC Section Time Horizon (years from 31 March 2025)	Reasoning
Short	5 years	This aligns with the de-risking phase of the default strategy in the DC section.
Medium	c.25 years	This is the approximate period to retirement of a 40 year old member.
Long	c.45 years	This is the approximate period to retirement of a 20 year old member.

Climate-related risks and opportunities over the chosen time horizons

We recognise that transition risks are expected to feature more prominently over shorter-time periods, depending on any escalation in climate change regulation over the short to medium term. Over longer-term periods, we expect physical risks to feature increasingly. However, as noted in previous reports, we expect that the balance between the transition and physical risks experienced will depend on the approach taken to climate change and the speed with which the world transitions to a *low carbon economy*. We expect that climate-related risks and opportunities will evolve over time as more information and new investment products come to the fore.

Risks relating to climate change are identified through the various processes involved in managing the Scheme, which are set out in the Risk Management section of this report. Climate risks may be identified, assessed, and monitored in a number of different ways.

We consider climate risks at both an overall strategy level as well as with respect to each asset in which the DB and DC sections of the Scheme is invested. This helps us to engage further with individual managers where the risks are higher.

We assess climate-related risks and opportunities when setting investment and funding strategy, taking into account *the Sponsor's covenant*, to ensure a holistic and consistent approach. The following sections set out a summary of the key *ESG* risks we have identified and monitor for the DB and DC sections of the Scheme. We also consider how the impacts of these risks will manifest over the short, medium and long-term. Further detail on the risk management processes in place for the Scheme are set out in the next section of this report.

DB section

Update from the Trustee for the 2025-26 Scheme year

As part of the 31 March 2025 valuation the Trustee and sponsor have undertaken a full review of the Scheme's long term objectives. These discussions resulted in some changes to the long term objectives for the Scheme. The agreed method of providing Scheme members' benefits in the long term is as follows:

- The Scheme will meet benefit payments and expenses due from the Scheme's assets for a period of around 18 years.
- The Scheme then expects to complete a *buy-out* to secure the liabilities. This will depend on factors such as available market pricing at the time.

The timescales referred to above will be reviewed regularly and amended if circumstances change.

In light of changes, it was agreed to updated both the long-term secondary funding objective ("2FO"), also known as the low dependency objective ("LDO"), and the investment strategy. The Trustee carried out climate scenario analysis to assess how the proposed strategy changes could impact the resilience of the DB section under different climate scenarios. This analysis concluded that the proposed funding and investment strategy is broadly resilient and no changes needed to be made in light of the climate risks and opportunities identified.

Funding position and objectives

The DB section is fully funded on the long-term secondary funding objective ("2FO"), also known as the low dependency objective ("LDO"). The focus therefore remains on maintaining the strong funding position and managing remaining risk within the DB section where possible. Climate change has the potential to pose both material risks and opportunities to pension schemes over the longer term. Therefore, we consider it an important factor when thinking about the management of our DB funding and investment strategy.

Given the DB section's strong funding position, low risk investment strategy and limited reliance on the sponsoring employer, we believe the Scheme's current funding and investment strategy is broadly resilient and we do not believe any changes need to be made at this time in light of the climate risks and opportunities identified. That said, we recognise the potential for severe downside risk to emerge which could threaten the ability to meet our objectives and to pay member benefits. It is not possible to escape these downside risks which are systemic so appropriate ongoing risk management and stewardship practices will be crucial.

Journey plan

As part of the 2025 actuarial valuation, the Trustee has reviewed the DB section's investment strategy, including the balance between return-seeking and matching assets. Some modest changes to the investment strategy have been agreed and it's envisaged that, once implemented, this strategy will remain in place over the long term (unless there is a material change in circumstances).

How climate-related risks and opportunities impact our strategy

The information below sets out a summary of the key risks we have identified for each area of the DB section's strategy. We use a RAG (red, amber, green) status to assess the impact of these risks over the short, medium and long term where red is severe impact and green is low impact. The RAG status is based on a subjective assessment of the predicted exposure of the Scheme to identified risks under each category across the Scheme's identified time horizons. We have not sought to assign quantitative rating criteria at this time and instead focus on discussing the climate-related risks which could have the most impact on the Scheme. The RAG rating reflects the level of risk exposure and the level of uncertainty of the specific risk area for the given time horizon.

Update from the Trustee for the 2025-26 Scheme year

During the 2025-26 Scheme year, the Trustee has reviewed the previously identified climate-related risks and opportunities as part of the 2025 triennial actuarial valuation and associated investment strategy discussions for the DB section. This included considering how climate-related risks may affect the Scheme's funding and investment objectives over the short, medium and long term.

The Trustee remains comfortable that the key climate-related risks and opportunities identified in earlier Scheme years continue to be relevant and appropriately reflected in the Scheme's current approach. Any updates to the Trustee's view of climate related risks and opportunities as a result of the Scheme's strategic review are highlighted below in the blue boxes.

Investment Risk

Short-term: G

Medium-term: A

Long-term: A

In the short term we note that the Scheme is exposed to climate risks through the investee companies in our remaining return seeking assets and non-government matching assets.

Under the revised investment strategy, we expect continued exposure to climate risks and opportunities associated with investments in UK government bonds, as well as to insurers via *buy-in*s and investee companies in non-government matching assets. Currently the UK Government has *a net zero* target of 2050, but changing government policies could affect the likelihood of this being achieved. Our long-term ability to reduce the carbon footprint of the DB portfolio will be linked to UK Government policy.

Given the revised DB section's investment strategy is mainly in matching assets, we believe there are limited climate related opportunities in the current strategy. We will consider this further once the revised investment strategy has been fully implemented.

Funding Risk

Short-term: G

Medium-term: G

Long-term: A

Life expectancy (longevity) could be impacted by climate change, and other uncertainties in the funding assumptions could be introduced by climate risk. Impact of climate risk on longevity trends will take time to emerge so we expect minimal impact short term with the greatest impacts longer term. Further information on this can be found in Appendix II.

Inflation and interest rate changes due to climate-related risks and opportunities will impact the value of the liabilities but the DB section has high levels of hedging to protect the funding level against movements in these market factors so they are not considered a material climate-related risk.

The 31 March 2025 valuation showed that the DB section was in surplus on both the technical provisions and LDO bases. This surplus provides protection against future adverse experience hence the green rating for funding risk in the short and medium term.

Covenant Risk

Short-term: G

Medium-term: G

Long-term: A

The strength of the *covenant* could be impacted through climate-related risks and opportunities, but this is expected to be a longer-term risk. The potential risks faced could be

- If the Sponsor does not deliver on its strategies for tackling climate change; or
- If the emergence of identified key climate risks impacts profitability and / or *covenant* strength.

An updated *covenant* review was carried out by the Scheme's covenant advisors Penfida in February 2025 ahead of the triennial valuation. In August 2025 they refreshed this report for the triennial valuation and provided an update on climate change considerations.

The *covenant* climate assessment recognised that the Scheme's sponsoring employers are exposed to multiple climate-related risks, however detail was also provided of mitigations in place to try and protect against these risks. We have decided to retain the covenant risk ratings based on the information in this update. The amber long-term rating has been retained reflecting the increased uncertainty of the impact over time.

DC Section

Update from the Trustee for the 2025-26 Scheme year

In the 2022-23 Scheme year we identified key climate-related risks and opportunities and considered how these impact each area of the DC section's strategy over the short, medium and long term. We have reviewed this over the 2025-26 Scheme year and we felt that the key risks identified and the expected impact on the strategy remain appropriate. Across the 2025-26 Scheme year we have also been reviewing the DC section strategy. No changes will be implemented until the latter half of 2026, therefore any implications from this review will be included in next year's report. The reporting below therefore reflects our current DC strategy.

For the DC section the goal of the Trustee is to provide a default strategy that offers appropriate risk-adjusted returns to maximise member outcomes at retirement (specifically we aim to deliver a return of 3% over CPI inflation each year over the long term), and to provide a suitable range of self-select options to allow members that choose to select their own investments to be invested in an option that best reflects their investment beliefs.

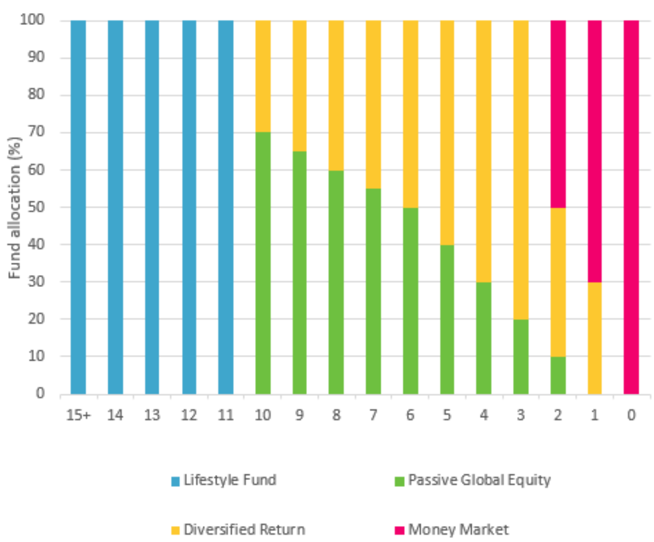
We believe that climate change is a financially material risk that could impact on the Scheme's members, with the potential to pose both material risks, and opportunities, to their investments over the longer term. Therefore, we consider it an important factor when thinking about the investment arrangement generally.

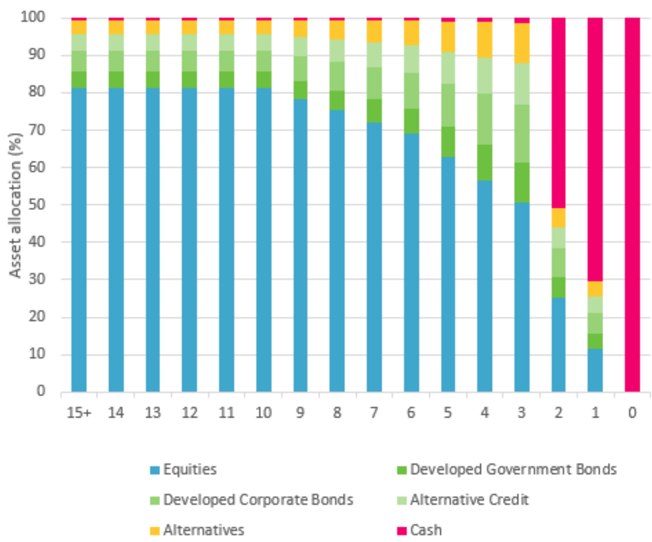
Default lifestyle strategy

The Scheme's default investment strategy is the Lifestyle Cash Target strategy. This is a 'lifestyle' strategy, where a higher level of risk is taken in earlier years with the strategy de-risking into lower risk assets as a member approaches retirement. The overriding aim of lifestyling approaches is to balance long-term return potential with risk management for members approaching retirement.

The default strategy is invested 100% in the Kingfisher Lifestyle Fund, which is a blend of 70% in the Kingfisher Passive Global Equity (inc. UK) Fund (which has the LGIM Future World Fund as its underlying fund) and 30% Kingfisher Diversified Return Fund (which has the LGIM Future World Multi-Asset Fund as its underlying fund) until 10 years before retirement. At that point the allocation to the Kingfisher Passive Global Equity (inc. UK) Fund begins to reduce and a cash allocation is introduced via the Kingfisher Money Market Fund (which uses the LGIM Sterling Liquidity Fund as its underlying fund) 3 years before retirement. The allocation to the Kingfisher Money Market Fund then increases to eventually be 100% at retirement.

The strategy targets cash withdrawal and is invested, at retirement, 100% in the Kingfisher Money Market Fund. The charts below show the fund allocation (left hand chart) and underlying asset allocation (right hand chart) of the default strategy within 15 years of retirement.





The default strategy is the only popular arrangement offered by the Scheme where either £100m or more of the Scheme's assets are invested or which accounts for >10% or more of the assets used to provide money purchase benefits. The strategy section therefore focuses on the default strategy only.

How climate-related risks and opportunities impact our strategy

The information below sets out a summary of the key risks we have identified for each area of the DC section's strategy. As with the DB section we use a RAG (red, amber, green) status to assess the impact of these risks. These risk ratings are decided on the same basis as described in the DB section. Updates for the 2025-26 scheme year are highlighted in the blue boxes.

Investment Risk

Short-term: A

Medium-term: A

Long-term: A

Members' DC pots will be exposed to climate risks through investment in companies in equity and credit allocations, which comprise the majority of the money purchase section.

Climate scenarios explored in 2025-26 indicate that under the default lifestyle strategy, the impact of climate-related risks will depend on the climate scenario explored and the age of the member in question. For example, members close to retirement have greater exposure to transition risks as there is less time to recover from any resulting asset shocks. Younger members on the other hand are more exposed to physical risks recognising the long time horizons their funds will be invested for.

In terms of climate-related opportunities, we have exposure to opportunities such as new technologies through investment in companies in equity and credit allocations. The current default strategy includes investment in ESG tilted funds. These funds aim to reduce exposure to companies engaged in the exploration of fossil fuels and higher emitters of CO_2 and increases exposure to companies that produce goods and services designed to mitigate the impacts of climate change.

Covenant Risk

Short-term: G

Medium-term: G

Long-term: A

Strength of *covenant* could be impacted which could influence the Sponsor's ability to support current contribution levels. For example, Sponsor not delivering strategies for tackling climate change and / or emergence of key climate risks identified impacting profitability and / or *covenant* strength.

Update from the Trustee for the 2025-26 Scheme year

In line with the update reported for the DB section, existing ratings were retained after considering the *covenant* review undertaken by Penfida.

Disclosure 2: Describe the impact of climate-related risks and opportunities on the Scheme's businesses, strategy and financial planning.

Update from the Trustee for the 2025-26 Scheme year

We have reviewed the below risks management process for the Scheme and believe the below disclosures remain suitable at this time, and as such these remain broadly in line with our disclosures in previous reports, other than to reflect recent activity.

The systemic nature of climate change risk has the potential to reduce returns across all asset classes and will have a macro-economic impact that could affect both the DB and DC sections of the Scheme. Equally, however, the need to transition to a *low carbon economy* and the innovation which that will require presents a number of potential investment opportunities.

Over recent years we have dedicated considerable time and resource to ensuring that climate risk and opportunities are appropriately embedded within our investment processes. This has mainly consisted of engaging with the Scheme's investment managers and when setting investment strategy, considering the resilience of our strategy to climate change risks.

Risk register

Climate change and broader *ESG* issues have been included within the Scheme's risk register and we have a number of existing controls in place as part of our risk management process. This is discussed in further detail within the risk management section of this report, and a brief outline of some of the controls in place to manage and mitigate climate and *ESG* risks are set out below:

- When assessing strategy changes to be taken for the Scheme, we have considered the climate risks and *ESG* characteristics of each mandate when selecting the types of investment to increase/reduce exposure to;
- We undertook climate scenario analyses as part of the 2025 actuarial valuation for the DB section of the Scheme (covered further in the section below) and considered *ESG* issues as part of our ongoing DC section default strategy review;
- We received advice from our *covenant* adviser on the potential impact of climate-related risks on the Sponsor *covenant*; and
- We have met with and challenged investment managers on their approach to *ESG* and have received a number of trustee training sessions on the management of climate related risks and opportunities.

Further examples of the actions we have been undertaking are included across other sections of this report.

The impacts of climate change will be different for the DB and DC sections of the Scheme, and so we have further described these impacts for each section separately below.

DB section

Investment

We have regard to *ESG* factors, including climate change, when investing and expect our managers to pursue a policy of engagement with investee companies. To give some examples of specific actions we have taken across the last 3 years:

- we assess the investment managers' approach to *ESG* as part of the work underway to implement the revised strategy; and
- we have considered the *ESG* ratings provided by our investment advisers for each of our managers on a quarterly basis via the DB Investment Committee.

Funding

When considering the potential impact of climate risks on the liabilities, there are three key areas which could impact the funding position significantly:

- inflation;
- interest rates; and
- life expectancy.

All of these areas can be impacted by climate change over time as the various climate-related risks manifest, regardless of whether transition risks or physical risks dominate.

For many years, we have looked to reduce our exposure to interest rates and inflation by investing in assets that will match changes in the DB section's liabilities due to changes in interest rates and inflation, meaning that the assets and liabilities move in conjunction and the funding level of the section is protected. We also have a number of *buy-in* policies (3, to date) which provide an exact match to pensions payable to a sub-group of the membership[1]. The *buy-in* policies provide protection against changes in life expectancy as well as changes in interest rates and inflation.

These are known as hedging strategies and have been previously put in place for wider risk management purposes to protect the funding level from changes in interest rates, inflation and life expectancy. However, as a result, this will also help protect the section from changes that could occur due to climate change risks and opportunities arising.

More widely, we consider climate change as part of the DB actuarial valuation process. As part of the 31 March 2025 valuation, we took specialist *covenant* advice on the impact of climate change on the Sponsor (more on this below). We also undertook scenario analysis. This allowed us to consider the potential impact of climate change on the resilience of the section as well as our future position when agreeing the funding arrangements with the Sponsor.

Covenant

We take specialist *covenant* advice to understand the impact of climate related risks and opportunities on the Sponsor *covenant.*

This includes information and analysis on:

- An overview of the key climate related risks for the Sponsor, the potential financial impact of these and the Sponsor's current plans to address these including climate change targets the Sponsor has set;
- A summary of the key actions taken by the Sponsor under its 3 main areas of climate change strategy;
- The governance approach taken by the Sponsor to *ESG* issues;
- *ESG* ratings for the Sponsor; and
- Scenario analysis.

We intend to continue monitoring the *covenant* and the Sponsor's climate change strategies going forward and will maintain a dialogue with the Sponsor's *responsible investment* team.

DC Section

Investment

We have regard to climate change and wider *ESG* factors when investing and expect our managers to pursue a policy of engagement with investee companies. Specific actions we have taken across the last 3 years include:

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[1] Note that the *buy-in*s are an asset of the scheme and give no preference or detriment to the sub-group of members covered.

- Considered the impact of *ESG* factors as part of the DC section strategy review which is underway; and
- Using LGIM as the Scheme's investment provider. LGIM has strong credentials in terms of integration of climate and wider *ESG* factors in their investment process, as well as a leading global stewardship approach;

Disclosure 3: Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, include a 2C or lower scenario.

Update from the Trustee for the 2025-26 Scheme year

In the 2022-23 Scheme year, we undertook scenario analysis. This involved analysis of 3 different climate scenarios, which tested the resilience of the Scheme's strategy to climate risk over the short-, medium- and long-term time horizons.

In the 2025-26 Scheme year, we updated the scenario analysis for both the DB and DC sections. The updated scenario analysis for the DB section allows for the 31 March 2025 formal valuation, meaning it includes the impact of updated membership data and assumptions. The agreed changes to the DB section's investment strategy (which are currently being implemented) has also being allowed for.

The scenario analysis for the DC section is based on the current default strategy as the review remains ongoing.

We have used the same climate scenarios as in the 2022-23 Scheme year. These climate scenarios are set out below, and relate to differing levels of transition to a *low carbon economy*, and therefore each contain different levels of transition and physical risks.

The results of the updated analysis are described below. Through this analysis we concluded that across both the DB and DC sections of the Scheme the strategies of both sections are broadly resilient to the specific climate scenarios explored.

In practice the actual impact of climate related risks could be more significant. In addition to the quantitative-style scenarios explored above, we also considered the potential impact of an event driven or narrative based climate scenario on the DB section (specifically a food shock scenario). Further details are set out later in this section.

Further information on what the scenario analysis considered, reliances and limitations can be found within Appendix III. In line with *TCFD* regulation, we will review annually whether a new scenario analysis should be carried out, noting that we will be required to carry out a new analysis in the 2028-29 Scheme year, coinciding with the expected 2028 formal valuation.

With respect to pension schemes, scenario analysis is the process of projecting forward the expected value of the assets and the liabilities of the Scheme over various periods of time, assuming a variety of changes to the key factors that affect those assets and liabilities, to assess how the Scheme performs. These factors include both financial assumptions (e.g. investment returns, interest rates and inflation) as well as demographic assumptions (e.g. longevity - how long Scheme members are expected to live).

The diagram below summarises the three scenarios analysed and how they correlate to the variance of the world's transition to a *low carbon economy*. The scenarios differ by how quickly and decisively the world responds (or fails to respond) to climate change.

In each scenario a disruptive period of high volatility is assumed to occur with the nature and timing of this volatility determined by the scenario.

Scenario 1: Green Revolution	Scenario 2: Delayed Transition	Scenario 3: Head in the Sand
Policy response: Immediate, concerted policy action. **Market reaction:** Public and private spending on "green solutions". Improved disclosures encourage market prices to shift quickly. **Risks that emerge:** Transition risks in the short term, but less physical risk in the long term. **Paris alignment:** High expectation of achieving <2°C warming.	**Policy response:** No significant action in the short term, meaning the response must be stronger when it does happen. **Market reaction:** Shorter and sharper period of transition. **Risks that emerge:** Greater (but delayed) transition risks but similar physical risks in the long term. **Paris alignment:** High expectation of achieving <2°C warming.	**Policy response:** No or little policy action for many years. **Market reaction:** Growing fears over ultimate consequences leads to market uncertainty and price adjustments. Ineffective/piecemeal action increases uncertainty. **Risks that emerge:** Transition risks exceeded by physical risks. **Paris alignment:** Low/no expectation of achieving <2°C warming.

Timing of disruption **Immediate** → **10+ years**

Intensity of disruption **High** → **Very high**

Defined Benefit Section

When developing our assessment of how our strategy may be impacted by climate-related risks and opportunities, we considered the impact of the three climate scenarios described above and used quantitative assessment to think about what downside scenarios could disrupt or materially impair the DB section's funding position or ability to meet benefit payments.

We used the results of quantitative analysis to illustrate the potential impact on the **funding position (considering the asset and liability impacts together)** over a range of time periods under the three different climate scenarios.

We explored the following:

- The impact of the scenarios on the chance of reaching full funding on a *buy-out* basis over the short, medium and long term (ie. the likelihood of success in achieving a 100% funding position on a *buy-out* basis over time).
- How the downside risk could be impacted (ie. how the possible fall in funding level may change over time in the worst 5% of cases).

The scenario analysis was carried out using a model produced by the Scheme's actuarial adviser, Hymans Robertson, based on the DB section's investment strategy and funding position as at 31 March 2025 (the most recent actuarial valuation) and was undertaken in January 2026. The results of the scenario analysis are outlined briefly below, and detailed outputs of the scenario analysis are included within Appendix II: further details on scenario analysis.

Update from the Trustee for the 2025-26 Scheme year

Results

In line with three years ago, the results of the analysis show that the DB section's current funding and investment strategy is unlikely to be significantly impacted by any of the three climate scenarios over the short, medium or long-term.

We see that the “Head in the Sand” scenario does give rise to slightly worse downside risks. This means that there does appear to be an impact on the Scheme’s funding, however, this impact is relatively small and is within a reasonable margin of the base case.

The overall themes of each scenario are largely unchanged:

- Green Revolution scenario improves outcomes in downside scenarios in the medium and long term.
- Delayed Transition scenario slightly increases downside risk later on as markets adjust more abruptly.
- Head in the Sand scenario shows no impact in the short and medium term but worsen probability of success and downside outcomes as physical climate risks build.

We therefore remain comfortable that there is limited impact on the metrics explored under the specific climate scenarios modelled.

Narrative-based approach

As noted earlier, during the 2025-26 Scheme year the Trustee considered a narrative-based approach to climate scenario analysis in advance of the 31 March 2025 valuation preliminary results. This analysis considered a food shock in which multiple global “breadbasket” regions experience crop failure in the same year and examined how governments might respond and the potentially economic consequences of those responses.

This narrative-based analysis complements the more traditional quantitative climate stress testing by focusing on how extreme climate risks could emerge and develop over time. It helps illustrate how climate change may increase the likelihood of low-probability but high-impact events, given the concentration of global food production in a small number of regions that are vulnerable to adverse weather.

The scenario explored three potential pathways following such a shock, reflecting different policy, economic, and technological responses. Across all pathways, the analysis shows an adverse impact on funding outcomes initially, with differences in the scale and speed of recovery providing useful insight into the Scheme’s resilience under severe but plausible climate-related risks. The more significant impacts occurred over the longer term so no immediate changes to the strategy were identified at this time but we will continue to monitor the funding position closely and take action as appropriate.

Covenant

Our specialist *covenant* adviser considers the potential impact on the *covenant* strength of climate change. Specifically, they considered the impact on the Sponsor’s ability to support the scheme in the short term in the event under the emergence of a number of key climate related risks the Sponsor has identified as being relevant to its operations. The position was then further stress tested to consider the impact of a funding downside emerging at the same time in line with the climate scenarios set out in the section above.

Update from the Trustee for the 2025-26 Scheme year

The analysis concluded that even if all of the climate related risks identified by the Sponsor were to emerge over the next 3 years, the impact on the *covenant* provided by Kingfisher plc to the Scheme is expected to be manageable. This conclusion remained even when factoring in the impact of a downside climate event on the funding position of the Scheme.

Conclusion

Overall, we believe the DB section’s funding strategy remains broadly resilient under the scenarios explored and no further action is required at this stage.

It should be noted that scenario analysis is used to give an indication of the future impact on the Scheme’s funding. We cannot confidently say that there is never going to be an impact on the Scheme’s funding position due to climate risk, only that under these specific scenarios, the strategy appears to be resilient.

We recognise the potential for severe climate-related downside risk to emerge which could threaten the ability to meet our objectives and to pay benefits and impact wider quality of life for our members. It is not possible to escape these downside risks which are systemic so appropriate ongoing risk management and stewardship practices will be crucial. We will continue to monitor the DB section's exposure to climate risk through the collection of climate metrics and ongoing monitoring of the investment strategy, which will flag up specific risks and opportunities in portfolio companies. We will also continue to monitor climate change risks and opportunities when these arise.

Going forward we expect the scenario analysis will be carried out on at least a triennial basis, alongside each future investment strategy review and triennial DB Actuarial Valuation to ensure that significant changes to the section's broader strategy are captured and for the analysis to help inform strategic decision making. In the interim years, we will consider whether to refresh the analysis or whether previous analysis remains suitable.

Defined Contribution Section

Update from the Trustee for the 2025-26 Scheme year

The DC section is currently undergoing a strategy review, however any changes are to be implemented during the 2026-27 Scheme year. Therefore, our DC scenario analysis has been carried out reflecting the current DC strategy. Next year we will review if it is appropriate to revisit the scenario analysis based on this revised strategy.

Our updated analysis below reflects the current default strategy and follows the same approach as three years ago. Our modelling uses the same scenarios used for the DB section and we have also considered the same member personas for testing retirement outcomes. Further details on approach can be found in appendix II.

The scenario analysis was carried out using a model produced by the Scheme's actuarial adviser, based on the DC section's default strategy and was undertaken in February 2026. The results of the scenario analysis are provided in the table below.

Results

The three climate scenarios indicate worse outcomes for the members' savings at retirement, to varying degrees depending on the member characteristics and climate scenario. The largest fall in expected savings at retirement was up to 7% but the impact varies depending on the characteristics explored. The expected savings for members at the early and middle stages of their career are expected to be more impacted than members close to retirement but members closer to retirement could be more impacted in downside scenarios.

Conclusion

Overall, we believe the DC section's investment strategy remains broadly resilient under the scenarios explored and no further action is required at this stage.

Whilst any fall in projected savings is never welcome, the largest impacts are still within the range of the other risks that members' pot sizes are routinely exposed to such as broader market movements.

We recognise the potential for severe downside risk to emerge which could impact significantly on members' savings at retirement and wider quality of life for our members. These downside risks are *systemic* in nature and so appropriate ongoing risk management, and stewardship practices will remain crucial going forward.

Risk management

We ensure that climate related risks are embedded within our wider risk management approach. Under the risk management pillar of *TCFD* we summarise the processes we use for identifying, assessing and managing climate-related risks as well as describing how those processes fit into our overall risk management structures.

This section will cover:

- The integration of *ESG* risks into our risk management framework, including our Risk Register.
- An outline of the Trustees' expectations of the investment managers.
- A brief outline of the investment managers' current approaches and processes to assist in the identification and consideration of climate-related risks and opportunities.
- Specific updates from the Trustee of decisions and actions across the 2025-26 Scheme year.

Disclosure 1: Describe the processes for identifying and assessing climate-related risks.

As part of our responsibility for setting and implementing the Scheme's investment beliefs, approach and strategy, we must ensure that *ESG* related risks, including climate change, are identified, assessed, and effectively managed. Therefore, it is crucial that the management of these risks is integrated into the overall risk management of the Scheme. We delegate aspects of this responsibility to other parties, but the KPTL Board retains overall oversight, as set out previously in the Governance section of this report. Below, where we have referred to *ESG* risks more broadly, this will include consideration of climate change risks.

The risk management approach taken for the Scheme is consistent across the DB and the DC Sections; so, where we talk through our approach below, this is applicable to both Sections of the Scheme.

Risk management framework

Update from the Trustee for the 2025-26 Scheme year

As reported in previous years, the management of *ESG* risks is integrated into the Scheme's current risk management processes in a number of ways across funding, investment and *covenant*-related workstreams.

In 2022 we reviewed our risk management processes with respect to climate change, and we believe this remains suitable at this time.

Over the 2025-26 Scheme year the Scheme's risk register was updated as part of work towards the own risk assessment (ORA) required under The Pensions Regulator's (TPR's) General Code of Practice. This updated risk register considers both the likelihood and impact of each risk, as well as the controls in place for mitigating risks facing the Scheme.

Climate related matters are considered explicitly in 2 risk areas ('Funding' and '*Covenant*') on the Scheme's Risk Register as at 31 March 2026. Additionally, the Trustees consider *ESG* matters under the risk of poor governance of the Scheme's investments.

The risk register and mitigating actions reviewed quarterly throughout the Scheme year at Trustee meetings and risks have also been considered regularly as part of the investment consultancy reports the Trustee reviews at the DB and DC committees.

A summary of key risks, including *ESG* risks, identified in relation to investment strategy continue to be noted in the Statement of Investment Principles which is available at www.kingfisherpensions.com/knowledge-centre/scheme-documentation/.

Climate change risks are integrated into our decision making at Trustee Board meetings and sub-committee meetings. As noted under the Governance section of this report, the sub-committee terms of reference have been updated to reflect this.

The Scheme's risk management framework takes the form of a Risk Register, which is reviewed quarterly (or more frequently as necessary).

At a simple level, our risk management process comprises identification, assessment, monitoring and control of risks. We take a top-down approach to risk management, where we use our strategic objectives as the starting point for our risk management process. Information from several sources is used to help identify risks and we and our advisors are responsible for identifying risks as appropriate.

Once risks are identified, they are then evaluated and prioritised based on the potential likelihood of the risk occurring as well as the potential impact of the risk on the Scheme.

We outline below how we identify, prioritise and mitigate risks. *ESG* and, in particular, climate-related risks can be identified by various parties including us, any other parties as outlined in the Governance section, e.g., sub-committees, investment managers or the Scheme's advisers as part of the ongoing management of the Scheme.

Identification of *ESG* risks

Investment strategy reviews – We consider *ESG* risks as part of the Scheme's regular investment strategy reviews that are carried out alongside each Actuarial Valuation for the DB section, on a 3-yearly cycle for the DC section and on an ad hoc basis as required. These reviews cover the extent to which environmental, social, and governance considerations are taken into account in the selection, retention and realisation of investments. The Scheme's Investment Advisers are expected to integrate *ESG* considerations into their strategy advice and to highlight any key risks that are included within any potential investment strategy.

Valuations and *covenant* reviews – We also consider *ESG* risks as part of the triennial Actuarial Valuation process for the DB section ensuring that this analysis considers the funding, *covenant* and investment risks in a joined-up way. The Scheme Actuary will incorporate the consideration of *ESG* risks in the actuarial assumptions advice and any projections which are considered to evaluate the possible long-term funding outcomes for the Scheme. When assessing the employer's *covenant*, we take into account the *ESG* risks to the employer and any reporting from our *covenant* Adviser.

Update from the Trustee for the 2025-26 Scheme year

The Trustee considered the potential impact of climate related risks on the funding strategy as part of the 31 March 2025 valuation. This involved scenario analysis which considered the potential impact on future funding outcomes under different climate scenarios. The outcome of this analysis is considered in the strategy section of this report.

Additionally, the Trustee considered a climate change assessment of Kingfisher plc as part of *covenant* advice provided alongside the 31 March 2025 valuation. As part of this assessment it was recognised that the UK retail sector faces significant *ESG* risks, but that Kingfisher is a well-positioned market leader. The report identified that the Sponsor has several mitigating actions in place for the risks identified, and positive progress had been observed since 2022.

Considering asset classes – When assessing new asset classes, potential *ESG* risks are assessed and discussed as part of the trustee training provided to us. Key *ESG* risks are taken into account when comparing alternative options.

Selection of *buy-in* provider / investment managers – When appointing a new *buy-in* provider or investment manager, the Scheme's Investment Adviser provides information and their view on each manager's *ESG* policy, capabilities and credentials. Each manager is also asked to provide information regarding their own *ESG* risk management processes as part of the selection process. This information allows us and our investment advisers to identify potential risks when comparing potential providers.

Individual mandates and investments – We also consider *ESG* risk at the individual asset level, including if any potential new investment products are being considered with input from our investment advisers. The Scheme's investment managers are responsible for the identification and assessment of *ESG*, including climate-related risks and opportunities and will be expected to identify and disclose these risks to us in the following ways:

- As part of their regular reporting, for consideration when investment strategy is reviewed quarterly by the sub-committees;
- During their presentations when meeting with us;
- By providing climate metric data in line with the *TCFD* requirements; and
- By providing any relevant training.

We oversee the approach taken by the investment managers by meeting with the Scheme's current investment managers to gain a more in-depth understanding of how *ESG* risks are integrated into their management of each portfolio. We also receive a quarterly *ESG* rating for each manager from our investment advisers which allows us to monitor their overall approach to *ESG* risks.

Any key risks identified are discussed by us or sub-committees and are listed on the Scheme's Risk Register to be monitored on an ongoing basis.

We note that evaluation of *ESG*-related risks and opportunities is based on relevant information and tools being available, as well as the quantification of *ESG* and climate-related risks and opportunities being a developing area based on continuously emerging information. We actively engage with all our investment managers to promote improvement in this area.

Disclosure 2: Describe the organisation's processes for managing climate-related risks.

Prioritising risks and agreeing actions

Once key risks are identified and discussed by us or sub-committees, these are then listed on the Scheme's Risk Register, and then they are evaluated and prioritised based on the overall threat posed to the Scheme.

We prioritise risks based on the size, scope and materiality of the risk event. This includes rating the likelihood and impact of the risk event to produce a score reflecting the threat that the risk event poses to the Scheme, then making a decision on the appropriate action (mitigation, control or acceptance) based on this score and available courses of action. This helps us build up a picture of the Scheme's risks more widely and where *ESG* risks sit in the overall risk management framework.

Risks and opportunities should be considered in absolute terms and in relation to the risk appetite of the Scheme. Risk appetite can be defined in terms of a willingness to take risk or the acceptability of risk.

Mitigation of risks

Once the risks facing the Scheme have been considered and prioritised, mitigation strategies will be established and monitored to ensure that they remain effective. We will delegate the management of certain risks to other parties, as set out in the Governance section. Risks that are deemed to be high in likelihood, impact, or both after allowing for mitigating controls are deemed to take priority for future action.

An action in the context of risk management will aim to either introduce an additional control to mitigate the likelihood of a risk occurring or reduce the impact of a risk should it occur. Discussions around risk will also consider whether additional Trustee training is required. The actions outlined for each risk will also be assigned to an owner or owners where relevant so it is clear whose responsibility it is to take this forward.

As part of our risk assessment work, we have carried out scenario analysis for both the DB and DC sections of the Scheme to assist in the identification and measurement of climate-related risks in the Scheme's overall strategy. Having considered the output of this work and the existing *ESG*-related controls we have in place; we do not consider there is a need to change the overall strategy at the current time.

We recognise that climate change is a *systemic* risk and more extreme climate scenarios could impact the Scheme and our members in future, therefore effective stewardship is crucial. We continue to take the following actions in the short to medium-term to continue to develop our approach to managing climate-related and wider ESG risks:

- Continue to monitor best practice in the management of *ESG* issues and climate change, including monitoring of any new *ESG* products via training sessions from Investment Managers and our advisers; and
- Develop plans and monitoring for our climate targets. This will include an action plan we plan to put in place to identify specific actions we can take to support global *net zero* targets.

Expectations of investment managers

Our expectations of the investment managers with regard to the integration of *ESG* risks are set out in the Scheme's Statement of Investment Principles (SIP) and investment beliefs. These documents are shared with the Scheme's investment managers who are asked to report regularly on how their strategy is aligned with our intentions and to discuss with us any investments which do not comply with these policies. We monitor the *ESG* activities of all managers through regular reporting and meetings.

We expect all of our investment managers to:

- Be aware of the investment risks and opportunities associated with climate change;
- Incorporate climate considerations into the investment decision-making practices and processes; and
- Monitor and review companies and assets in relation to their approach to climate change.

Our approach to stewardship is also a key aspect of the management of climate-related risk. We expect our investment managers to consider and take appropriate steps to manage climate-related risks within their funds, including engagement with underlying investee companies on their management of climate risks.

We receive quarterly stewardship reports from our investment advisers on engagement, in respect of our investment managers, and use these to monitor performance in line with the agreed beliefs and resulting expectations for investment managers as well as any requirements within mandates in place. Where investment managers are not performing in line with expectations, we engage further with the managers to understand why and work to improve the performance. We would undertake a formal review if this does not occur.

We prepare an annual Implementation Statement with the assistance of our Investment Advisers which assesses the engagement and voting activities of investment managers and is used to monitor managers' activities in this area. Members can access the Implementation Statement at www.kingfisherpensions.com/knowledge-centre/scheme-documentation/.

The Trustee, working with L&G and Tumelo provide a member engagement tool that gives members greater transparency of the companies they have their pension contributions invested in. The tool also provides the members with the opportunity to share their views on how certain shareholder votes should be cast, in relation to these companies, on a variety of issues including climate change. These member views are shared with the investment managers who are then able to take them into consideration when voting. The vote the investment manager casts is in turn shared with the members, along with rationale as to why the investment manager voted the way they decided.

Disclosure 3: Describe how processes for identifying, assessing and managing climate-related risks are integrated into the overall organisation's risk management.

As set out under Risk Management Disclosures 1 and 2, the management of *ESG* risks is integrated into the Scheme's current risk management processes in a number of ways across funding, investment and *covenan*t related workstreams, with all risks considered in the context of the overall risks inherent in any strategy.

Metrics and targets

The Trustee uses various metrics and targets to help them understand and monitor the Scheme's performance and make decisions. Climate related metrics can help the Trustee to understand and monitor the Scheme's exposure to climate related risks, whilst targets can act as a measure of Trustee efforts to manage exposure to the identified risks. Therefore, under the metrics and targets pillar of *TCFD* we summarise our chosen climate-related metrics, as well as monitoring performance against our targets.

This section will cover:

- Our chosen climate metrics and the updated metric data we have collected throughout the Scheme year.
- An outline of our actions throughout the year towards the targets set by the Scheme.

Disclosure 1: Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes.

Chosen metrics

Update from the Trustee for the 2025-26 Scheme year

The Scheme's chosen metrics from last year were reviewed at the March 2026 Trustee meeting. The Trustee agreed that their chosen metrics remain appropriate under regulatory and statutory guidance.

Data was collected against these metrics throughout the 2025-26 Scheme year and discussed by the Trustee at the Q1 2026 meeting. While these metrics provide useful insight into the Scheme's climate position, the Trustee recognises that climate reporting and methodologies continue to evolve and that the results require careful interpretation. Data quality continues to be a key area of focus and investment managers are expected to demonstrate year-on-year improvement.

The Trustee will continue to review both the metrics and the data provided by investment managers annually.

The *TCFD* requirements have set out clearly defined expectations for the categories of metrics that must be measured and reported on. The following metrics for both DB and DC sections of the Scheme are included in this report in line with the above requirements:

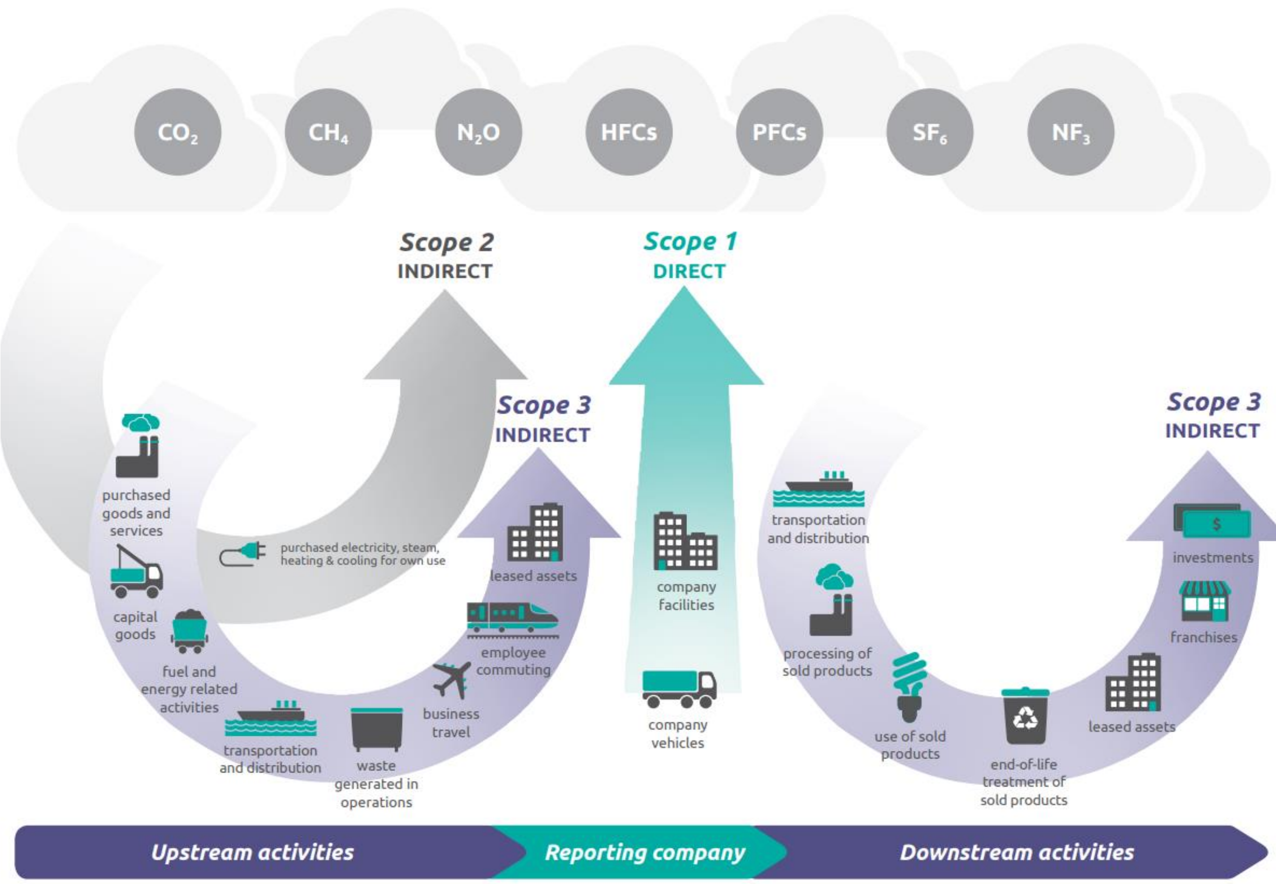
Type	Metric	Measurement
Absolute Emissions Metric	Total *Greenhouse* Gas (GHG) emissions	The volume of *scope 1* and *scope 2* emissions from the Scheme's assets – Measured in tons of CO_2e.
Emissions Intensity Based Metric	Carbon footprint	The volume of *scope 1* and *scope 2* emissions per unit of capital invested from the Schemes' assets – Measured in tons CO_2e per £m EVIC (or per £m invested depending on availability).
Additional climate change metric (non-emissions based)	Data quality	A measure of the level of actual and estimated data available from the Scheme's managers. Measured per mandate - % of mandate for which we have actual, estimated or no data.

Portfolio alignment metric	*Binary target measurement*	Measured as the % of portfolio at year end with specific *net zero* targets

Many climate-related metrics are based on the level of g*reenhouse gas* (GHG) emissions that are related to a particular asset or investment. *Greenhouse gases* are composed of six gases, including carbon dioxide, methane, and nitrous oxide, which can act to trap heat in the atmosphere. If the levels of these gases in the atmosphere increases this can cause a warming effect ie. the greenhouse gas effect.[2] *Greenhouse Gas* emissions are categorised into 3 different scopes by the *Greenhouse Gas* protocol (ghg-protocol-revised.pdf (ghgprotocol.org)), which currently is the world's most used *greenhouse gas* accounting standard, these are broadly categorised as follows:

Scope 1	***Scope 2***	***Scope 3***
All direct GHG emissions from sources owned or controlled by the company (e.g., emissions from factory operations).	Indirect GHG emissions that occur from the generation of purchased energy consumed by the company. These emissions would physically occur at the facility where the energy is generated.	Indirect emissions that arise as a consequence of the activities of the company including supply and distribution chains.

The diagram[3] below further illustrates the distribution of the various scopes across a company's supply chain. With respect to the emissions reported by our Scheme these emissions cover those reported and estimated by our investment managers across the funds the Scheme's assets are invested in.



[2] source: US Environmental Protection Agency: *Greenhouse Gas Emissions*

[3] source: GHG protocol: Technical Guidance for calculating *scope 3* emissions

There is overlap on emissions data between different companies and between companies and governments on some measures. As a result, aggregate total *greenhouse gas emissions* reported across all investments may include some double counting in relation to the actual level of *greenhouse gas emissions*, especially as the coverage continues to expand and *scope 3* is fully included.

For example, fossil fuels sold by a producer to a utility to generate electricity would be *scope 3* for the producer, *scope 2* for the electricity consumer and *scope 1* for the utility. In addition, if the basis for attributing emissions to government bonds was total country emissions, they are also included in the government bond emissions for the relevant country.

The limitations of our data are outlined further in the following disclosures and appendix IV. In particular, it is worth noting that although we gather *scope 3* data for the Scheme's investments where available, this is currently not well reported. We have therefore continued to split out the *scope 3* data in this year's report in order to be clear where there are specific data gaps due to lack of information received by managers.

We acknowledge that there continues to be limitations in data available from investee companies on emissions of *greenhouse gases*, particularly for *scope 3* emissions as noted above. Where these limitations in data exist, the data may be estimated or not yet reported/missing. We will continue to seek to obtain information, where it is currently missing, for future assessments.

Disclosure 2: Disclose *scope 1*, *scope 2* and, if appropriate, *scope 3 greenhouse gas* (GHG) emissions and the related risks.

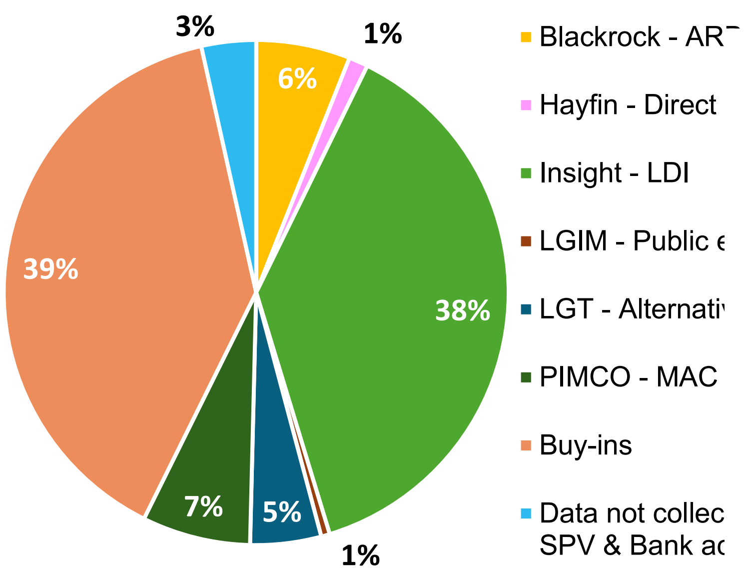
Metric Data

We have collected data for both the DB and DC sections of the Scheme and disclose these separately below. This is the fourth time we have collected data for the Scheme. We will annually monitor the metrics and as more data is collected begin to identify trends in the data which will help inform us of potential risks to the Scheme.

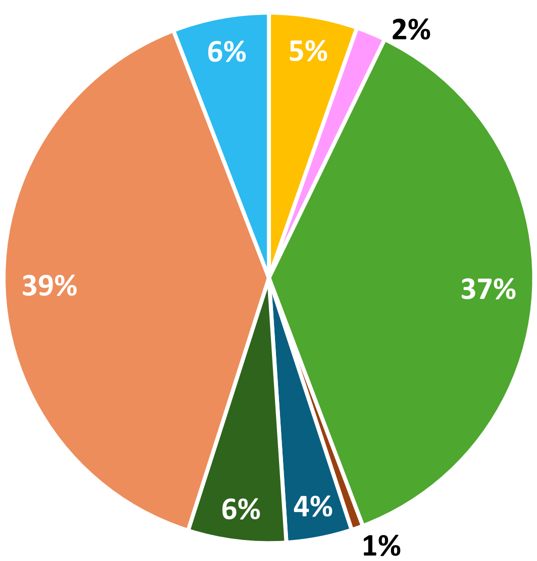
DB section

As at 31 December 2025 the assets of the Scheme were split as set out below. We have also included the split of assets from our last year of reporting for reference when interpreting our metric data.

December 2025 Asset Allocation



December 2024 Asset Allocation



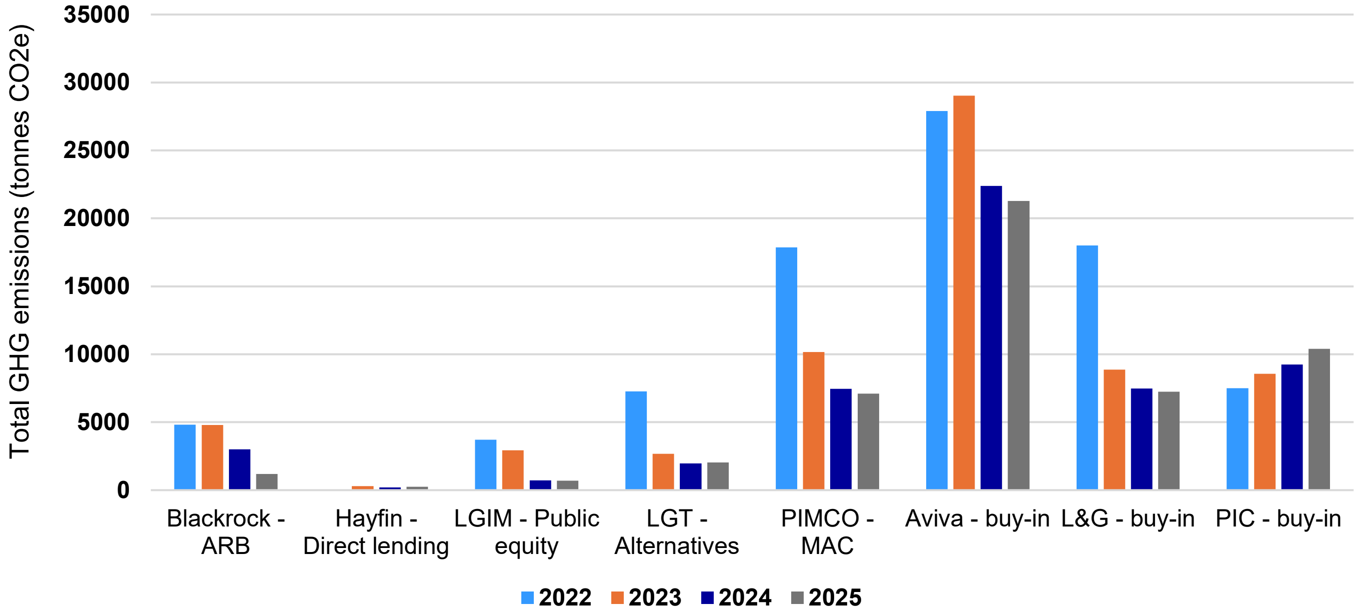
Update from the Trustee for the 2025-26 Scheme year

The asset allocation has remained broadly stable since 2022, with the main change being an increase in the liability-driven investment allocation from 28% to around 38%.

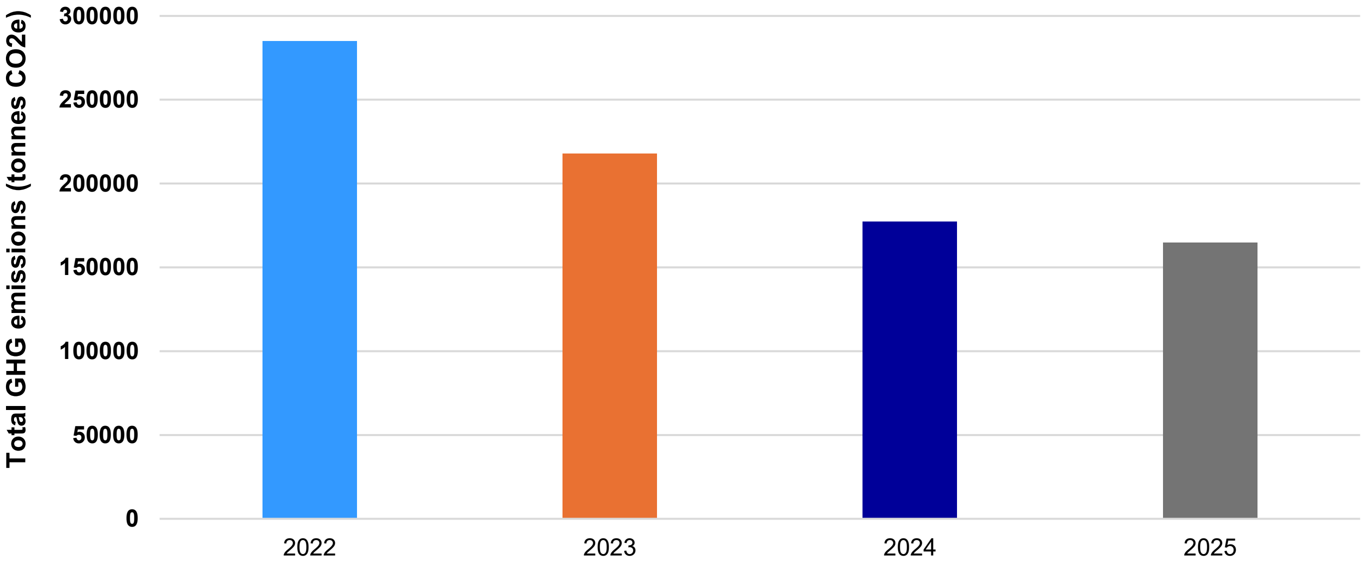
There haven't been any further major changes to the Scheme's asset allocation since 2023 and so the metrics reported below should therefore be considered in this context. As mentioned in the strategy section changes to the investment strategy have been agreed and these are currently being implemented. The Scheme's investment allocation is expected to change as part of this, with those changes expected to be reflected in next year's *TCFD* report.

The charts below summarise *greenhouse gas emissions* data for the DB section, based on information provided by investment managers. *scope 1*, *2 and 3* data was obtained for most mandates as at 31 December 2025. The Trustee continues to engage with managers to improve consistency of reporting and has followed up where increases in carbon footprint have been identified.

Absolute emissions metric – Total GHG emissions for *scope 1 and 2* only[4]



Insight LDI portfolio absolute emissions metric for *scope 1 and 2* only



[4] Aviva and Hayfin have provided restated 2024 figures, which are reflected in the metric data throughout this section of the report.

Update from the Trustee for the 2025-26 Scheme year

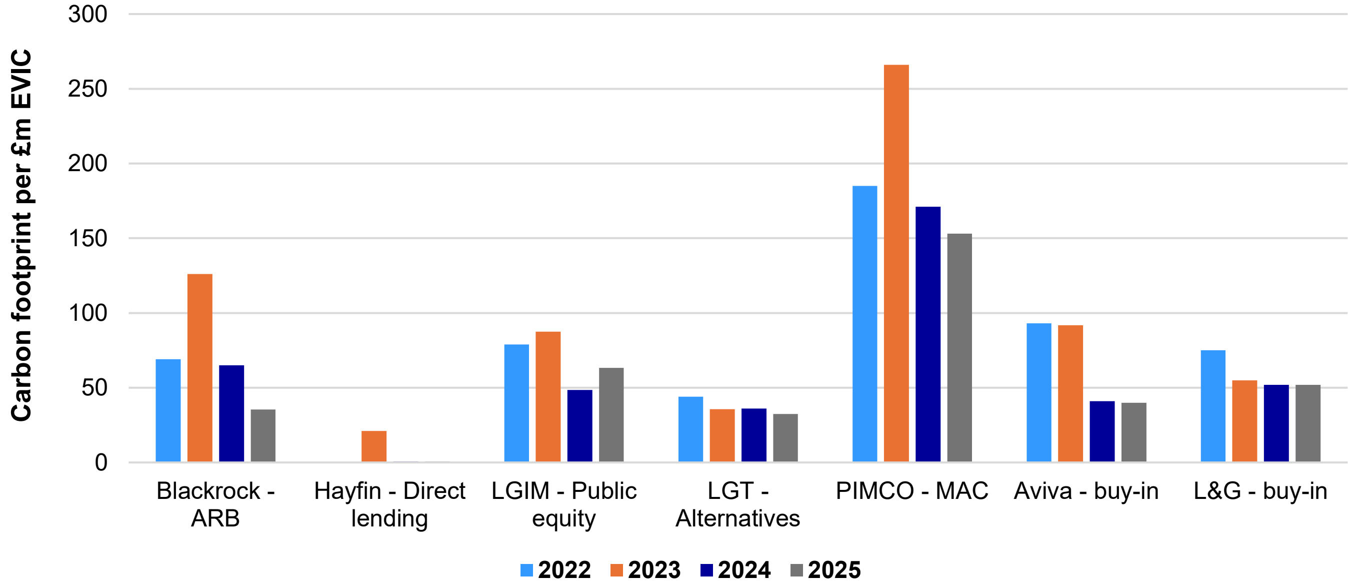
The charts directly above show the total GHG emissions metric provided by our investment managers across the last 4 years of reporting (specific data is provided in appendix V).

In general, emissions figures have decreased over time. Insight and Aviva together make up nearly two-thirds of the Scheme's asset value, and so it is encouraging to see their emissions decrease year upon year.

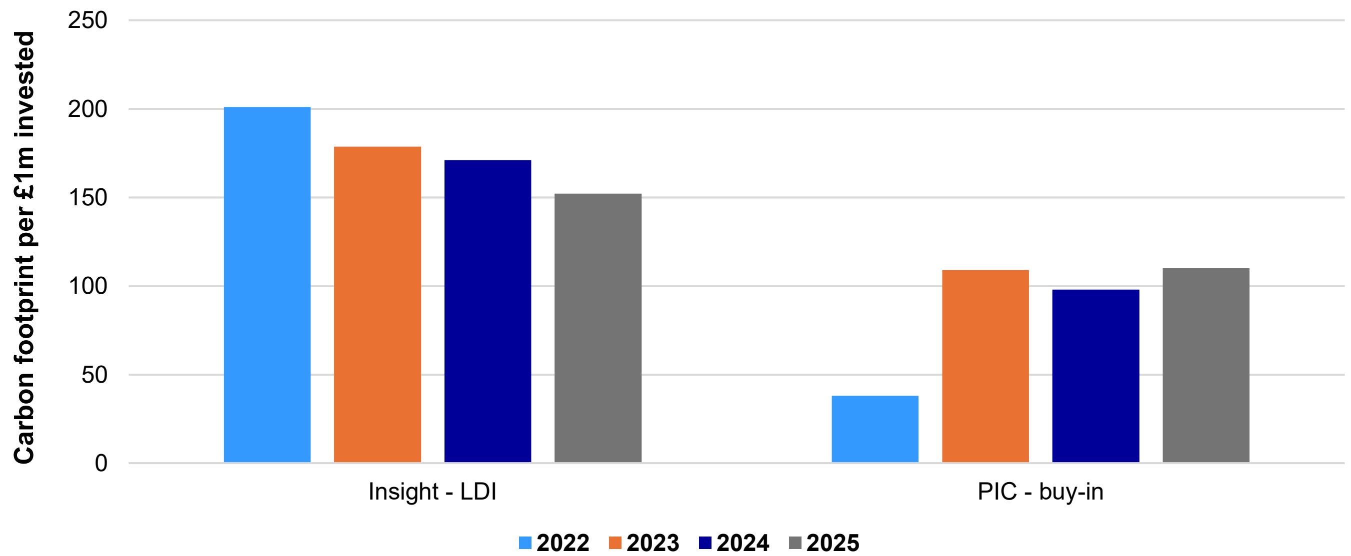
Based on available *scope 1 and 2* data (excluding the SPV, cash and funds where data cannot be collected), we have seen a decrease in absolute emissions across all funds except LGT, Hayfin and PIC, who have reported an increase in emissions this year. These increases can be partly attributed to improvements in data quality; nevertheless, we will continue to engage with the relevant investment managers where emission increases represent a persistent trend since 2022.

Hayfin operates a series of Direct Lending funds with the metrics below being representative of the data for their Direct Lending Fund III (DLFIII). For the first time this year they have also provided climate metrics for another fund, the Direct Lending Fund II (DLFII), however the data provided has limited coverage so we have not included it this year, but we expect to include this in our reporting in future years and engage with Hayfin on improving their reporting for this fund.

Carbon footprint metric – (tCO2/£m EVIC) for *scope 1 and 2* only



Carbon footprint metric – non EVIC units for *scope 1 and 2* only



Update from the Trustee for the 2025-26 Scheme year

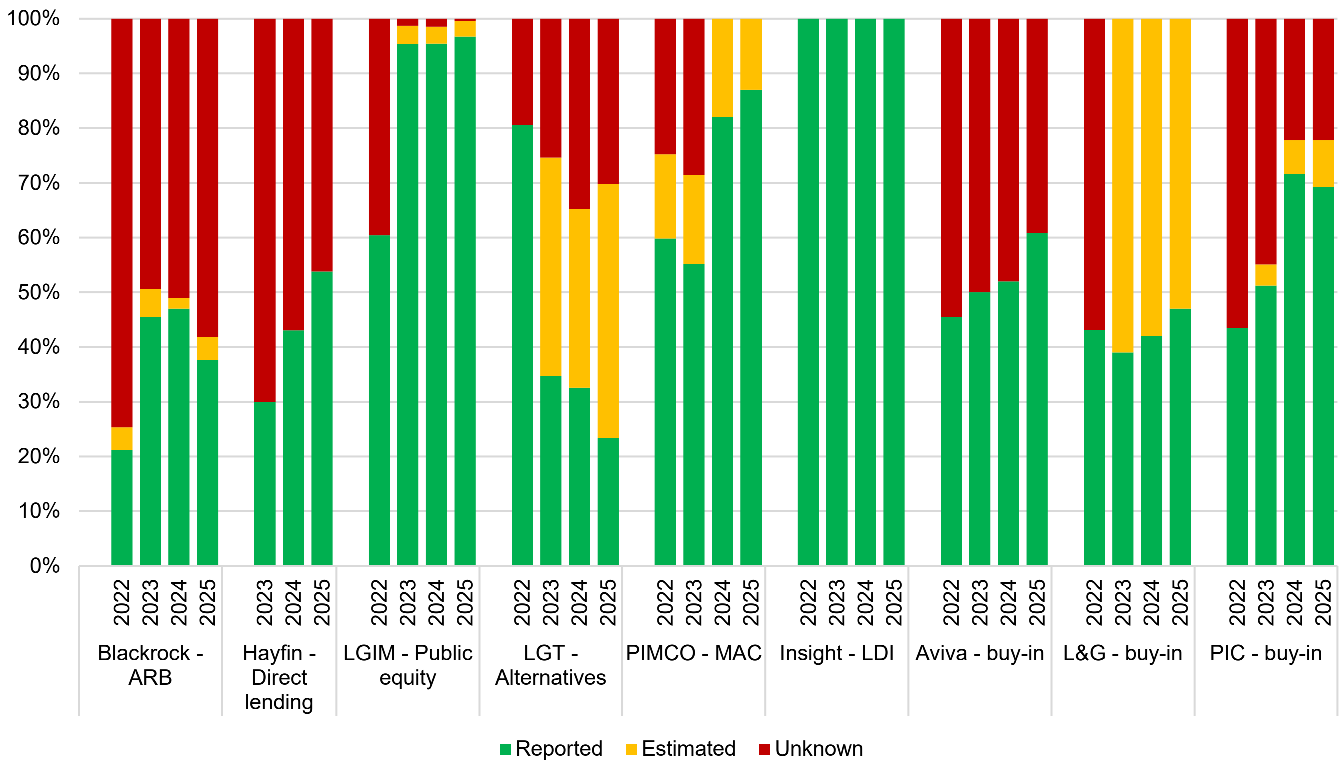
The charts directly above show the carbon footprint metric provided by our investment managers across the last 4 years of reporting.

Last year we moved to requesting the EVIC methodology. All managers except Insight and PIC are able to provide this metric. Given the nature of assets in the Insight portfolio it is not expected that they will report using this metric in future. Engagement is ongoing with PIC regarding the continued use of the per £1m invested metric and the increase in footprint reported this year, with an update to be provided in next year's *TCFD* report.

We are seeing a trend consistent with that observed for the overall emissions values, with a decrease in the footprint metrics over time. The exception to this are LGIM and PIC who have seen an increase in their footprint. Hayfin have provided updated 2024 metric data, overall their carbon footprint across 2024 and 2025 is now below 1, and so does not appear on the chart shown above given the scale involved.

We have continued to engage with managers where increases in emissions or footprint data have been observed. We believe this engagement will help the Scheme towards our long-term *net zero* objective.

Data coverage in terms of % reported, estimated and unknown

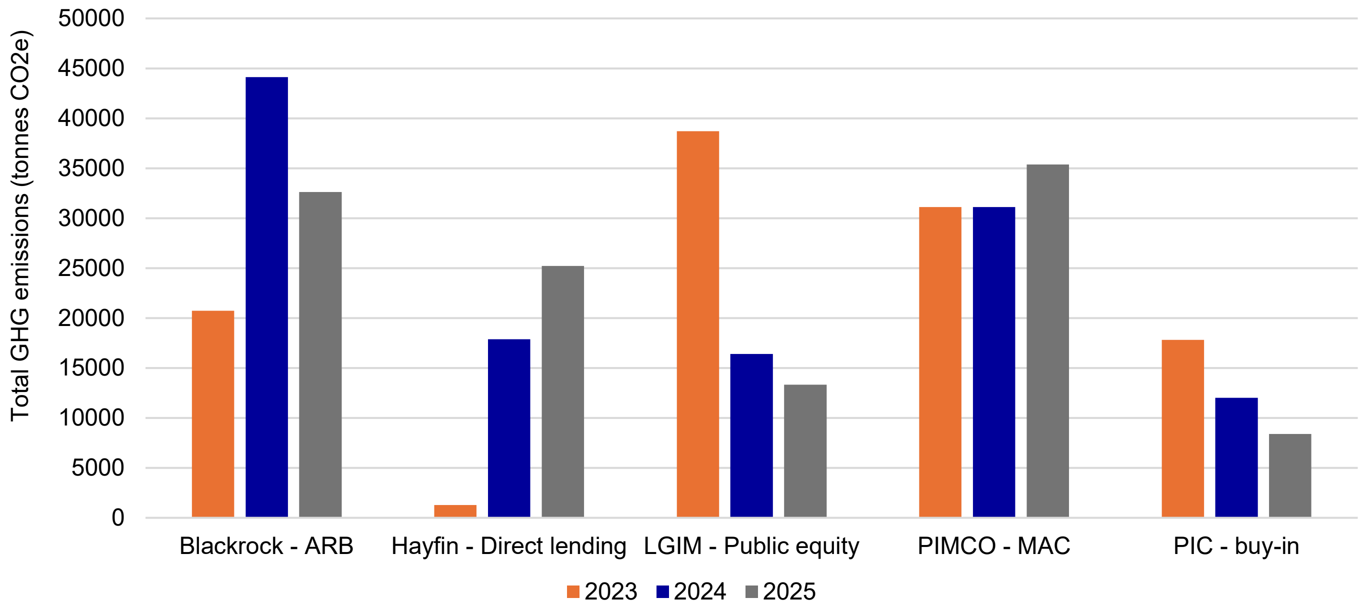


Update from the Trustee for the 2025-26 Scheme year – Data coverage

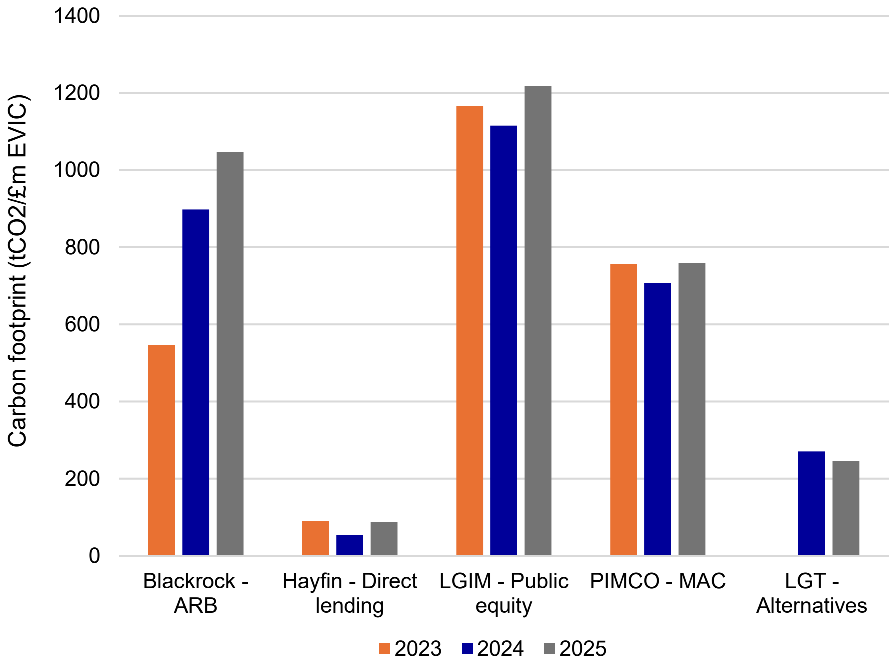
The above chart shows the data coverage split by reported / estimated / unknown. For each fund we classify the data coverage as Excellent, Good, Adequate, or Poor, based on the proportion of the portfolio that has been reported on. Insight, PIMCO, and LGIM all have remained Excellent since last year, with the latter two increasing their coverage year on year. Hayfin are also seeing improvements in data coverage which is encouraging

LGT continue to have challenges in sourcing emissions data for their portfolio. They have noted the continued difficulties of collecting data in the private equity market but are engaging with other funds in an effort to improve this. BlackRock's data coverage score remains poor and is worse than previous years for *scope 1 and 2*. We are currently engaging with the manager on plans for improving this, noting the impact reduced data coverage has on the trends observed in the metric information.

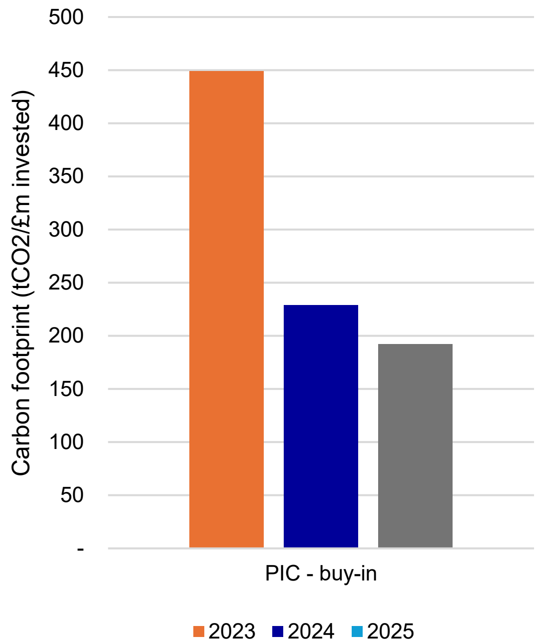
Total GHG emissions – *scope 3* data only[5]



Carbon Footprint (EVIC) – *scope 3*



Carbon Footprint (non-EVIC) – *scope 3*



Update from the Trustee for the 2025-26 Scheme year – *scope 3* emissions

Scope 3 data coverage remains relatively poor across managers, although metrics are beginning to stabilise. Due to these data issues it remains difficult to interpret the data received from investment managers.

Generally speaking, carbon footprints have increased, but this could be due to slightly more complete data. Therefore, our focus remains to be on improving data quality and engaging with managers around these issues.

Scope 3 data remains unavailable for the Insight LDI portfolio, noting these assets are largely UK government bonds.

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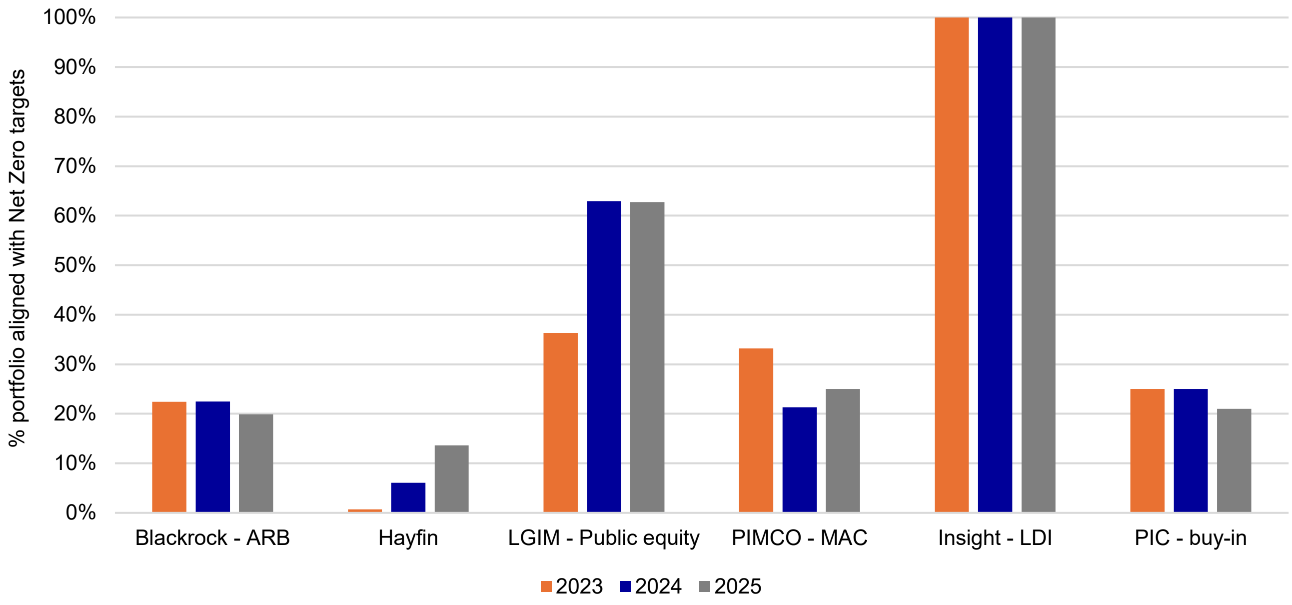
[5] PIMCO have provided a restated December 2024 figure for *scope 3* absolute emissions. This has been reflected in the above metric information.

Portfolio alignment metric



Update from the Trustee for the 2025-26 Scheme year – *net zero* journey plan

The Trustee's current *net zero* ambition remains to try and achieve a *net zero* position for all assets by no later than 2050. In addition, the Trustee has placed greater emphasis on supporting real-world emissions reductions over the long term (further details are set out in the Targets section of this report). The portfolio alignment metric is still useful in considering the progress of asset classes towards achieving *net zero* ambitions and allows for further engagement with investment managers in this area.

As a reminder the portfolio alignment metric measures the proportion of the portfolio aligned with limiting global warming to below 2 degrees Celsius.

The values reported this year remain broadly in line with those observed in previous years. Limited progress is evident for certain assets. The Trustee will continue to engage with relevant managers to understand what are the factors contributing to the lack of significant improvement in this metric. The Trustee however recognises that, for the DB section of the Scheme, progress towards this objective largely relies on UK government progress action to meet *net zero* targets given the significant asset allocation to UK government bonds.

DC section

Absolute emissions metric – Total GHG emissions

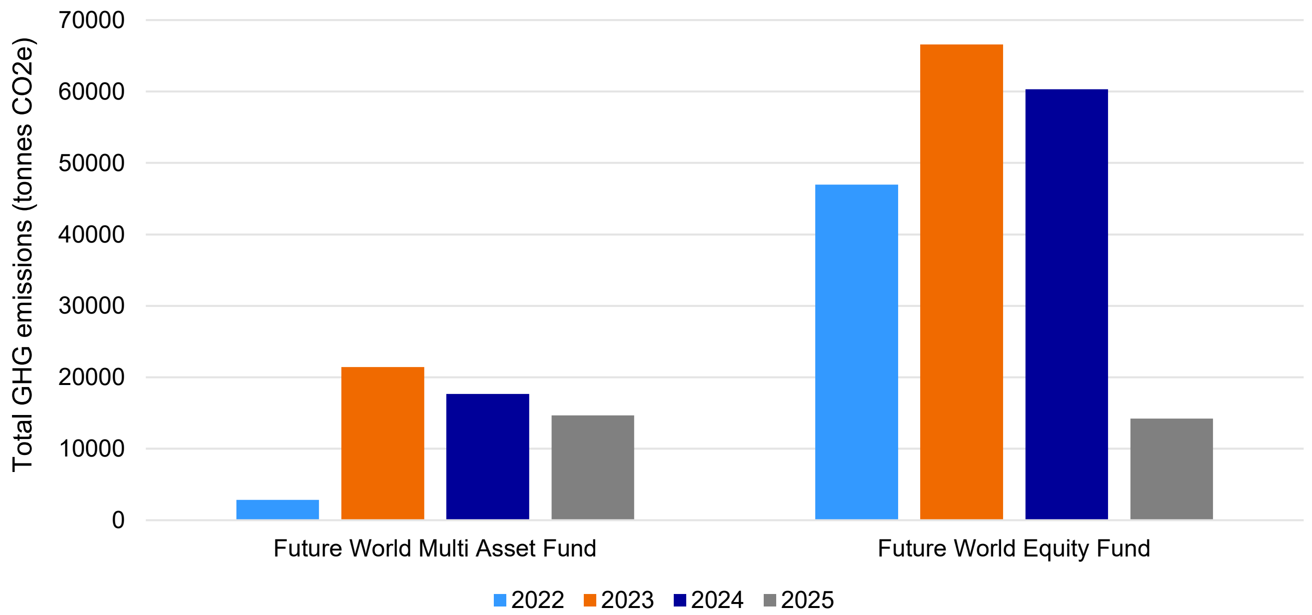
Update from the Trustee for the 2025-26 Scheme year

In previous years we have only reported metrics for the LGIM Future World Equity fund and the LGIM Future World Multi-asset fund. These funds cover around 83% of DC section assets for the Scheme in March 2026. This year metric data has been collected from L&G who have provided data for some of the other funds as well. This has helped to ensure data completeness and means we can now report metrics for funds covering 98% of the DC section.

For comparability purposes we have maintained the graphical approach for the Future World Multi-asset fund and the Future World Equity fund, however full total emissions data for all funds is shown in the table below:

Fund Name	Total GHG emissions (tonnes CO2e)
Future World Equity Fund	14,242
Future World Multi-Asset Fund	14,675
Kingfisher Diversified Return Fund	7,631
Kingfisher Money Market Fund	11
Kingfisher Pre-Retirement Fund	60

Total emissions have decreased from c.78,000 last year to around 37,000 this year. Whilst this represents a significant decrease from previous years the figures should be interpreted with caution as a new approach for data collection was carried out this year (collecting the data directly from L&G rather than using MSCI data combined with underlying holding data from L&G). There could therefore be some differences resulting from the change in methodology.



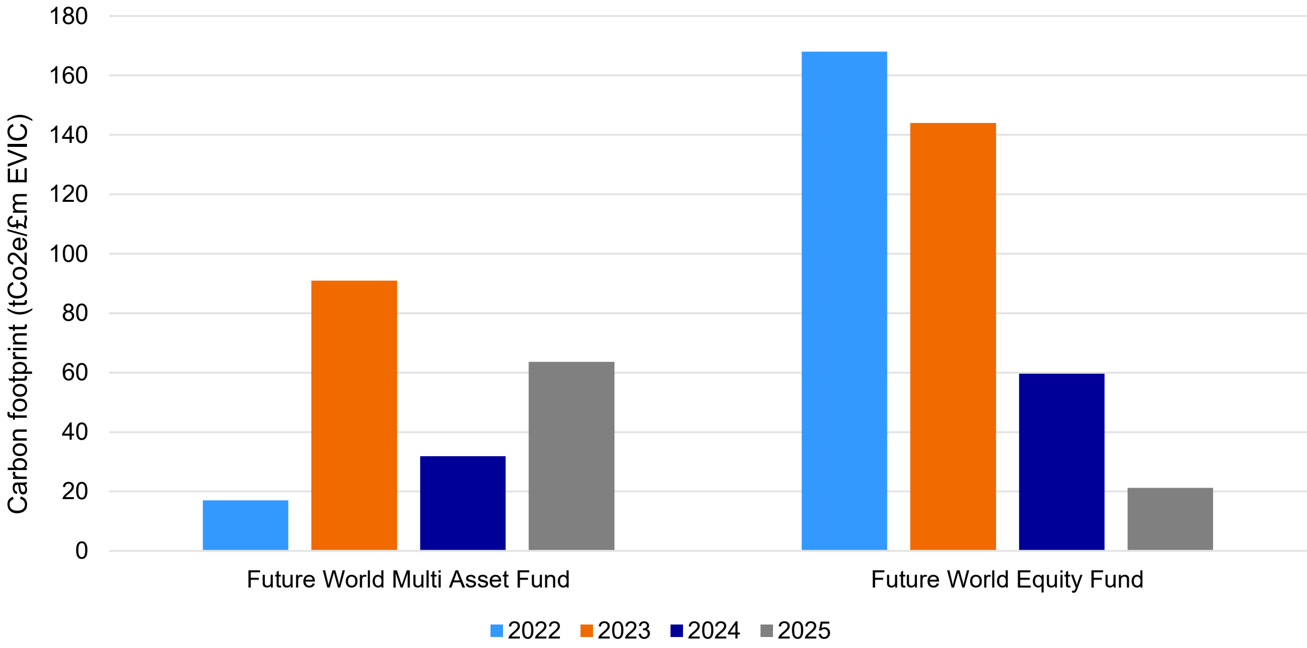
Carbon Footprint (EVIC)

Update from the Trustee for the 2025-26 Scheme year

In line with the approach for the absolute emissions, we have collected carbon footprint information across most of the funds which the DC section assets are invested within.

Fund Name	Carbon footprint (tCo2e/£m EVIC)
Future World Equity Fund	21.3
Future World Multi-Asset Fund	64.7
Kingfisher Diversified Return Fund	63.7
Kingfisher Money Market Fund	0.2
Kingfisher Pre-Retirement Fund	56.0

The carbon footprint for the future world asset fund is higher than in 2024 whilst the footprint for the future world equity fund is significantly lower. As noted above some of this movement is likely due to the new data collection approach.

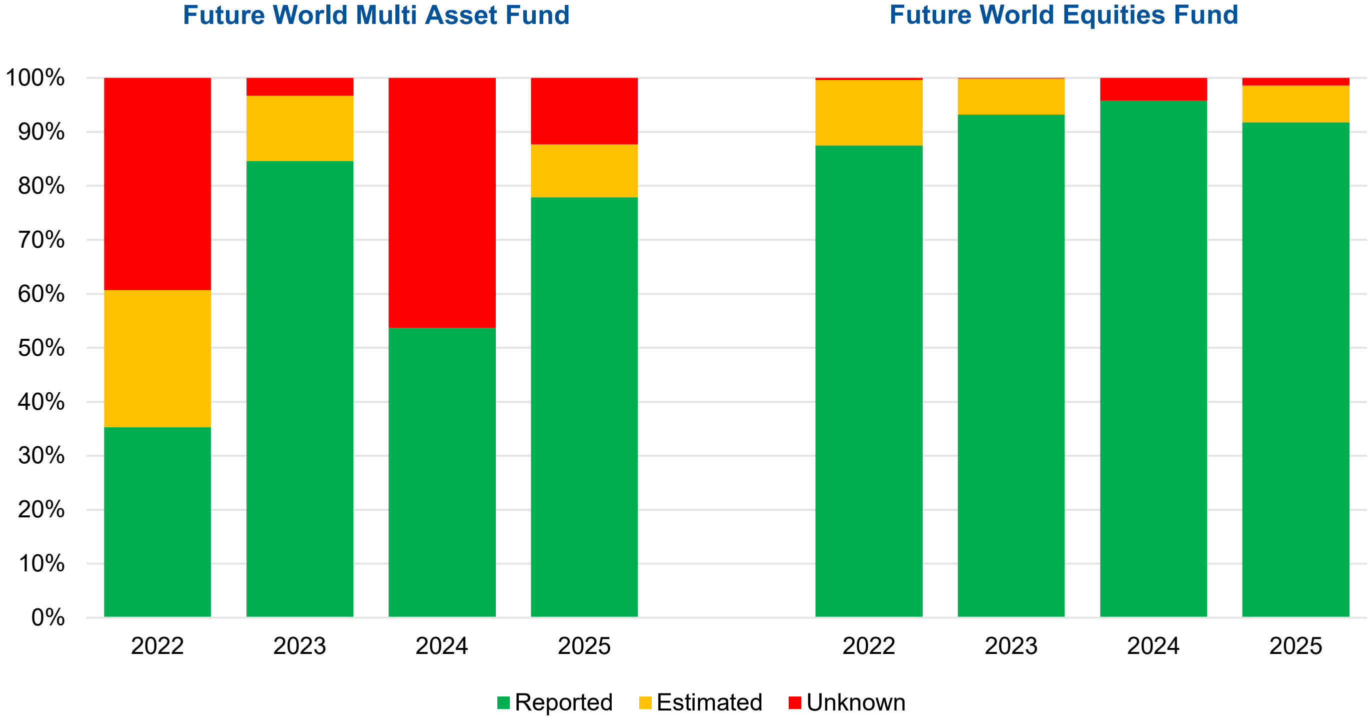


Data Coverage

Update from the Trustee for the 2025-26 Scheme year

In terms of data coverage, as can be seen from the chart below the level of reporting of *scope 1* and *scope 2* and emissions is excellent for both the Future World Multi Asset Fund and the Future World Equities Fund with over 70% of data being actual reported data rather than estimated or unknown. This represents a significant improvement for the multi asset fund relative to last year.

Additionally, as noted above we are now able to report on more of the funds which the Scheme DC assets are investing in and data coverage for all funds other than the money market fund have coverage of greater than 70%. For the money market fund this currently sits at c48%, however this is to be expected given the nature of the assets in those funds.



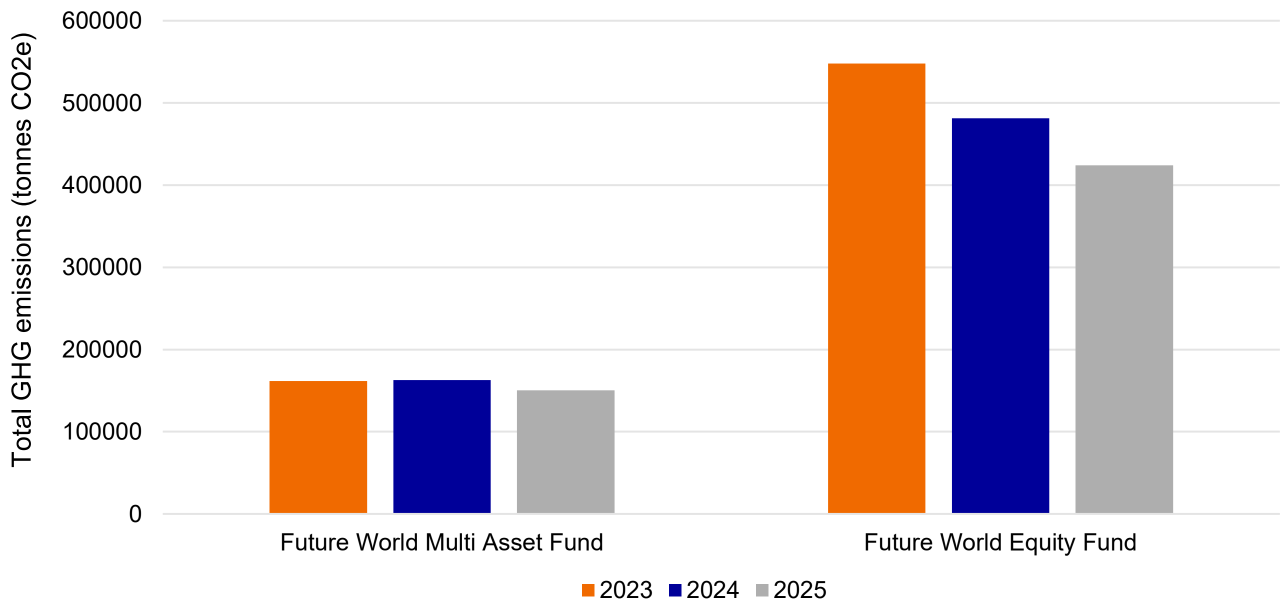
Scope 3 data for the DC section

Update from the Trustee for the 2025-26 Scheme year

As can be seen from the charts below both funds have shown slight decreases in their reported *scope 3* absolute emissions. Data coverage for *scope 3* data remains poor and so it is difficult to make reasonable conclusions based on the data below. We will continue to engage with L&G in this area and continue to monitor trends as we continue to collect *scope 3* data across both the DB and DC section.

We have also been able to collect the carbon footprint metric on an EVIC basis for scope 3 data and total emissions and footprint for all funds is disclosed in the table below with comparisons expected to be available in future years once further data is collected.

Absolute emissions metric – Total GHG emissions



Fund Name	Total GHG emissions (tonnes CO2e)	Carbon footprint (tCo2e/£m EVIC)
Future World Equity Fund	424,206	637.9
Future World Multi-Asset Fund	150,395	808.5
Kingfisher Diversified Return Fund	78,210	808.5
Kingfisher Money Market Fund	38,999	923.8
Kingfisher Pre-Retirement Fund	289	620.4

Monitoring both DB and DC sections

Update from the Trustee for the 2025-26 Scheme year

We will continue to monitor the metrics for both DB and DC sections annually and identify whether metrics have improved or deteriorated over time. Where metrics have deteriorated, we will engage further to understand the reasoning and undertake any appropriate remedial actions if any.

We remain committed to working towards our targets covered under disclosure 3 and use this engagement with managers to take positive steps towards those.

Metrics and Targets Disclosure 3: Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Targets

We have considered targets on a Scheme wide basis in order to appropriately reflect the action that can be taken and the key priorities for us over the coming years. Our current priority is to improve data quality in both DB and DC sections and across all mandates in the first instance rather than focus on specific targets for individual mandates. This will enable us to set more meaningful targets over the longer term. Whilst data quality forms our main target, in addition, we have set an ambition of achieving net-zero by 2040 but no later than 2050. Currently we are monitoring both data quality and *net zero* ambitions through frequent engagement with our investment managers, including through the annual data collection process. Further detail on how we measure data quality is set out below.

Data Quality Target

Our data quality target is to achieve / maintain excellent data quality rating across our investment holdings for *scope 1 and 2* information and reach at least adequate level of *scope 3* data across all funds (excluding Insight) by 2028. This would represent over 95% overall coverage including at least 75% actual data being achieved across all holdings for *scope 1 and 2* information, and over 75% overall coverage when including estimated data of over 45% of actual data reported for *scope 3* information. This was refreshed in the 2024-25 Scheme year due to progress-to-date with several managers. Further information on this data quality target as well as the current quality of data is reported further below. We continue to engage with investment managers to encourage progress on our goal of improved data quality as we believe this is a key area we can influence positive change

Net zero Ambition

In addition to the target above and set out in more detail below, we have agreed on an overarching aim to achieve a *net zero* position for all assets in both the DB and DC sections of the Scheme by no later than 2050 and ideally by 2040. We recognise that achieving *net zero* ahead of 2050 will be challenging to deliver.

Our DB section's investment strategy has a large proportion of our assets invested in UK government bonds. The UK government are aiming for *net zero* by 2050 so achieving *net zero* ahead of this may not be possible for the DB section.

Update from the Trustee for the 2025-26 Scheme year

The Trustee has updated the wording of its long-term *net zero* ambition to reflect changes in the wider global, economic and policy environment. While the Scheme continues to support the global aim of achieving *net zero* by 2050, the revised wording recognises the limits of what an individual asset owner can achieve alone.

The Trustee has agreed to place greater emphasis on actions that support the global transition, such as capital allocation and stewardship, alongside ongoing monitoring of emissions and alignment metrics. This approach is intended to ensure the Scheme's *net zero* ambition remains practical, financially robust and focused on meaningful long-term impact. We were able to collect portfolio alignment metrics for the DC section of the Scheme this year. This data is disclosed below, and we expect to monitor trends in this metric once data is available in future years.

Fund Name	% of portfolio aligned with temperature alignment less than 2C
Future World Equity Fund	52.4%
Future World Multi-Asset Fund	46.7%
Kingfisher Diversified Return Fund	31.6%
Kingfisher Money Market Fund	0.0%
Kingfisher Pre-Retirement Fund	16.5%

Updated net zero Ambition

To achieve a *net zero* position for all assets in both DB and DC sections by no later than 2050 and ideally by 2040. The Trustee recognises that this cannot be delivered by the Scheme alone and relies on success of the global ambition to reach net zero. The Trustee will therefore seek to prioritise actions which support the global transition to net zero (ie support real world positive change even if this results in an initial rise in portfolio emissions) rather than actions which focus solely on reducing their specific portfolio emissions.

Data quality

To date, we have reviewed and agreed the following targets for our investment mandates:

- For *scope 1 and 2* emissions data, we are targeting to achieve / maintain excellent data quality across all funds to 2028.
- For *scope 3 emissions*, we are targeting all funds except for Insight to reach at least adequate data quality by 2028.

Insight is excluded from the *scope 3* target as *scope 3* data for government bonds is effectively all UK emissions and therefore is not something that Insight can report on at Scheme level.
In line with last year, we have agreed to use the scoring system outlined below for monitoring and assessing the managers' progress and setting data quality targets. All percentages refer to portfolio coverage, i.e., for what % of the portfolio the given type of data is available. These targets have been given a timescale in line with our short term time horizon – as by this point we would expect the data to be excellent as a whole, albeit we are aware of certain difficulties in reporting data for certain asset classes.

Score	Emissions data requirements
4 – Excellent	At least 75% of actual data available OR >95% overall coverage including at least 65% actual data
3 – Good	At least 65% actual data available OR >70% overall coverage including at least 45% actual data
2 – Adequate	At least 45% of actual data available OR >60% overall coverage using estimates
1 – Poor	Less than 45% of actual data available OR <60% overall coverage using estimates

These targets were agreed based on information provided by managers. We will undertake an annual review of targets, including interim targets, to ensure they remain appropriate and challenging. Progress against these targets will continue to be monitored and we will continue engagement with managers were improvement not to be noticed.

DB Section

Update from the Trustee for the 2025-26 Scheme year

The table below outlines the data quality of the metric information collected from the investment managers across the past 4 years for *scope 1 and 2* emissions. As highlighted in disclosure 2, we have continued to see mixed results for data coverage this year. Several funds have maintained excellent data coverage, whereas other funds are showing worsening data coverage. We continue to engage with relevant investment managers and hope that improved methodologies for certain asset classes may act to improve data coverage in future years.

We continue to discuss our expectations for improvements in data quality for *scope 3* data with fund managers however we recognise that there remains limited information for *scope 3* data in certain asset classes. With the help of our investment managers, we continue to work towards being in a position where we can hopefully report complete *scope 3* data in the long term. For *scope 3* emissions, only 2 managers are currently meet the 'adequate' or better target.

Mandate	**Measurement date**	***Data availability score***	***2028 target***
Blackrock – Absolute return fund	30 September 2022	Poor	Excellent
	31 December 2023	Poor	
	31 December 2024	Adequate	
	31 December 2025	Poor	
Insight – Liability Driven Investment	30 September 2022	Excellent	Excellent
	31 December 2023	Excellent	
	31 December 2024	Excellent	
	31 December 2025	Excellent	
LGIM – Public equity fund	30 September 2022	Adequate	Excellent
	31 December 2023	Excellent	
	31 December 2024	Excellent	
	31 December 2025	Excellent	
LGT – Alternatives fund	31 December 2021	Excellent	Excellent
	31 December 2023	Good	
	31 December 2024	Poor	
	31 December 2025	Poor	
PIMCO – Multi-asset credit fund	30 September 2022	Good	Excellent
	31 December 2023	Good	
	31 December 2024	Excellent	
	31 December 2025	Excellent	
Hayfin – Direct lending	30 September 2023	Poor	Excellent
	31 December 2024	Poor	
	31 December 2025	Adequate	
Aviva – *buy-in*	31 December 2021	Poor / Adequate	Excellent
	31 December 2023	Poor / Adequate	
	31 December 2024	Adequate	
	31 December 2025	Adequate	

L&G – *buy-in*	31 December 2021	Poor	Excellent
	31 December 2023	Adequate	
	31 December 2024	Adequate	
	31 December 2025	Adequate	
PIC – *buy-in*	31 October 2021	Adequate	Excellent
	31 December 2023	Adequate	
	31 December 2024	Good	
	31 December 2025	Good	

DC Section

Mandate	***Measurement date***	***Current data availability score***	***2028 target***
LGIM Future World Multi-asset fund	31 December 2022	Poor	Excellent
	31 December 2023	Excellent	
	31 December 2024	Adequate	
	31 March 2026	Excellent	
LGIM Future World Equity fund	31 December 2022	Excellent	Excellent
	31 December 2023	Excellent	
	31 December 2024	Excellent	
	31 March 2026	Excellent	
Kingfisher Diversified Return fund	31 March 2026	Excellent	Excellent
Kingfisher Money Market Fund	31 March 2026	Poor	Excellent
Kingfisher pre-retirement fund	31 March 2026	Excellent	Excellent

Data quality for *scope 3* emissions remains worse than for *scope 1 and 2* emissions. That said, the quality of *scope 3* emissions data is generally better in the DC section than the DB section with 1 fund achieving excellent data quality, 2 funds achieving good data quality and 2 funds rates as poor data quality.

Appendices

Appendix I: Glossary and definitions

Binary target measurement

This measures the alignment of a portfolio with a given climate outcome based on the percentage of investments in that portfolio that (a) have declared *net zero*/Paris-aligned targets and (b) are already *net zero*/Paris aligned. Science Based Targets initiative (SBTi)'s Portfolio Coverage Tool for Financial Institutions is an open-source example of a tool that tracks the percentage of companies in a portfolio that have declared *net zero*/Paris aligned targets.

Buy-in

A buy-in involves securing insurance policies for a sub-section of members covering all the benefits they have in the Scheme. The insurance policies are in the name of the Trustee and an asset to the Scheme.

Buy-out

A buy-out involves securing individual insurance policies for all members covering all of the benefits they have in the Scheme. Reaching full funding on a buy-out basis is a common target for pension schemes because once achieved it gives a high level of security for members benefits.

Covenant

If the Fund were to have a funding shortfall, i.e., if the Fund's assets are lower than the value of the liabilities on the technical provisions basis, the Trustee would look to the Sponsor to make the necessary additional contributions to restore full funding.

The legal obligation on the Sponsor to provide these contributions and remove the shortfall, and its ability to satisfy these obligations is known as the Sponsor covenant.

ESG

Environmental, Social and Governance

Fiduciary responsibilities

The responsibilities of the committee to act in the best interests of the Fund's beneficiaries (i.e., Fund members).

Greenhouse Gases ("GHG")

Greenhouse gases are gases in the Earth's atmosphere that are capable of absorbing infrared radiation and thereby trap and hold heat in the atmosphere. The main greenhouse gases are:

water vapour

carbon dioxide ("CO_2")

methane ("CH_4")

nitrous oxide ("N_2O").

Low carbon economy

An economy based on energy sources that produce low levels of *greenhouse gas* (*GHG*) emissions.

Net zero

Net zero refers to the amount of all *greenhouse gases* (which includes but is not limited to carbon dioxide) being emitted being equal to those removed. It typically also includes reduction of total emissions as much as possible, with only the remaining unavoidable emissions being offset.

Responsible Investment ("RI")

The integration of *ESG* factors into investment decision making and asset stewardship practices.

Scope 1 (Greenhouse Gas Emissions)

All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 (Greenhouse Gas Emissions)

Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Scope 3 (Greenhouse Gas Emissions)

All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

Systemic risk

Systemic risk refers to a risk that impacts the entire market, not just a particular stock or industry.

TCFD

Taskforce on Climate-related Financial Disclosures

Total Carbon Emissions

This represents the portfolios estimated *Scope 1 + Scope 2 greenhouse gas emissions*. This is expressed in terms of thousand tons of CO_2 equivalent emitted by the companies invested in by the portfolio, weighted by the size of the allocation to each company.

Appendix II: Further detail on scenario analysis

DB section

Modelling approach

We have followed the same approach and used the same climate scenarios as our initial analysis three years ago. The scenario analysis is based on asset liability modelling which uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. The objective is to assess how the funding position could evolve under a broad range of future scenarios. We first consider the assets, liabilities, and so funding level over defined horizons for the DB section's asset allocation under the core approach (i.e., no explicit allowance for climate risk). This gives us a baseline position and the key metrics we focus on are:

- The chance of reaching full funding on a *buy-out* basis over a given timeframe. We measure this by looking at what proportion of the scenarios have reached at least 100% funded on a *buy-out* basis at the given time. This tells how likely we are to reach *buy-out*.
- The downside risk which is the funding level in the average of the worst 5% of all outcomes at a given date. This gives us an idea of how much the funding level could fall in a 'bad' outcomes.

The three climate change scenarios considered are then explored by adjusting the future range of outcomes, taking into account the level of disruption expected at different time periods under each climate scenario. The same metrics are then recalculated which show the effect of each climate scenario.

The consideration of investment risks is at an asset class level and cannot take account of individual stocks, property assets, sustainable funds etc. However, the output can be used to provide an overview of the strategic risks the DB section is exposed to.

Note that the analysis was carried out based on the funding position 31 March 2025. When projecting forward the funding position in the analysis, the value of the Special Purpose Vehicle was removed from the starting asset value. This gave a starting position of 100% funded on a *buy-out* basis at 31 March 2025.

Full results

The table below illustrates the impact on the likelihood of being fully funded at different time horizons under the base case and under the three different climate scenarios: 'green revolution,' 'delayed transition' and 'head in the sand'. These results take into account the impact on both the assets and liabilities together but make no allowance for life expectancy changes (more on this below).

Time horizon	Base case	Green revolution	Delayed transition	Head in the sand
Short-term	61%	65%	61%	62%
Medium-term	71%	71%	74%	71%
Long-term	73%	72%	74%	71%

As can be seen from the above, the DB section's funding level is resilient over the short-, medium- and long-term. There is no significant departure from the base case under all 3 scenarios. This is consistent with what we saw from the initial scenario analysis.

The table below illustrates the average worst 5% of funding levels at different time horizons under the base case and under the three different climate scenarios noted above.

Time horizon	Base case	Green revolution	Delayed transition	Head in the sand
Short-term	89%	89%	89%	89%
Medium-term	82%	83%	82%	82%
Long-term	66%	67%	65%	64%

Similarly, the results above show that there is limited impact on the key metrics over the short to medium term but slightly more downside risk over the long-term under the 'Delayed transition' and 'Head in the sand' scenarios.

The fact that the returns and downside risk are not significantly worse under any of the scenarios does not mean that climate risk is not important or that the DB section is "immune" to its effects. Instead, it implies that given the level of risk in the funding and investment strategy was considered acceptable, and since the scenario results suggest that this risk level is not materially different even when the model is significantly stressed, we can conclude that the funding and investment strategy is fairly resilient to climate risk at a strategic level.

Life expectancy

How climate change unfolds will affect how long people live, which directly affects pension scheme liabilities. This cannot be factored into the scenario modelling directly, and so instead we have considered updated analysis from Hymans Robertson's longevity data analytics company Club Vita to consider these longevity risks qualitatively and in the context of testing resilience.

The analysis[6] sets out three broad, plausible scenarios. These do not directly correlate to the three climate scenarios considered in the DB and DC scenario analysis. These scenarios are:

Sustained stagnation – a future marked by global inaction, where climate change continues largely unchecked due to weak policy measures and limited mitigation efforts.

Turbulent times – adaptation occurs but progress is too slow to fully offset the limitations of finite resources and the climate impacts already locked into the system.

Rapid response – a fast and coordinated shift in behaviour, driven by technological innovation and strong mitigation policies, leading to effective adaptation and reduced climate risks.

The projected liability impacts of these scenarios for a typical pension scheme are set out below:

Name	Liability impact
Sustained stagnation	-9%
Turbulent times	-1%
Rapid response	+7%

[6] For further details see Club Vita's full publication: [Club Vita | UK | Still Hot and Bothered?]

It can be seen that the worse climate outcomes could reduce liabilities, whilst strong climate action could increase liabilities. However, it must be noted that longevity is just one part of the story that has to be balanced alongside other risks such as inflation, interest rates, asset values, and sponsor *covenant*.

The report concludes that climate change creates meaningful uncertainty around future life expectancy and pension scheme risk. Trustees should not try and predict one outcome, but should use scenarios like these to test resilience and inform long-term risk management.

DC Section

Modelling approach

As with the DB analysis, we have followed the same scenario analysis approach for the DC section as we did three years ago. The scenario analysis is based on modelling using Hymans Robertson's Economic Scenario Service ("ESS") modelling, which uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns. Further detail on the ESS is included in Appendix III: Reliances and Limitations.

The objective is to assess how the future savings of sample members, derived using the Scheme's membership data, could be affected over their time to retirement. The sample members are outlined below, and are aligned with the sample members used in the analysis three years ago:

Name	Age	Pot size	Salary (p.a.)	Contributions (%)	Retirement age
Example Member 1	22	£0	£15,000	10%	68
Example Member 2	40	£7,700	£23,000	10%	68
Example Member 3	60	£10,600	£17,000	12%	65

The three climate change scenarios considered are then explored by adjusting the future range of outcomes, taking into account the level of disruption expected at different time periods under each climate scenario. The same metrics are then recalculated which show the effect of each climate scenario.

The consideration of investment risks is at an asset class level and cannot take account of individual stocks, property assets, sustainable funds etc. However, the output can be used to provide an overview of the strategic risks the DC section is exposed to.

Results

The table below illustrates the impact on members savings in the Scheme's default strategy, the Lifestyle Cash strategy, under the base case and downside or 'bad outcome' scenarios and under the three different climate scenarios: 'green revolution,' 'delayed transition' and 'head in the sand'. The analysis reflects the combined impact of changes in funds build up due to volatile asset values and the change in cost of buying assets with incoming contributions. In some cases, the modelling would result in higher pot sizes under the bad outcome scenarios. This is because the greater degree of volatility is expected in markets which would increase the range of outcomes modelled - this increased volatility could result in higher returns where a bad outcome has initially been projected.

Example Member 1

The table below shows the expected pot size for member 1 at retirement age and the impact on the expected pot size under each climate scenario.

Expected pot size	
Base case: £281,800	-6% delayed transition
	-1% green revolution
	+0% head in the sand

The table below shows the 'bad outcome' pot size for member 1 at retirement age. You can see the base case pot size is now lower because we are looking at a scenario where the investment returns are worse than the expected level. We have also shown the impact on the 'bad outcome' pot size under each climate scenario.

Bad outcome pot size	
Base case: £59,900	+9% delayed transition
	+1% green revolution
	-7% head in the sand

Example Member 2

The table below shows the expected pot size for member 2 at retirement age and the impact on the expected pot size under each climate scenario.

Expected pot size	
Base case: £182,600	-3% delayed transition
	-6% green revolution
	-7% head in the sand

The table below shows the 'bad outcome' pot size for member 2 at retirement age.

Bad outcome pot size	
Base case: £60,500	-2% delayed transition
	+0% green revolution
	-3% head in the sand

Example Member 3

The table below shows the expected pot size for member 3 at retirement age and the impact on the expected pot size under each climate scenario.

Expected pot size	
Base case: £24,200	+0% delayed transition
	-2% green revolution
	+0% head in the sand

The table below shows the ‘bad outcome’ pot size for member 3 at retirement age.

Bad outcome pot size	
Base case: £17,400	-1% delayed transition
	-5% green revolution
	-1% head in the sand

Overall, the climate scenarios lead to slightly lower projected pot sizes compared with the central case, particularly in downside outcomes. However, the differences are relatively small and are modest when set against the many other factors that can affect DC outcomes. As with the DB section, the results do not raise immediate concerns about the current strategy and suggest that the DC default remains broadly resilient to the climate scenarios considered.

Potential impact of more extreme scenarios

The impact on member outcomes in the scenarios above are based on analysis that allow for increased volatility in markets. In practice, individual members could be more severely impacted. For example, if there were more extreme falls in asset values, in particular in the period close to retirement when members have limited time to recover losses and limited potential to benefit from lower asset prices for new contributions, member outcomes at retirement could be impacted more than the analysis suggests.

Appendix III: Reliances and limitations of scenario analysis

Climate change modelling

The modelling used in our scenario analysis is a form of asset liability management (“ALM”).

For the DB Section, assets are projected forward from March 2025 using membership data at that date under 5,000 different outcomes for future market and economic conditions. For each outcome (5,000 per scenario), the funding position is calculated annually throughout the projection period.

The funding position uses the same methodology as at the March 2025 formal valuation. The 5,000 outcomes are then ranked from best to worst and the outcomes plotted graphically. The range of outcomes can be compared with other scenarios.

The ALM combines the Scheme’s cashflows, an investment strategy including any hedging, contributions into the Scheme and stochastic economic scenarios from Hymans Robertson’s economic model (ESS) to create stochastic projections of the funding positions.

While the model allows for the possibility of scenarios that would be extreme by historical standards, including very significant downturns in equity markets, large systemic and structural dislocations are not captured by the model. Such events are unknowable in effect, magnitude and nature, meaning that the most extreme possibilities are not necessarily captured within the distributions of results.

A summary of economic simulations used can be provided if required. Fuller information about the scenario generator, and the sensitivities of the results to some of the parameters, can be provided on request.

Risk warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

Appendix IV: Further detail of data collection for DB section

We acknowledge that there are limitations in data available from investee companies on emissions of *greenhouse gases*, particularly for *scope 3* emissions as noted above. Where these limitations in data exist, the data may be estimated or not yet reported/missing. We will seek to obtain information, where it is currently missing, for future assessments. In the meantime, the results of the metrics have been understood to be reflective of the portfolio, but the limitations of data availability are noted when using the metrics for decision-making purposes.

For example, fossil fuels sold by a producer to a utility to generate electricity would be *scope 3* for the producer, *scope 2* for the electricity consumer and *scope 1* for the utility. In addition, if the basis for attributing emissions to government bonds was total country emissions, they are also included in the government bond emissions for the relevant country.

Metric Calculations/Methodology

Most of the key managers provided metric data, although in some cases were not able to provide information on our preferred metrics across *scope 1*, 2 and 3. This was highlighted in the metrics section of this report.

We are invested in mixture of pooled and segregated funds and the absolute emissions metrics for the *buy-in* providers and fund managers of pooled funds covered all of their assets under management. These are the Blackrock – Absolute return fund, PIMCO – Multi-asset credit fund, Aviva – *buy in* and L&G *buy-in*. We have estimated our share of absolute *greenhouse gas emissions* using the value of the policies or fund holdings in our portfolio at 31 December 2025 and divided this by the total assets under management and applied this to the total emissions provided by the manager of the pooled funds.

Where a total emissions figure has not been provided the total emissions figure was taken to be carbon footprint multiplied by Kingfisher's holdings in a fund divided by £1m where relevant and reported, this was the case for the L&G *buy-in*.

A number of managers do not provide coverage for certain asset classes in their portfolio, particularly sovereigns and private debt have reported issues with reporting of these metrics. This means that their data quality metric does not cover their entire portfolio. To account for this we have calculated the overall data coverage for these funds as percent of portfolio holdings covered multiplied by the percent of data reported, estimated etc. This has particularly been the case for PIMCO, BlackRock and PIC. For BlackRock and PIC their data covers corporate bonds only.

A handful of fund managers also reported on and provided other climate change metrics. We may consider these metrics in future but for now are focusing on improving reporting on the metrics we currently report on. These metrics included implied temperature rise and *WACI*.

Scope 3

Although we are currently gathering *scope 3* data for the Scheme's investments where available, this is currently not well reported on and we have split out the *scope 3* data in this year's report in order to be more clear as to where data gaps lie/due to lack of information received by managers/due to lack of reported data.

A specific point to note on this is that for the DB section we received data coverage metrics relating to *scope 3* data for BlackRock, LGIM, PIC, PIMCO and Aviva. The other managers noted that at the moment the majority of *scope 3* data is estimated. We have engaged with managers to outline our expectations that data coverage figures are provided alongside data so that data can be interpreted in a meaningful way.

Aviva, one of our *buy-in* providers only report on *scope 3* data for operational emissions. For operational emissions their reported scope 3 figure is 19,030 tCO_2e. They did not report *scope 3* data for financed emissions noting concerns around double counting, data quality and level of estimation, and therefore we have not reported a figure in the metrics section of this report.

Assets without reported metrics

We were informed the Blackrock renewables fund does not report any *scope 1*, 2 or 3 (or *TCFD* related metrics). The Fund has realised over half its portfolio and anticipates selling its remaining assets in the next couple of years.

Insight informed us that as Kingfisher have sold the majority of their holdings from the Insight farmland fund, therefore they did not provide metric data for this fund. This currently represents 0.02% of the Scheme's assets and we therefore deem this to be acceptable on the basis of materiality.

In line with last year we did not report on the special purpose vehicle (SPV) and cash.

The SPV is not subject to investor engagement or voting and the properties in the SPV will be covered by the Sponsor's metrics reporting. We have therefore excluded this from our data collection. Similarly, we have excluded cash on the grounds of materiality to overall strategy. These assets currently represent 1.43% and 2.00% of the portfolio.

This is the third time we have been able to collect data for the Hayfin fund, whilst we do note their data coverage remains in the poor category. We therefore further engaged with their investment manager. It was noted that they expect to be able to provide consistent annual reporting in future and that coverage is expected to improve as methods for reporting metrics related to private debt improve.

Once we allow for the above, we were able to collect data from funds that represent 96.5% of the total asset holdings for the DB section as at December 2025 (albeit noting that there are data gaps within some fund data). The remaining holdings are made up of the special purpose vehicle (SPV), cash, BlackRock Renewables and Insight Farmland. This approach is in line with previous years.

Appendix V: Metrics for DB and DC sections

DB *scope 1, 2 and 3* emissions metrics, data quality and *binary target measurement*

The *scope 1 and 2* Total *Greenhouse Gas* (GHG) emissions and Carbon footprint metrics for 2025 are set out below alongside the prior years' figures where available. We were also able to collect *scope 3* data across some of our funds, with the exceptions being Insight and LGT, and so in line with *TCFD* requirements we are able to report this data. We have decided to report *scope 3* data separately considering the continued issues with data coverage of this data.

Mandate	*Measurement date*	*% of portfolio*	*Total carbon emissions (tCO_2)*		*Carbon footprint (tCO_2/£m EVIC)*		*Scope 1&2 emissions data coverage %*		*% with net zero targets*
			Scope 1+2	*Scope 3*	*Scope 1+2*	*Scope 3*	*Reported*	*Estimated*	
Blackrock – Absolute return fund	30 Sep 2022[1]	7.4	4,815	-	69[2]	-	21.2	4.1	Not provided
	31 Dec 2023	4.5	4,800	20,735	126	546	45.5	5.1	22.4
	31 Dec 2024	5.4	3,005	44,138	65	898	47.0	1.9	22.5
	31 Dec 2025	6.0	1,191	32,615	35	1,047	37.6	4.2	19.9[3]
Insight – Liability Driven Investment[4]	30 Sep 2022[1]	28.5	284,995	-	201	-	100.0	0.0	100.0
	31 Dec 2023	39.1	217,978	-	179	-	100.0	0.0	100.0
	31 Dec 2024	37.1	177,346	-	171	-	100.0	0.0	100.0
	31 Dec 2025	38.0	164,870	-[5]	152[6]	-[5]	100.0	0.0	100.0[7]
LGIM – Public equity fund	30 Sep 2022[1]	4.0	3,717	-	79	-	60.4	0.0	Not provided
	31 Dec 2023	1.4	2,923	38,709	87	1,167	95.4	3.3	36.3
	31 Dec 2024	0.7	714	16,390	49	1,115	95.5	3.1	62.9
	31 Dec 2025	0.6	693	13,323	63	1,218	96.7	2.9	62.7[3]

LGT – alternatives fund	31 Dec 2021[1]	6.8	7,260	-	44	-	80.6[8]	0.0	Not provided
	31 Dec 2023	3.3	2,667	-	36	-	34.7	39.9	Not provided
	31 Dec 2024	4.0	1,958	-	36	271	32.6	32.7	Not provided
	31 Dec 2025	4.5	2,038	-	32	246	23.3	46.5	Not provided
PIMCO – Multi-asset credit fund	30 Sep 2022[1]	7.3	17,854	-	185	-	59.8	15.4	19.1
	31 Dec 2023	5.0	10,160	31,127	266	756	55.2	16.2	33.2
	31 Dec 2024	6.0	7,467	31,129	171	708	82.0	18.0	21.3
	31 Dec 2025	6.9	7,097	35,376	153	759	87.0	13.0	25.0
Hayfin – alternatives fund[9]	30 Sep 2023	2.0	300	1,284	21	91	30.0	0.0	0.71
	31 Dec 2024	1.8	198	17,878	1	55	43.0	0.0	6.0
	31 Dec 2025	1.2	243	25,226	1	88	53.8	0.0	13.6
Aviva – *buy-in*[10]	31 Dec 2021[1]	25.8	27,893	-	93	-	45.5	0.0	Not provided
	31 Dec 2023	26.6	29,030	-	92	-	50.0	0.0	Not provided
	31 Dec 2024	26.6	22,380	-	41	-	52.0	0.0	Not provided
	31 Dec 2025	26.5	21,287	-	40	-	60.8	0.0	Not provided
L&G – buy-in	31 Dec 2021[1]	6.7	18,015	-	75	-	43.1	0.0	19.0
	31 Dec 2023	6.7	8,861	-	55	-	39.0	61.0	Not provided
	31 Dec 2024	6.9	7,478	-	52	-	42.0	58.0	Not provided
	31 Dec 2025	7.0	7,238	-	52	-	47.0	53.0	Not provided
PIC – buy-in	31 Oct 2021[1]	5.6	7,500	-	38	-	43.5	0.0	8.0
	31 Dec 2023	5.7	8,565	17,814	109	449	51.2	3.9	25.0
	31 Dec 2024	5.6	9,243	12,000	98	229	71.6	6.2	25.0
	31 Dec 2025	5.6	10,409	8,391	110[6]	192[6]	69.2	8.6	21.0

The figures in the table above represent the latest held information we have been provided with by the investment managers. They are subject to change should investment managers update any retrospective metric information in our annual collection of data.

1. Note that for the first year of reporting, the measurement dates are not consistent across funds.
2. The 2022 carbon footprint metric provided by BlackRock was in terms of per £m invested, not EVIC.
3. For BlackRock and LGIM, the portfolio alignment metric provided reflects the proportion of holdings they categorise as either ‘net zero’ or ‘Aligned’ in line with the Institutional Investors Group on Climate Change’s Scale of alignment for companies. Note ‘Aligned’ refers to being aligned to below 2°C.
4. The metric information provided covers the liability hedging sub-fund only. Given this makes up the majority of the Insight portfolio and the asset types can’t be aggregated we consider this the most appropriate data to report.
5. Insight have not provided Scheme level *scope 3* information, instead reference UK wide emissions. We will engage with Insight on provision of Scheme level data next year, given the difficulty in isolating *scope 3* data attributable to the Scheme from the UK’s carbon emissions.
6. The carbon footprint figures provided by PIC and Insight, are all non-EVIC measures. For Insight this is sensible given nature of holdings is largely government bonds. However, for PIC we will continue to engage on providing a comparable EVIC metric.
7. In line with previous year’s the Insight portfolio is assumed to have 100% portfolio alignment due to the majority of their portfolio being UK gilts and the UK government’s net zero ambitions.
8. The 2022 coverage figures provided by LGT were not split between reported and estimated, LGT have since updated their reporting to provide this more detailed breakdown which is reflected in the table above.
9. Hayfin provided a restatement of December 2024 values which are reflected in the table above.
10. Data coverage metrics shown reflect the overall data coverage as a split between reported and estimated is not available.