Associated British Foods | Pension Scheme

DB Section – Climate Change Report Summary – Highlights for Year to 5 April 2026

This summary sets out the actions we are taking and targets we are measuring to address climate change-related risks and opportunities within the Scheme's investments we manage. The analysis included covers all publicly traded assets – this represents approximately 71% of total DB Section assets.



Why do we produce a TCFD report?

The Task Force on Climate-related Financial Disclosures (or TCFD for short) was set up to encourage businesses and investors to report the financial risks and opportunities from climate change.

The UK government requires pension schemes like ours to disclose their climate change-related risks and opportunities, in line with TCFD recommendations.

Our climate change report outlines how we are managing these climate-related risks, and finding climate investment opportunities, on your behalf.
You can read our full report here: www.abfpensions.com/db/tcfd.

What is the Paris Agreement?

The Paris Agreement is a global deal where almost every country (covering over 98% of global greenhouse gas emissions) agreed to cut greenhouse gas emissions and support each other to limit global warming to well below 2°C, aiming for 1.5°C above pre-industrial levels.

How does climate change impact the Scheme's investments?

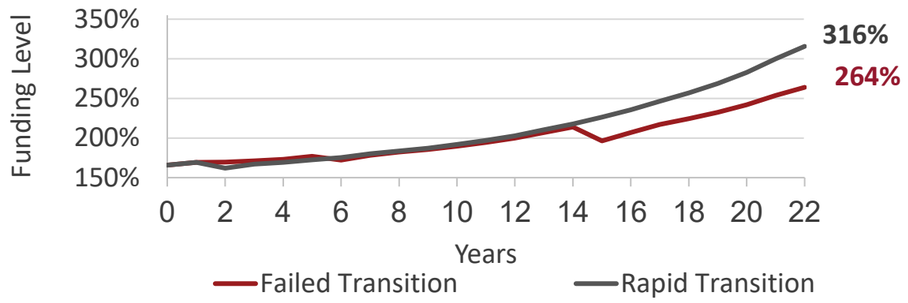
Climate change can affect companies' costs in different ways (e.g. extreme weather damage and disruption, demand shift from high-carbon products). If a company's costs rise or revenues fall, it may make less profit, which can reduce the value of investments and the returns investors receive.

If no action is taken, climate change could significantly impact the Scheme's funding level, due to a fall in investment returns. To demonstrate this, we show the effect of two global warming scenarios below, starting from the Scheme's funding level of 166% as at 30 September 2025:

Failed Transition: The world fails to transition to a low-carbon economy, resulting in a rise in global warming of 3.7°C* by 2100. This leads to increased damage and disruption caused by more extreme or changing weather (e.g. flooding, heatwaves, storms and droughts).

Rapid Transition: Governments and society take action to limit the rise in global warming to 1.6°C* by 2100.

**Above pre-industrial levels.*



Funding Level
How much money (i.e. assets) that the Scheme has to meet expected benefit payments in the future (i.e. liabilities). This is usually expressed as a percentage – a higher funding level means the Scheme is in a stronger position to pay pensions.

If action is taken to transition to align with the goals of the Paris Agreement, in 22 years time, the Scheme's projected funding level is 52% higher compared to a Failed Transition scenario.

Due to the **low-risk nature of the investment strategy**, the Scheme is projected to **remain well-funded** despite the negative impacts of climate change which become more significant in the longer term under the Failed Transition scenario.

Climate change can also impact life expectancy. **Without action**, climate change is likely to have a **negative impact on future life expectancy**.

The Trustee expects the **Scheme's sponsor** to **withstand short to medium term climate risks**. A Failed Transition could create longer-term challenges. The DB Section is well funded, so there is **low reliance** on the sponsor.

Our Beliefs

Climate change is a major long-term risk and opportunity we monitor

Engagement and voting can change corporate behaviour and improve returns

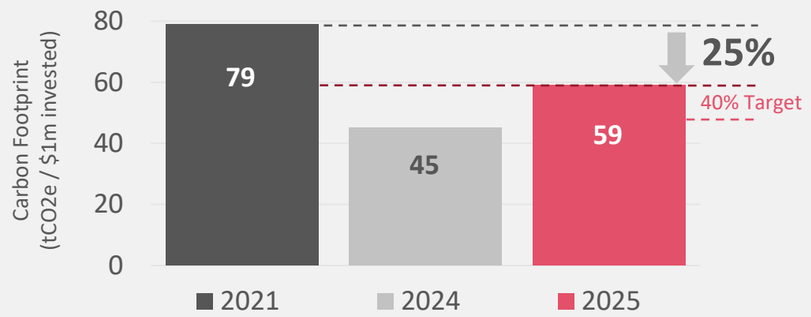
Environmental, social and governance issues matter because they can affect investment returns and risk

Active stewardship (engagement and voting) helps protect and grow company value for members

Our key engagement priorities are:
- **Climate change**
- **Human rights**
- **Executive remuneration**

Our Targets

We have a target to reduce Scope 1 and 2 emissions for the DB Equity Portfolio (company shares) by 40% or more by 30 September 2030, as measured by carbon footprint, relative to the position as at 30 September 2021.



The DB Equity Portfolio carbon footprint is **moving towards the Trustee's target**.

Over the year to 30 September 2025, **the carbon footprint has increased**. Although we reduced the Scheme's investment in company shares (i.e. equities) over the year, the shares we still hold produce more carbon emissions on average, which led to the overall increase in carbon footprint.

We also have a target to reduce Scope 1 and 2 emissions for the DB Public Credit (bonds) Portfolio by 50% or more by 30 September 2030, as measured by carbon footprint, relative to the position as at 30 September 2025.

*This target has been **rebased** to include three new bond funds that have been introduced over 2025. Progress will be monitored in future reports.*

For more details on the other metrics we measure and our progress, please see our full report: www.abfpensions.com/db/tcfd.

What does Carbon Footprint measure?

This measures the amount of greenhouse gas emissions produced by the companies your pension invests in, relative to the amount of money it earns from its business activities.

It is shown as tonnes of CO_2e per $1 million invested – the lower the number, the less carbon intensive.

What are the different types of emissions?

Scope 1 "direct" emissions: those from sources owned or controlled by a company.

Scope 2 "indirect" emissions: those caused by the generation of energy (e.g. electricity) purchased by a company.

Scope 3 "indirect" emissions: all the emissions associated, not with the company itself, but that occur in the value chain.

*Our target does **not** currently include Scope 3 emissions because there is limited reported data available. We will review this in future as data quality improves. Scope 3 emissions are included in our full report.*

What's next?

We will we continue to engage with our investment managers to ensure climate-related risks and opportunities are being monitored and managed.

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This is written to provide the key highlights from our climate change report. For more details, including assumptions, limitations and further explanations, please see our full report: www.abfpensions.com/db/tcfd. We note that this is just a snapshot in time and we expect there to be fluctuations in the numbers that are reported as data becomes more readily available and reliable.