# Your Pension, Our Planet

Taskforce on Climate-Related Financial Disclosures (TCFD) Statement

**Year ended 31 March 2026**



Vodafone Group
Pension Trustee Limited

Year ended 31 March

# 2026

Every year, the Trustee produces a formal statement which highlights how climate change might affect the Scheme and what is being done to manage those effects.

This statement is known as the Taskforce on Climate-Related Financial Disclosures (TCFD) Statement. It's structured around four pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

The money that will one day pay your pension is invested, and this statement covers the climate-related risks and opportunities that go along with that. For example, how is the Scheme doing against its targets for carbon emissions? What might happen to the Scheme's investments if global temperatures continue to rise? And what training is the Trustee Board undertaking in order to understand these issues?

**The first seven pages of this document provide a summary of the TCFD Statement. Read the full statement from page 8 onwards to find out more.**

## Governance

**The Trustee Board has overall responsibility for the management of climate- related risks and opportunities. To help the Trustee Board with this, certain areas are delegated to particular groups.**

**Trustee Board**
Overall responsibility, including setting objectives and formalising Climate Change Risk Management Policy

**Investment and Funding Committee**
Reviews and recommendations

**Vodafone In-House Pension Team**
Implementation of changes

**External advisers**
Advice and analysis

The Trustee reviewed its Climate Change Risk Management Policy (CCRMP) in May 2026. You can read the CCRMP at Appendix C of the full TCFD Statement. Additionally, the Trustee completed the following **areas of training** over the reporting year:

- **January 2026** | **Training on how tail-risk analysis, which looks at the impact of extreme but unlikely events, is incorporated into the Scheme's investment and risk management framework**
- **May 2026** | **Training on the approach to TCFD reporting, including recent DWP guidance, ahead of the preparation of this report**

# Strategy

**The Trustee considers engagement with investment managers to be the key tool in addressing climate risks and capitalising on opportunities.**

This entails **the following actions**:

### Meeting

The Trustee meets with investment managers throughout the year. **As part of Investment and Funding Committee meetings, the Trustee held additional discussions with Schroders Greencoat (September 2025), Insight (November 2025) and ICG (March 2026).**

### Delegation

The Trustee delegates engagement with the underlying companies in which the Scheme is invested to the Scheme's investment managers.

### Selection

The Trustee incorporates climate-related risks and opportunities into the manager selection process. **During the year under review, this applied to the selections in March 2026 of PIMCO and Insight to manage the Scheme's Absolute Return Bonds Diversified allocation, and Ellington to manage its Enhanced Structured Credit allocation.**

### Research and monitoring

The Scheme's investment consultant provides the Trustee with manager research and monitoring.

# Strategy

**The Trustee has looked at three different scenarios around the Paris Agreement's goal of keeping global temperatures less than two degrees warmer than pre-industrial levels.**

As last year, the Trustee used a new set of scenarios developed by the Network for Greening the Financial System (NGFS). These are widely accepted as the leading reference climate scenarios.

When looking at these scenarios, the Trustee must consider physical risks (the financial consequences of doing business in a warming world) and transition risks (the financial consequences of adapting to meet climate policies).

Here's what this analysis suggested would happen to the **Scheme's funding level** in each scenario:

| | | | |
|---|---|---|---|
| **Orderly transition**<br>Countries implement changes to reach the Paris Agreement's goal at a steady, predictable rate, giving a reasonable chance of limiting global warming to 2°C. | Moderate physical risk, moderate transition risk | Vodafone section<br>-0.8% | CWW section<br>-0.4% |
| **Disorderly transition**<br>Countries implement changes to reach the Paris Agreement's goal inconsistently, with unexpected policy announcements impacting companies' profitability. | Moderate physical risk, high transition risk | Vodafone section<br>-1.5% | CWW section<br>-0.8% |
| **Hot-house world**<br>Not reaching the Paris Agreement's goal, with global temperatures rising by more than 3°C. | Very high physical risk, low transition risk | Vodafone section<br>-2.0% | CWW section<br>-1.2% |

The figures for the Vodafone section and CWW section are different because each section's assets are held separately and invested slightly differently.

The main reason why reaching the Paris Agreement's goal could have a negative effect on the Scheme's funding position is that combating climate change is likely to improve living conditions and lead to increased longevity. This is good news in general, but more expensive for pension schemes like ours, which would potentially have to pay benefits for longer.

# Risk Management

**Climate risks are integrated with the Trustee's wider risk management framework.**

The Trustee has the following **safeguards** in place:

### Policies
The Trustee has a Statement of Investment Principles, an Implementation Statement and a Responsible Investment policy.

### Regulations
The Trustee complies with relevant regulations, including the publication of this statement.

### Monitoring
The Trustee meets with the Scheme's investment managers and monitors their activity with respect to climate risks.

### Investment manager selection
The Trustee assesses the climate credentials of the Scheme's investment managers when appointing them.

# Metrics and Targets

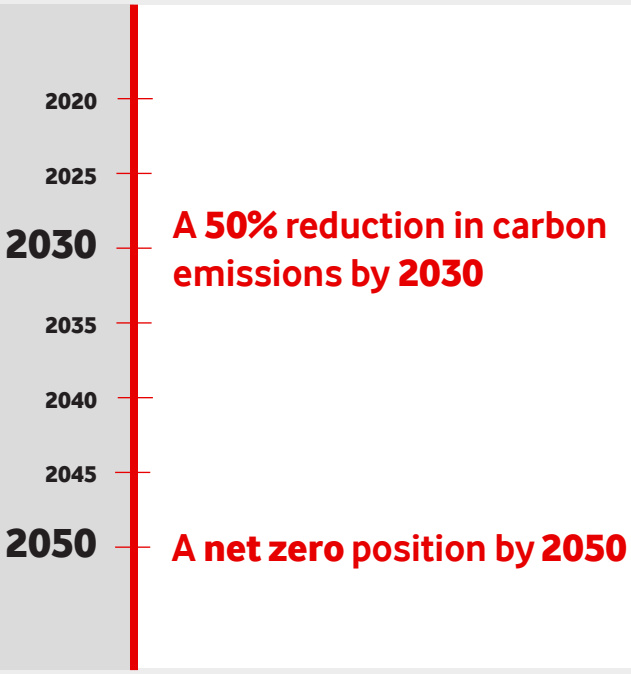
**The Trustee monitors four metrics and has two main goals for the Scheme:**

Here's how **the metrics** changed compared with last year's statement:

| | Vodafone section | CWW section |
|---|---|---|
| **Total greenhouse gas emissions**<br>Greenhouse gases are gases in the Earth's atmosphere that are capable of a bsorbing infrared radiation and thereby trap and hold heat in the atmosphere. The main greenhouse gases are carbon dioxide (CO2), methane, and nitrous oxide. | ↓ **Decreased** | ↑ **Increased** |
| **Carbon footprint**<br>Carbon footprint measures the Scheme's carbon emissions in relation to its assets – so it's possible for carbon footprint to go up even when total greenhouse emissions have gone down. | ↑ **Increased** | ↑ **Increased** |
| **Data Quality Score**<br>This metric monitors the reliability of companies' emissions data, ranging from grade 1 (accurate and independently verified) to grade 5 (based on estimates and industry averages). | ↑ **Improved** | ↑ **Improved** |
| **Science-based Target initiative alignment**<br>The Science-based Target initiative (SBTi) is a widely-used benchmark to ensure our targets are aligned with the latest climate science. | ↑ **Increased** | ↑ **Increased** |

# Metrics and Targets (cont.)

Here are **our targets for carbon emissions**, which are unchanged since our previous TCFD Statement:




## At the moment we're on track to achieve our targets.

The Trustee continues to support an orderly decarbonisation to net zero and believes it's in the best long-term interests of members. These targets were aligned to the ambitious goals of the Paris Agreement, and based on an assumption that globally the low-carbon transition would occur at a reasonable pace. While the world is currently behind the trajectory needed to achieve the Paris Agreement's goals, the Trustee is comfortable that its targets are appropriate in light of the Scheme's commitments and prevailing pensions industry practice.

The Trustee's main duty is to make sure the Scheme has enough money to pay members' benefits, and therefore it must invest accordingly. The Trustee will continue to monitor progress towards the Paris Agreement, and will adapt its position, potentially reviewing its own targets for carbon emissions, as required.

## Find out more

Read the full TCFD Statement below.

# Taskforce on Climate-Related Financial Disclosures (TCFD) Statement – Year Ended 31 March 2026

## Executive Summary

This report has been produced by Vodafone Group Pension Trustee Limited (the "Trustee"), as the Trustee of the Vodafone Group Pension Scheme ("VGPS" or the "Scheme"), and its advisers under the requirements of the Occupational Pension Schemes (Climate Change Governance and Reporting) regulations 2021. As part of these regulations, the Scheme is legally required to produce formal disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This report covers both Sections of the Scheme, the Vodafone Section and the Cable and Wireless Worldwide ("CWW") Section, over the period from 1st April 2025 to 31st March 2026. The Scheme is predominantly a Defined Benefit scheme, with a small Additional Voluntary Contribution arrangement.

As part of the actuarial valuation as at 31 March 2025, the Trustee and Company agreed to desegregate the Scheme, which took effect from 4 September 2026. As the analysis in this report reflects the position as at the reporting date, the Vodafone and CWW Sections continue to be presented separately in this report. Future reports will cover the Scheme as a whole.

This report covers the following four areas of the Climate Change Governance framework:

- **Governance**: the arrangements that have been put in place around climate-related risks and opportunities.
- **Strategy**: the actual and potential impacts of climate-related risks and opportunities on the strategy, covenant and financial plans of the Scheme.
- **Risk Management**: how the Scheme identifies, assesses, and manages climate-related risks.
- **Metrics and Targets**: the metrics and targets used to assess and manage climate-related risks and opportunities.

### Governance

The Trustee retains ultimate responsibility for the management of climate-related risks and opportunities. The Trustee has formalised a Climate Change Risk Management Policy ("CCRMP") to document the Trustee's approach to identifying, assessing, and managing risks specifically related to climate change. The CCRMP details the roles and responsibilities of the Trustee Board, Investment and Funding Committee ("IFC"), Vodafone In-House Pension Team ("VPT") and the Scheme's external advisers in assessing, managing, and monitoring climate-related risks and opportunities. The Policy is consistent with the Trustee's Statement of Investment Principles ("SIP") and Responsible Investment ("RI") Policy. The CCRMP is included as an appendix to this report (Appendix C).

### Strategy

The Trustee considers climate-related risks and opportunities across short-, medium- and long-term time periods relevant to the Scheme, separately for both Sections of the Scheme. These risks are primarily assessed via climate scenario analysis. In preparation for the Scheme's fourth TCFD statement, the Trustee has refreshed its climate scenario analysis on

both an asset and liability basis as at 31 March 2026. The full analysis (including mortality impacts) was last updated in 2023 and has therefore been refreshed in line with the requirement to update climate scenario analysis at least every three years.

In addition, the Scheme has completed its 2025 actuarial valuation, allowing the liability-side analysis to be updated using the latest valuation data. The liability scenario analysis has been provided based on a review conducted in July 2026, following the completion of the 2025 actuarial valuation and using the data provided for that valuation. The Trustee has also refreshed its covenant assessment as at 31 March 2026 to support the actuarial valuation, which includes an updated assessment of climate-related covenant risks. Further detail on this has been included in this report.

Due to differing methodologies, the mortality impact on the liabilities has been considered separately from the asset/liability scenario analysis, as the aggregate funding level impact would not provide an accurate or meaningful result.

The results of the asset/liability scenario analysis (excl. mortality) shows that the funding levels for both Sections are projected to fall under all scenarios, with the greatest deterioration observed under the “Hot House World” scenario. The mortality-related liability scenario analysis indicates that liabilities are projected to rise under both the “Rapid/Delayed Transition” and the “Limited Transition” scenarios, with a fall under the “Failed Transition” scenario for both Sections.

## Risk Management

The Trustee has integrated climate-related metrics into the Scheme’s wider risk management framework. The CCRMP documents the Trustee’s approach to identifying, assessing, and managing risks specifically related to climate change, including setting out a Statement of Trustee’s Climate-related Investment Principles.

As referred to in the Statement of Investment Principles (“SIP”), the Trustee engages with its investment managers on an ongoing basis to understand their approach to ESG integration and management of climate-related risks.

The IFC met with Schroders Greencoat in September 2025, Insight in November 2025 and ICG in March 2026. At each meeting, the relevant manager presented on its approach to ESG integration and stewardship, and the IFC discussed the manager’s activities in the context of the Scheme’s stewardship priorities of climate change, human rights and corporate governance.

The Trustee also engages with its investment adviser on an ongoing basis to understand and challenge its approach to ESG integration in the provision of investment advice.

## Metrics and Targets

The Trustee has set four metrics to monitor and report on:

1) Total greenhouse gas emissions of the Fund’s assets (“absolute emissions metric”)
2) Carbon footprint - i.e., total carbon dioxide emissions for the portfolio per million pounds invested (“intensity metric”),

3) The Partnership for Carbon Accounting Financials ("PCAF") Data Quality Score (i.e. "additional climate change metric")
4) Science-based Target initiative ("SBTi") portfolio alignment metric.

The Trustee acknowledges the limitations of the SBTi metric, particularly its reliance on voluntary corporate targets, which may reduce its usefulness over time without supportive policy action. Nonetheless, the Trustee considers the metric to remain appropriate for the purposes of this TCFD report. Further detail is provided in the "Metrics and Targets" section of this report. The Trustee's chosen metrics are reported as at the Scheme's year-end (31st March 2026) within this report.

The Trustee uses the results to identify the climate-related risks and opportunities which are relevant to the Scheme, considering the Vodafone and CWW Sections separately. These might include, for example, engaging with fund managers who have material carbon intensity levels, or with other industry participants, and exploring low-carbon alternative investment options.

With respect to targets, the Trustee has set a climate-related "net zero" target for both Sections of the Scheme. This targets a 50% reduction in total scope 1 & 2 carbon emissions (Metric 1) by 2030 from the starting position (31 March 2022), alongside an overall target of achieving net zero carbon emissions (scopes 1 and 2) from its investments by 2050.

Whilst the current targets remain suitable for current reporting, the Trustee recognises that the targets were originally set on the assumption that the low-carbon transition would occur at a reasonable pace, and the most ambitious goals of the Paris Agreement would remain achievable. Midway through this decade, it is apparent this is not coming to pass with the world currently far behind the trajectory needed to achieve these goals. Nevertheless, the Trustee remains comfortable that its carbon footprint target is appropriate for now, as it reflects the Scheme's broader commitment to supporting the transition in line with the goals of the Paris Agreement and remains consistent with stakeholder expectations and prevailing industry practice. The Trustee recognises that it is bound by its fiduciary duty and the prevailing policy environment. The Trustee also therefore recognises that these targets may need to be recalibrated in the short-to-medium-term.

The Trustee separates its scope 3 reporting from the net-zero target. Scope 3 emissions are still reported, but this will be done separately rather than being combined with scopes 1 and 2 emissions.

The following pages summarise the Trustee's current position compared to the recommendations set out by the TCFD as set out in the Occupational Pension Schemes (Climate Change Governance and Reporting) regulations 2021.

## Governance

The Trustee retains overall responsibility for oversight of climate-related risks and opportunities, setting strategy and objectives, but makes use of advisers to assist in carrying out these responsibilities. External advisers support the Trustee by advising on climate-related risks and opportunities, and by providing climate scenario and risk metric analysis.

The roles and responsibilities of the Trustee Board and external advisers are defined in the CCRMP in further detail (Appendix C). The Trustee drafted this Policy in 2023 with the support

of its investment adviser and formalised it in March 2023. The Policy is reviewed regularly (most recently by the Trustee in May 2026) to ensure that it continues to provide an accurate description of the governance and risk management approach in respect of climate-related matters for the Scheme.

The Trustee's Investment Beliefs outline that Environmental, Social and Governance (ESG) factors can have an impact on financial performance, and it is therefore part of the Trustee's fiduciary duty to incorporate these factors into investment decisions. The Trustee also plans to hold a session later in 2026 to review and further develop its Investment Beliefs. The Trustee believes that this helps to reduce investment risk, and in some cases enhances long-term investment returns. The Trustee sets aside time to discuss climate risk at Trustee Board meetings throughout the year, including holding at least (but not limited to) two additional training meetings per year, where time is made available to discuss any relevant ESG developments, including discussions on climate risk. The investment adviser also brings their views on climate-related risks and opportunities to the Trustee as it deems appropriate.

Where supported by external advisers, the Trustee has challenged its advisers on their experience and expertise in being able to support the Scheme in identifying and assessing any climate-related risks and opportunities relevant to their advice. For example, in the case of investment advice, the Trustee assesses the performance of its investment adviser on the integration of ESG (which includes climate-related risk and opportunities) on an annual basis.

The processes for identifying, assessing and managing climate-related risks are in line with the Scheme's wider CCRMP.

## Roles and responsibilities

The roles of the relevant parties within the Scheme's governance structure for climate change are summarised below:

### Role of the Trustee Board

The ultimate responsibility for identifying, assessing, and monitoring climate-related risks and opportunities sits with the Trustee. The role of the Trustee Board is the following:

- Setting the overall investment and funding strategy and objectives and governance framework, which includes the identification, assessment and management of climate-related risks and opportunities.
- Setting climate-related objectives
- Setting climate-related metrics and climate scenario analysis
- Determining appropriate climate-related objectives in the investment adviser's annual objectives.
- Selecting, monitoring, and reviewing the investment managers
- Monitoring and overseeing its advisers and consultants

### Role of the Investment and Funding Committee ("IFC")

- Reviewing proposed climate-related objectives
- Informing, monitoring, and reviewing the investment managers
- Refining materials and recommendations before they are presented to the Trustee Board

- Supporting the Board in considering climate-related risks and opportunities when setting the Scheme's funding and investment strategy

### Role of the Vodafone In-House Pension Team ("VPT")

- Assisting the Trustee Board and IFC in ensuring that appropriate time is allocated to assessing climate-related risks and opportunities
- Assisting in the implementation of any climate-related enhancements

### Role of the external advisers

- Advising on climate-related risks and opportunities
- Provision of climate scenario and climate risk metric analysis
- Climate-related considerations are included in the advisers' annual objectives

### Training received over the year

The Trustee completed the following areas of related training over the reporting year:

- **January 2026** – The Trustee received training on how tail-risk analysis is incorporated into the Scheme's investment and risk management framework, and the implications this has for the Scheme's long-term funding resilience. The session explored a range of low-probability, high-impact scenarios and the potential effects these could have on the Scheme's assets, liabilities and funding position. This included consideration of climate-related dislocation risks and the potential mitigations available to reduce the impact of such events.
- **May 2026** – The Trustee received training which recapped its current approach to TCFD reporting and set out the proposed approach for the 2026 assessment. This included a review of the Scheme's climate-related metrics and targets, with the Trustee concluding that the existing measures remained appropriate and should be retained. The session also covered Department for Work and Pensions guidance regarding the frequency of climate scenario analysis, evolving market practice, and the appropriateness of the Scheme's climate-related targets. Given that almost three years had elapsed since the previous liability-side climate scenario analysis was undertaken and following completion of the 2025 actuarial valuation, the Trustee agreed that the full asset-side and liability-side (including mortality impacts) climate scenario analysis should be refreshed for inclusion in this year's report.

## Strategy

The Trustee recognises that it has a fiduciary duty to exercise its powers for a proper purpose which, in relation to pension scheme investment, means acting in the best financial interest of members. The Trustee's long-term financial objective is to remain fully funded on the self-sufficiency basis for the CWW Section and be fully funded on that basis by 31 December 2030 for the Vodafone Section. A central part of the strategy to achieve these objectives involves assessing risk and putting in place appropriate mitigation. The Trustee believes that climate change is one major systemic investment risk that needs to be addressed. At the same time, the Trustee recognises that solutions to mitigate the climate crisis could in themselves represent investment opportunities.

The Trustee notes that the primary responsibility is to act in the best financial interest of the members of the Scheme. The Trustee's Responsible Investment policy therefore highlights that Environmental, Social and Governance (ESG) factors can have an impact on financial performance, and it is therefore part of Trustee's fiduciary duty to incorporate these factors into investment decisions. The Trustee believes that this helps to reduce investment risk, and in some cases enhances long-term investment returns. As such, the Trustee requires its appointed fund managers to be cognisant of climate-related risks and opportunities within their investment processes as applied to the assets of the Scheme. The Trustee sets a general investment policy but delegates the responsibility for selection of specific investments to appointed investment managers. The Trustee aims to select managers that provide the skill and expertise necessary to manage the investments of the Scheme competently. The selection process includes consideration of the Manager's RI practices and consideration of ESG factors, including climate change.

The Trustee therefore considers engagement with the investment managers as the key tool which it can utilise to direct this approach and aspires to continue increasing the level of engagement with its fund managers to ensure that adequate steps are being taken in this respect. The Trustee therefore meets with its managers throughout the year to discuss this as well as requesting updates on actions following those discussions. The Trustee also held discussions with Schroders Greencoat, Insight and ICG, during their presentations at the September 2025, November 2025 and March 2026 IFC meetings, respectively. The Trustee believes such engagement will protect and enhance the long-term value of its investments and incentivise the investment managers to take a long-term view of the performance of its investments. Active engagement with underlying companies in which the Scheme is invested, specifically relating to climate-related risks and opportunities, is delegated to the Scheme's investment managers. The Trustee also relies on the manager research and manager monitoring capabilities of its investment adviser to effectively assess climate-related risks and opportunities.

In addition, the Trustee considers climate-related risks and opportunities and their potential implications on the Scheme's investment and funding strategy over the short-term, medium-term, and long-term. Throughout the investment process - from strategic asset allocation to manager selection and portfolio monitoring - the Trustee considers how these factors can be assessed and managed throughout.

In March 2026, the Trustee completed a review of the Scheme's liquid credit portfolio and considered a range of alternative liquid credit strategies, including Absolute Return Bonds Diversified ("ARB Diversified") and Enhanced Structured Credit. Following a manager selection

process, the Trustee selected PIMCO's GIS Low Duration Opportunities Fund, and Insight's Bonds Plus Fund for the ARB Diversified allocation, alongside Ellington's Structured Credit Income Fund for the Enhanced Structured Credit allocation. The funds were selected from a range of managers which are "Preferred"-rated by the Trustee's investment adviser. As part of the investment adviser's manager research process, managers' ESG integration capabilities and stewardship approach were considered alongside a range of other investment and operational factors. PIMCO's strategy incorporates full ESG integration, supported by active issuer engagement, while Insight integrates proprietary ESG data alongside traditional financial analysis within its investment process. Where material, ESG and climate-related considerations are reflected in investment decisions and ongoing credit analysis.

The Trustee is conscious that the source of climate-related risks is likely to be varied. The Trustee has identified two specific risks which could impact the Scheme's investment and funding strategy: transition risk, and physical risk, which are described below. It is important to note that these are not the only risks that Scheme will face and there are many others that are either unknown, or not yet considered in climate analysis due to the difficulty in quantifying the risk.

- **Transition Risk:** Transition risk refers to the potential price impact on the Scheme's assets as a result of policy actions taken to encourage economies to decarbonise, with risks being different depending on the shape of the pathway towards a low-carbon global economy. Policy actions are expected to affect asset values through channels such as carbon prices, and the greater adoption of renewable energy, for example. Portfolios that continue to have high exposures to carbon-intensive businesses may be exposed to higher levels of transition risk. The transition to a low-carbon economy is also expected to produce opportunities for investing in businesses that are poised to benefit from the transition, such as producers of renewable energy. The Trustee accesses some of these opportunities through the Scheme's investments.

- **Physical Risk:** Physical risk refers to the potential price impact on the Scheme's assets as a result of changes in weather patterns and extreme weather scenarios, as well as from other physical effects of climate change such as rising sea levels. These include floods, hurricanes and droughts, or chronic effects, such as sustained increases in temperatures, air humidity and ocean acidity. These risks can affect the value of physical assets – in particular, property and infrastructure located in certain geographies such as coastal areas. An example of the knock-on effects of these risks is lower economic growth due to damage done to infrastructure as a result of increased natural disasters, for instance tsunamis and earthquakes. This could then lead to higher price inflation, as well as other macroeconomic tensions.

In line with the requirements of the regulations to consider climate-related risks and opportunities over different time horizons, the Trustee considers climate-related risks and opportunities and its potential implications for the Scheme's investment and funding strategy over the short-, medium-, and long-term. For example:

- Short-term risks and opportunities may include stock price movements resulting from increased regulation directed at addressing climate change (i.e. mostly transition risk).
- Over the medium term, it is expected that there will be changes in consumer spending habits following changes in technology, such as the uptake in electric vehicles or a reduction in overseas travel (i.e. some transition and some physical risk)
- Longer-term risks may include physical damage to real assets as a result of rising sea levels for coastal property or infrastructure assets; there may be opportunities for outperformance for organisations that put in place strategies to mitigate these potential risks well in advance of them materialising (i.e. mostly physical risk).

The table below sets out the time horizons chosen by the Trustee.

| Time Horizon | Years | Rationale |
|---|---|---|
| Short Term | 3 years | Set to align with the Scheme's rolling 3-year actuarial valuation process.<br>This short-term focus allows the Trustee to consider the transition risks that the Scheme is exposed to. |
| Medium Term | 5 years | Typically set to align with the Scheme's primary or long-term funding targets.<br>This medium-term scenario allows the Trustee to assess the risks over the period that the Scheme's assets are more invested in return seeking assets and therefore the period where the investment strategy may be more susceptible to adverse scenarios. |
| Long Term | 10 years | This time horizon is set to reflect the long-term period consistent with a reasonable timeframe to buyout. |

In preparation for the Scheme's fourth TCFD statement, the Trustee has carried out scenario analysis on both an asset and liability basis as at 31 March 2026, aligning with the Scheme year-end, the completion of the 2025 actuarial valuation, and in accordance with guidance that such analysis is required to be refreshed at least every three years.

The liability scenario analysis has been provided in a review conducted in July 2026, following the completion of the 2025 actuarial valuation and based on the data provided for the 2025 valuation.

The Trustee has also refreshed its covenant assessment as at 31 March 2026 to support the actuarial valuation, which includes an updated assessment of climate-related covenant risks.

Based on the asset/liability scenario analysis (including mortality) as at 31 March 2026, and taking into account the Scheme's diversified investment strategy, high levels of liability hedging, and strong covenant, the Trustee considers the overall funding strategy to be resilient to a range of climate-related outcomes.

Further detail on the asset/liability scenario analysis (excluding mortality) completed as at 31 March 2026 and the mortality impact on liabilities as at 31 March 2026 has been included below.

### Climate scenario analysis

As part of considering climate-related risks and opportunities and their potential implications for both Section's investment and funding strategy, the Trustee, supported by its advisers, performs scenario analysis on the funding positions of both Sections.

Scenario analysis is a useful tool for exploring potential climate-related impacts, but it has several limitations. The models rely on numerous assumptions and projections, which introduce significant uncertainty. Current modelling frameworks often underestimate the economic risks of climate change, largely because the economic models used do not fully reflect the threats posed to society and the planet. Mainstream scenarios typically capture only a limited range of risks and often exclude severe impacts such as climate tipping points or societal consequences such as involuntary mass migration. These scenarios are simplified representations, and regardless of their sophistication, actual future outcomes will differ, particularly over longer time horizons. Therefore, scenario analysis should be viewed as an estimation that illustrates potential impacts on a fund's assets, rather than a precise prediction.

For the analysis conducted as at 31 March 2026, the Trustee incorporated the Scheme's assets, liabilities and covenant. This approach helps to ensure that climate-related factors are incorporated throughout the Trustee's funding and risk management process – from strategic asset allocation to manager selection and portfolio monitoring, as well as considering potential risks to the covenant of the Scheme.

The results of climate scenario analysis in regards to the funding level (excluding mortality), the impact of mortality on liabilities, and covenant are disclosed below. The funding level (excluding mortality) analysis is performed by the Scheme's investment adviser, the impact of mortality on liabilities analysis by the Scheme Actuary and the covenant analysis by the Scheme's covenant adviser. The results have been presented separately as the asset analysis and mortality-related liability analysis assess different aspects of climate risk and have been performed using different climate scenarios, methodologies and assumptions. Accordingly, the results are not directly comparable and are not intended to be combined to derive an overall funding-level outcome.

The Trustee assesses the impact of the identified climate-related risks and opportunities on the Scheme's investment strategy and funding strategy on an annual basis, or more frequently, as required. In order to assess the impact on the Scheme's assets, the Trustee has refreshed triennial scenario analysis consistent with climate scenarios developed by the NGFS ("the NGFS stress test scenarios"). The NGFS stress test scenarios have been produced by building on the transition and physical risk impact data released in the Intergovernmental Panel on Climate Change's ("IPCC") special report on 1.5°C warming. They are widely accepted as the leading reference climate scenarios. The NGFS has defined parameters based on a number of climate scenarios, which cover the broad spectrum of transition and physical risks that investors face. The stresses currently used are designed to demonstrate the impact on the value of the Scheme's funding level (excluding mortality) under three scenarios. The three scenarios modelled are defined in terms of the pace and

extent of the world's response to climate risks, considering a 2°C outcome. The scenarios are summarised below:

- Scenario A (2°C Orderly Transition): This represents a situation where countries implement continual incremental changes. These gradual increases in the stringency of climate policies give a reasonable chance (67%) of limiting global warming to 2°C. In this scenario, physical and transition risk is moderate.

- Scenario B (2°C Disorderly Transition): This represents a situation where rapid and unexpected policy changes impact many companies' profitability. This assumes annual emissions do not decrease until 2030 and a strong policy response is needed to limit warming to below 2°C. In this scenario, there is moderate physical risk and high transition risk.

- Scenario C (Hot House World): This represents a tail risk global warming scenario; in particular what happens if a tipping point of 3°C+ is reached, and warming is worse than predicted. In this scenario, there is low transition risk and very high physical risk.

The analysis of the impact of climate change on mortality and the Scheme's liabilities considers three scenarios based on the IPCC climate scenario framework: Rapid/Delayed Transition, Limited Transition and Failed Transition. These scenarios reflect different assumptions regarding future socioeconomic development, global climate action and the resulting physical impacts of climate change.

The analysis was undertaken by the Scheme Actuary and is summarised below, with the full results presented in Appendix A. It uses different climate scenarios, methodologies and assumptions from the funding-level analysis excluding mortality impacts and should therefore be considered separately.

The results of the scenarios provide the Trustee with an overview of how resilient the investment strategy is with regards to various climate change outcomes. The Trustee is aware this does not allow for changes within the strategy that are expected over that time, for example de-risking activities. The results are summarised below

## Vodafone Section:

| Funding level stress | Scenario A: Orderly Transition (2°C) | Scenario B: Disorderly Transition (2°C) | Scenario C: Hot House World |
|---|---|---|---|
| **Assets** | -2.7% | -6.8% | -4.0% |
| **Liabilities (ex. Mortality)*** | -1.9% | -5.4% | -2.0% |
| **Funding level impact *(ex. mortality)**** | -0.8% | -1.5% | -2.0% |

* Funding level impact (ex. mortality) includes interest rate and inflation stresses on liabilities, and corresponding impact on hedge

| | Scenario A: Rapid/Delayed Transition | Scenario B: Limited Transition | Scenario C: Failed Transition |
|---|---|---|---|
| **Impact of Mortality on Liabilities** | +3.4% | +0.9% | -2.7% |

## CWW Section:

| Funding level stress | Scenario A: Orderly Transition (2°C) | Scenario B: Disorderly Transition (2°C) | Scenario C: Hot House World |
|---|---|---|---|
| **Assets** | -2.0% | -5.1% | -2.9% |
| **Liabilities** ***(ex. mortality)**** | -1.6% | -4.3% | -1.6% |
| **Funding level impact** ***(ex. mortality)**** | -0.4% | -0.8% | -1.2% |

* Funding level impact (ex. mortality) includes interest rate and inflation stresses on liabilities, and corresponding impact on hedge

| | Scenario A: Rapid/Delayed Transition | Scenario B: Limited Transition | Scenario C: Failed Transition |
|---|---|---|---|
| **Impact of Mortality on Liabilities** | +2.8% | +0.9% | -1.9% |

The mortality impact analysis of the liabilities, has been undertaken separately by the Scheme Actuary using different climate scenarios, methodologies and assumptions. As a result, the mortality analysis has not been combined with the asset and liability stress testing presented in this section and should be considered separately. The funding level impacts presented in this section therefore reflect only the asset and liability stresses excluding mortality-related impacts.

For the Vodafone Section, the largest adverse asset impact is observed under the Disorderly Transition scenario. This primarily reflects the Section's credit-heavy asset allocation, including notable exposure to sub-investment grade credit, alongside its exposure to equities. These assets are particularly sensitive to abrupt policy changes, regulatory changes, widening credit spreads and shifts in investor sentiment and valuations. However,

after allowing for the impact on both assets and liabilities, the largest adverse funding-level impact is observed under the Hot House World scenario.

The CWW Section exhibits a similar overall profile, with the largest adverse asset impact arising under the Disorderly Transition scenario and the largest adverse funding-level (excl mortality) impact under the Hot House World scenario. However, the impacts are less pronounced than for the Vodafone Section, reflecting CWW's more de-risked investment strategy and greater exposure to higher-quality assets.

Under the liability stresses, which consider the impact of climate change on mortality, there is more immediate funding risk under climate-positive scenarios, reflecting the potential for improvements in shorter-term mortality among current pensioners. Climate-related longevity uncertainty is greater for younger generations and, under the climate-negative Failed Transition scenario, the Scheme's liabilities are projected to fall. Key drivers of the differences in life expectancy between the scenarios include GDP growth and healthcare provision, as well as the effects of rising temperatures.

The results suggest that both Sections are similarly sensitive to climate-related longevity improvements. However, the CWW Section's more de-risked position and older member profile slightly dampen the overall impact. Further details on this analysis is provided in Appendix A.

Whilst recognising that current emission trajectories suggest the Paris Agreement goals may not be achieved, the Trustee seeks to manage both physical and transition risks by investing in manner broadly aligned with the Agreement's most ambitious objectives: limit global warming to well below 2°C above pre-industrial levels and pursue efforts to reach 1.5°C. Further detail of the scenario analysis is set out in Appendix A.

As part of the scenario analysis on the full funding strategy, the Trustee engaged with the covenant adviser, XPS, to consider the sponsoring employer's exposure to climate risks, and thus the possible effect on the covenant strength. Overall, XPS concluded that, given the uncertainties surrounding climate change and its potential impact on Vodafone, it would be prudent for the Trustee to seek to reduce its reliance on the covenant over time. This is consistent with the Trustee's current strategy to target full funding on a self-sufficiency basis by 2035. The Trustee recognises that the potential impact on the covenant of the effects of climate change may influence the near-term or longer-term funding strategy decisions made in relation to the Scheme. Further information on this is included in Appendix A.

The Trustee will consider the results of all aspects of the scenario analysis in future decision-making.

## Risk Management

As set out in the “Strategy” section, the Scheme is exposed to climate-related risks in the form of transition and physical risk. The Trustee considers the impact of these climate-related risks on all of the assets in which it invests by conducting and reviewing the results of climate-related stress tests on a triennial basis.

The Trustee also monitors relevant climate metrics as set out under the Department for Work and Pensions’ (“DWP’s”) adoption of the recommendations of the TCFD (and as further discussed under section 4, “Metrics and Targets”). This allows the Trustee to better identify and manage the climate-related risks which are relevant to the Scheme on an annual basis. The Trustee integrates climate-related risks into the Scheme’s overarching risk management framework by embedding carbon targets within the risk register, enabling monitoring of progress against these targets.

For all appointed fund managers, evaluation of ESG risk management, which includes climate-related risks, is an explicit part of both the selection process and continued due diligence or monitoring that the Trustee undertakes. The Trustee also relies on the manager research capabilities of its investment adviser in order to effectively assess climate-related risks and opportunities.

The Trustee has formalised a Responsible Investment policy to define its voting and engagement policy, including its delegation and approach to collaborative engagement, and its assessment framework for monitoring the Scheme’s investment managers and taking appropriate action.

In line with the Trustee’s commitment to integrating ESG issues into stewardship practices, the Trustee will act in accordance with the Responsible Investment policy and, where relevant, expects its asset managers to actively engage with companies to better manage climate change associated risks.

The Trustee believes that engagement is an effective way of implementing positive change and is an important part of protecting value for VGPS Members – The Trustee believes that when companies are governed properly, they are more likely to be sustainable in the long-term.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The fund managers exercise this discretion in accordance with its own corporate governance policies and current best practice, including the UK Stewardship Code. Where relevant, the Trustee expects its managers to use voting rights to reflect the principles set out in both the Scheme’s Statement of Investment Principles and Responsible Investment Policy.

The Trustee encourages its managers to engage with investee companies and promote adherence to best practice in corporate governance. The Trustee utilises the UN Sustainable Development Goals (“UN SDGs”) as a high-level framework for its approach to investing responsibly from an effective stewardship and engagement point of view. The Trustee has considered which of the SDGs, if not achieved, would have the biggest financial impact on risks and returns as a way of focusing its RI strategy. These priority themes, as described in the Trustee’s Responsible Investment Policy, are climate change, human rights and corporate governance.

In line with the above, the Trustee started assessing the stewardship activities of its investment managers on an annual basis. In November 2025, the Trustee continued its engagement with the Scheme's largest manager, Insight, focusing on stewardship themes of climate change, human rights, and corporate governance. This built on previous dialogue and aimed to assess progress and maintain accountability. Insight provided updates at the IFC meeting, confirming that engagement objectives are tracked and escalated where necessary. Their "Prime" ESG framework remains central to assessing human rights risks, including supply chain and safety issues. They also proposed exclusion criteria for issuers involved in severe controversies. The Trustee continues to monitor Insight's progress.

In addition, the Trustee requires the Scheme's external advisers (namely the investment adviser, the actuary and the covenant adviser) to advise on climate-related risks and opportunities, including, but not limited to, providing relevant training, information concerning market developments and integrating climate-related considerations in setting the Scheme's investment strategy. The responsibilities of the investment advisers were set out in more detail in Section 1: Governance.

Although the Trustee is ultimately responsible for making decisions on strategic matters including investment and funding strategy and investment manager selection, it relies on its advisers and consultants for advice on such matters. The Trustee currently has in place objectives for assessing the performance of its investment adviser, of which ESG (and climate) form part of. The Trustee is committed to expanding this assessment across all advisers and ensuring ability to advise on climate-related matters is considered when appointing and assessing its advisers in future.

# Metrics & Targets

## Metrics

The Department for Work and Pensions ("DWP") guidance for pension schemes submitting TCFD reporting suggests that the following metrics are chosen: an absolute emissions metric (total greenhouse gas emissions), a carbon intensity metric (carbon footprint), an additional non-emissions based metric, and a portfolio alignment metric.

The Trustee has chosen the following metrics:

| DWP suggested metric | Metric selected | Rationale |
|---|---|---|
| Absolute emissions | Total greenhouse gas emissions[1] | This is the absolute emissions metric recommended by the DWP. |
| Emissions intensity | Carbon Footprint[2] | This is the emissions intensity metric recommended by the DWP. |
| Additional metric | The Partnership for Carbon Accounting Financials ("PCAF") Data Quality Score[3] | This metric has been chosen on the basis that it monitors the reliability of companies' emissions data, scoring them one to five – with one representing the highest quality of independently verified emissions data. |
| Portfolio Alignment | Science-based target initiative ("SBTi") Score[4] | This metric examines whether a voluntarily disclosed company decarbonisation target is aligned with a relevant science-based pathway. There is evidence that companies that have set science-based targets are delivering emissions reductions in line with their ambitions, making this a key metric to monitor to drive positive change. |

The Trustee is provided with climate reporting and interpretation on the above metrics on an annual basis by its investment adviser (Gallagher). The metrics will additionally be considered when the Trustee is reviewing the investment strategy and they will be reported on an annual basis in the TCFD reports. The Trustee reviews its selection of metrics on an annual basis to ensure they remain appropriate for the Scheme.

[1] Measurement of the CO2e emissions of a fund per million pounds of enterprise value including cash ("EVIC") using Scope 1, Scope 2 and Scope 3 emissions. Given a company's direct Scope 1 emissions will inevitably be another company's indirect Scope 3 emissions, aggregating the individual Scope emissions results in a higher number of emissions than exists. Presently there is no universally agreed upon methodology for mitigating double counting at fund level, and therefore Scope 1 & 2 emissions are reportedly separately from Scope 3 emissions. This metric may be used to assess a fund's contribution to global warming versus other funds.
[2] Measurement of the Total greenhouse gas emissions, per million pounds of EVIC (tCO2e / £m invested)
[3] The scoring system ranges from one to five, with one representing the highest data quality, which involves independently verified emissions data, and five indicating the lowest quality, characterised by estimated emissions data derived from industry averages.
[4] SBTi examines whether a company's voluntarily disclosed decarbonisation target is aligned with a relevant science-based pathway. The scores are binary with a "yes" or "no" assessment.

## 1. Total Emissions

The Trustee monitors the total greenhouse gas emissions of the Scheme's assets. 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: carbon dioxide ("CO2"), methane, and nitrous oxide.

There are three scopes of carbon emissions:

- **Scope 1** emissions are direct emissions from an entity's owned or operationally controlled sources;
- **Scope 2** emissions are those from the use of electricity purchased by an entity; and
- **Scope 3** emissions are indirect emissions from the use of company's products, or any other emissions across its supply chain.

For a pension scheme, Scope 1 emissions include the use of gas fuel and refrigerants in the office, whilst Scope 2 emissions include the use of electricity in the office buildings. The primary emissions a pension scheme therefore relate to its Scope 3 emissions, i.e., the emissions of the assets which are held by the Scheme. The Trustee monitors the Scope 1,2 & 3 emissions of the investments held by the Scheme and does not report on its own Scope 1 & 2 emissions.

The Trustee notes that Scope 3 emission data is complex and that reporting in this area is still evolving. This means measuring Scope 3 emissions is currently less reliable than the other Scopes; it relies on several assumptions and emissions are largely estimated rather than being reported specifically. As a result, the Trustee reports Scope 3 emissions separately to Scope 1 and Scope 2 emissions. Note that cash assets are excluded from the analysis due to carbon accounting methodologies not being sufficiently developed in these areas.

In line with DWP Guidance, the Trustee has reported the emissions attributed to sovereign holdings (i.e. the emissions from the Scheme's LDI holdings).

For Sovereign Bonds (i.e., the bonds issued by the governments of countries), distinct categories are used compared to corporate emissions:

- Production emissions: the emissions of everything produced in a country; this is broadly equivalent to Scope 1 emissions.

- Import emissions: the emissions of what a country imports from other countries; this is equivalent to Scope 2 & 3 emissions. In practice, for large economies, Scope 2 emissions are trivial in comparison to the other Scopes.

Further detail on methodology is set out in Appendix B.

## 2. Emissions Intensity

The Trustee monitors carbon footprint as its emissions intensity metric. Carbon footprint measures the carbon efficiency of a portfolio in terms of emissions per million pounds invested. It normalises the total financed emissions for the value of the portfolio. In other words, as it shows the emissions per millions of pounds invested, the metric is comparable between investments of different sizes.

At a portfolio level, the emissions intensity measures are calculated as the average of the emissions intensity of the underlying holdings, weighted by the value of each holding. A portfolio with a high emissions intensity will have a steeper route towards decarbonisation than a less intensive one. Hence, measuring the emissions intensity across the Scheme is useful in order to gauge how difficult (or easy) it will be to progressively decarbonise its portfolios.

Differences in portfolio emissions intensities are driven by differences in sector and company exposure. Portfolios with higher exposures to high-carbon sectors such as utilities, non-energy materials, energy and industrials tend to exhibit higher emissions intensities.

### 3. Additional Climate Change

The Trustee monitors the PCAF Data Quality score as its “non-emissions” based metric.

The Trustee reports a breakdown of PCAF data quality across five grades. The PCAF data quality score monitors the reliability of emissions data with a scoring system which ranges from 1 to 5, with 1 representing the highest data quality, which involves independently verified emissions data, and 5 indicating the lowest quality, characterised by estimated emissions data derived from industry averages. Where data is unavailable for funds or underlying holdings, these have been estimated using asset class proxies and they have been assigned a data quality score of 5. A full breakdown of the scores is included below:

| PCAF Score | Data Source Description | Data Reliability |
|---|---|---|
| **1** | Reported emissions verified by a third-party auditor, based on the GHG Protocol. | Very High |
| **2** | Unverified reported emissions or estimates based on the company's energy consumption, in line with the GHG Protocol. | High |
| **3** | Estimated emissions based on company production data. | Moderate |
| **4** | Estimated emissions based on economic data (e.g. revenue, company value, amount invested). | Low |
| **5** | Estimated emissions based on sectoral economic data (e.g. sectoral revenues, asset turnover). | Very Low |

### 4. Portfolio Alignment

The Trustee has adopted the Science Based Targets initiative as the Scheme’s portfolio alignment metric, which captures a company or issuer’s progress against a self-developed decarbonisation target using science-based methodology. The target can be aimed at one or all of; the short term, long term or Net Zero, with each company being scored with a binary yes or no assessment on the following target categorisations:

- SBTi Approved 1.5°C,
- SBTi Approved Well Below 2°C, or
- SBTi Approved 2°C

Each of the categorisations all denote the implied global temperature increases that coincide with the decarbonisation target. The “SBTi Approved 2°C” categorisation will be gradually phased out in line with the initiative’s raised ambition to 1.5°C. In the immediate term, the Trustee will continue to report under the “SBTi Approved 2°C” categorisation to capture companies currently on a 2°C path until it increases its target ambition to 1.5°C in the next few years.

### Target

The Trustee has formally set a climate-related “net zero” target for both Sections of the Scheme. This targets a 50% reduction in total Scope 1 & 2 carbon emissions (Metric 1) by 2030 from the starting position (31 March 2022), alongside an overall target of achieving net zero carbon emissions (Scopes 1 and 2) from its investments by 2050. The Trustee decided to separate out (but still monitor) Scope 3 emissions from the net-zero target due to the evolving nature of reporting in terms of Scope 3 emissions, as outlined above in this section. The Trustee’s ultimate target is in line with the United Nations Framework Convention on Climate Change (UNFCCC).

As noted previously, these targets were originally set on the assumption that the low-carbon transition would occur at a reasonable pace, and the most ambitious goals of the Paris Agreement would remain achievable. Midway through this decade, it is apparent this is not coming to pass. The Trustee remains very supportive of rapid decarbonisation to net zero, believing this is in the best long-term interests of members. Nevertheless, given the Trustee is bound by its fiduciary duty and the prevailing policy environment, these targets may need to be recalibrated in the short term, alongside a more thorough assessment of portfolio resilience to a scenario where global temperatures continue to rise and the transition fails.

### Metrics

The results of the analysis as at 31 March 2026 using each Section’s asset allocation at the time are shown below. The Scheme’s buy-in insurance policy assets and cash assets are excluded from the analysis due to carbon accounting methodologies not being sufficiently developed in these areas. More detail on asset coverage is provided in the Appendix.

## Vodafone Section:

| Year | Absolute Carbon Emissions (tCO2e) [1] | | Carbon Footprint (tCO2e/EVIC £m) [1] | |
|---|---|---|---|---|
| | Scopes 1 & 2 | Scope 3 | Scopes 1 & 2 | Scope 3 |
| **March 2025** | 63,573 | 595,908 | 55.2 | 517.1 |
| **March 2026** | 61,528 | 550,023 | 61.9 | 553.1 |

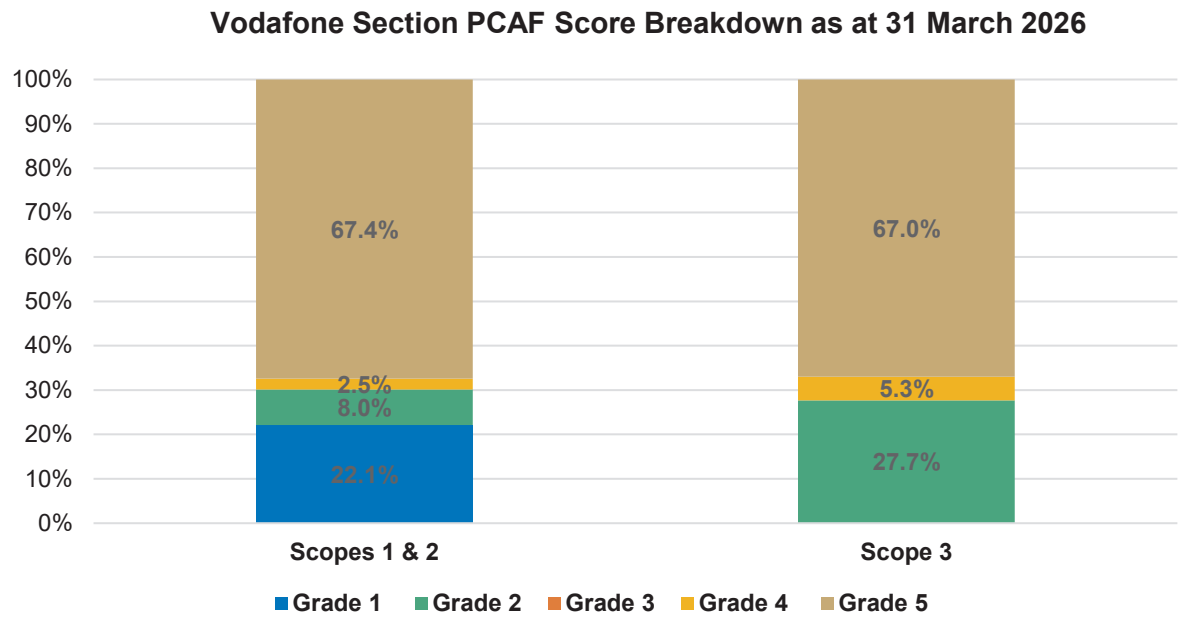
*[1]Assets only basis, excluding buy-ins, LDI and cash (i.e. return-seeking assets only), including gross notional exposure of the synthetic equity position*

| Year | Absolute Sovereign Carbon Emissions (tCO2e) [1] | | Sovereign Carbon Footprint (tCO2e / PPP-adjusted GDP £m) [1] | |
|---|---|---|---|---|
| | Scope 1 | Scopes 2 & 3 | Scope 1 | Scopes 2 & 3 |
| **March 2025** | 122,333 | 86,077 | 127.9 | 90.0 |
| **March 2026** | 129,074 | 99,496 | 120.1 | 92.6 |

*[1] Assets only basis, including the Scheme's LDI holdings only*

| Year | Science Based Targets Initiative Rating |
|---|---|
| **March 2025** | 8.3% |
| **March 2026** | 11.9% |

## PCAF Score Breakdown as at 31 March 2026




## CWW Section:

| Year | Absolute Carbon Emissions (tCO2e) [1] | | Carbon Footprint (tCO2e/EVIC £m) [1] | |
|---|---|---|---|---|
| | Scopes 1 & 2 | Scope 3 | Scopes 1 & 2 | Scope 3 |
| **March 2025** | 33,019 | 311,166 | 48.9 | 460.7 |
| **March 2026** | 41,730 | 359,488 | 62.7 | 540.0 |

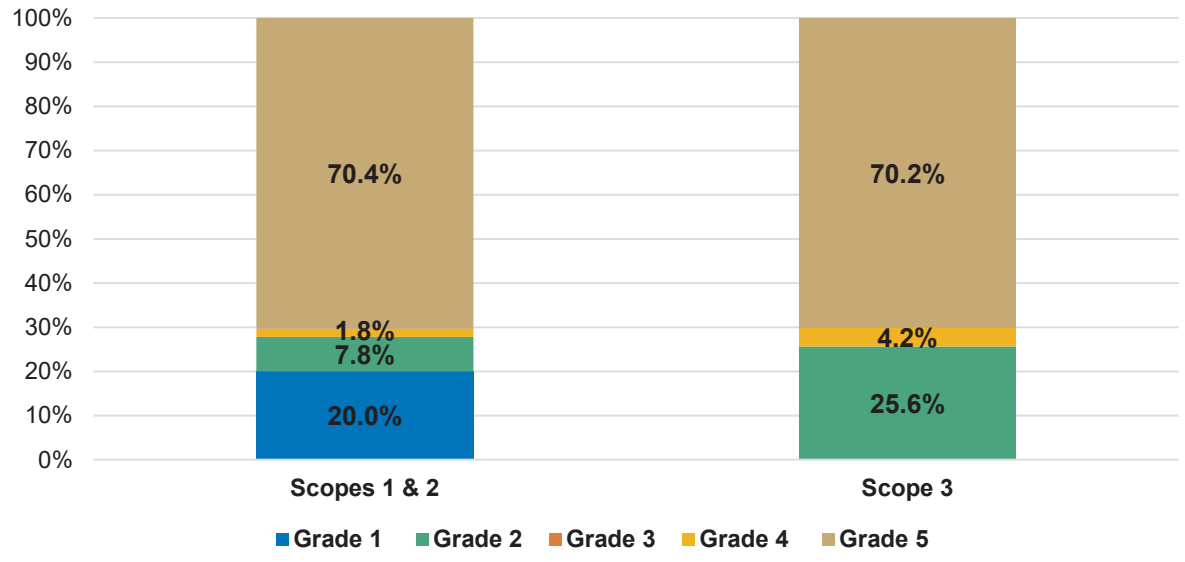
*[1]Assets only basis, excluding buy-ins, LDI and cash (i.e. return-seeking assets only), including gross notional exposure of the synthetic equity position*

| Year | Absolute Sovereign Carbon Emissions (tCO2e) [1] | | Sovereign Carbon Footprint (tCO2e / PPP-adjusted GDP £m) [1] | |
|---|---|---|---|---|
| | Scope 1 | Scopes 2 & 3 | Scope 1 | Scopes 2 & 3 |
| **March 2025** | 55,525 | 39,069 | 127.9 | 90.0 |
| **March 2026** | 98,994 | 76,309 | 120.1 | 92.6 |

[1] *Assets only basis, including the Scheme's LDI holdings only*

| Year | Science Based Targets Initiative Rating |
|---|---|
| **March 2025** | 11.4% |
| **March 2026** | 11.5% |

## PCAF Score Breakdown as at 31 March 2026




In line with emerging best practice, this year, Trustee has decided to report a breakdown of PCAF data quality across five grades instead of a single score previously provided.

## Trustee's assessment of metrics as at 31 March 2026

The Vodafone Section's Scope 1 and 2 absolute carbon emissions decreased over the Scheme year, falling from 63,573 $tCO_2e$ to 61,528 $tCO_2e$. This reduction was primarily driven by a total of a £398 million decrease in exposure to the Insight Synthetic Equity mandate, implemented through five smaller trims between September 2025 and March 2026, which lowered the Section's exposure to a strategy with broad market equity exposure, including sectors with relatively higher carbon intensity.

In March 2026, the two Multi-Class Credit (MCC) mandates: the ICG Total Credit Fund and the TwentyFour Dynamic Bond Fund, were topped up by £26 million and £22 million respectively, funded from excess LDI Collateral. The increase in the ICG Total Credit Fund and TwentyFour Dynamic Bond Fund allocations partially offset the reduction in emissions associated with the synthetic equity reduction, although the net impact over the year remained a reduction in Scope 1 and 2 emissions.

The Trustee observes that Scope 1 and 2 absolute carbon emissions for the CWW Section have increased over the year to 31 March 2026, rising from 33,019 $tCO_2e$ to 41,730 $tCO_2e$. This increase was driven primarily by updates to the emissions modelling approach and the annual refresh of the underlying emissions data used for certain asset classes. An increase in emissions of the index used to model the emissions of the Insight High Grade ABS Fund also contributed to the increase over the year. Notwithstanding this increase, the Section remains on track to meet its 2030 emissions target, and the Trustee will continue to monitor progress against this target.

The Trustee observes that Scope 3 absolute carbon emissions have increased across the Scheme over the year to 31 March 2026. For the CWW Section, emissions rose from 311,166 $tCO_2e$ to 359,488 $tCO_2e$, whereas for the Vodafone Section, emissions decreased from 595,908 $tCO_2e$ to 550,023 $tCO_2e$. Both Sections were affected by an increase in the Scope 3 emissions in the index used to model the Insight High Grade ABS Fund. However, for the Vodafone Section, this was more than offset by the reduction in emissions exposure resulting from the significant reduction in synthetic equity exposure over the year.

There was a modest increase in the Scope 1 and 2 carbon footprint of the Vodafone Section's overall portfolio, from 55.2 $tCO_2e$/EVIC £m to 61.9 $tCO_2e$/EVIC £m. This was primarily related with updates to the emissions modelling approach and the annual refresh of the underlying emissions data used for certain asset classes. Notably, the index used to model Insight's High-Grade ABS Fund saw a significant increase in carbon footprint over the period. This was partly offset by reductions in the carbon footprints of the Insight Active Corporate Bond Fund and the TwentyFour Dynamic Bond Fund. Similarly, the CWW Section's overall portfolio saw an increase in its Scope 1 and 2 carbon footprint, from 48.9 $tCO_2e$/EVIC £m to 62.7 $tCO_2e$/EVIC £m. This was driven primarily by updates to the underlying emissions assumptions and data used in the analysis, together with higher reported emissions associated with the Insight High Grade ABS Fund and the TCW Securitized Opportunities Fund. This effect was partially offset by reduced exposure to certain illiquid holdings, which typically exhibit higher carbon intensity.

There was a small increase in the Scope 1 and 2 sovereign emissions of the Vodafone Section, from 122,333 $tCO_2e$ to 129,073 $tCO_2e$. For the CWW Section, sovereign emissions increased from 55,525 $tCO_2e$ to 98,994 $tCO_2e$.

The breakdown of the PCAF Data Quality Score across both Sections' portfolios for Scope 1 and 2 and Scope 3 emissions shows that the majority of emissions are associated with grade 5 data quality scores. This indicates that a significant proportion of emissions have been estimated using economic data such as sectoral revenues and asset turnover ratios. For Scope 1 and 2 emissions, a meaningful proportion is associated with Grade 1 data quality scores, representing emissions that have been verified by a third-party auditor. For Scope 3 emissions, a meaningful proportion is associated with Grade 2 data quality scores, representing unverified reported emissions or estimates based on companies' energy consumption, in line with the GHG Protocol.

The Vodafone Section's total SBTi score is 11.9%, representing an improvement from last year's score of 8.3%. The LGIM All World Equity Index Fund and the Insight Active Corporate Bond Portfolio have the highest scores for the Section. The CWW Section's total SBTi score is 11.5%, marginally higher than last year's score of 11.4%. These results are to be expected, given that SBTi submissions are voluntary and typically made by companies that issue public debt or equity.

The Trustee will continue to consider these results in identifying climate-related risks and opportunities relevant to the Scheme. These may include engaging with fund managers who have material carbon intensity levels, exploring low-carbon alternative investment options, and updating investment guidelines for managers where the Trustee has discretion to make such changes

## Target

The table below displays the Scheme's position against its targets as at 31 March 2026.

| Emissions Target | Scope 1 & 2 Emissions at start<br><br>tCO2e at 31 March 2022 | Scope 1 & 2 Emissions Target<br><br>tCO2e 31 March 2030 | Actual Scope 1 & 2 Emissions at current date<br><br>tCO2e 31 March 2026 | Is the Section on track to achieve its 50% reduction by 2030 target? |
|---|---|---|---|---|
| **Vodafone Section** | 137,306 | 68,653 | 61,528 | Yes |
| **CWW Section** | 87,335 | 43,668 | 41,730 | Yes |

The Scheme is therefore on track against its targets as at 31 March 2026.

*Note: All analysis is provided by Gallagher (Administration & Investment) Limited ("Gallagher"), and the data in the report is sourced from MSCI©. Please refer to the data disclaimer in Appendix B.*

## Appendix A: Scenario Analysis

### Asset scenario analysis

The NGFS is a group of central banks, supervisors, and observers committed to sharing best practices and developing environment-related risk management in the financial sector to support the low-carbon transition.

The NGFS scenarios have been developed to provide a common starting point for analysing climate risks to the economy and financial system. They incorporate important themes including increasing electrification and a spectrum of new technologies to tackle remaining hard-to-abate emissions. NGFS scenarios are periodically updated to reflect emerging best practice and developments in scientific findings.

Using the same methodology, our advisers have constructed similar tests that allow us to examine the impact on the on asset values, of the Fund under three scenarios. These scenarios are:

- “Orderly Transition” (i.e. below 2° scenario),
- “Delayed Transition” (i.e. disorderly scenario), and
- “Hot House World”

**Investments**

To assess the impact to the funding strategy via the Fund’s investments, we completed scenario analysis on the Current Asset Allocation. The stresses are designed to demonstrate the impact to the value of the Fund’s assets under three scenarios.

We recognise that the approach to modelling the impact of climate risks is fast evolving and will keep this under review. We also recognise the limitations of the modelling. In particular:

- Any climate pathway reflects just one possible way to achieve a certain temperature goal while, in reality, many different pathways are possible for the same temperature outcome.
- Different models lead to different results, due to different model structures and assumptions.
- There is uncertainty around assumptions adopted; for example, ambitious scenarios depend on future (negative emissions) technologies such as carbon capture and storage.
- It is recognised that there are gaps in assumptions; for example, certain necessary changes to achieve net zero emissions, such as changes in lifestyle or economic systems, are not currently included.
- The asset allocation is assumed to remain constant throughout the modelling period, which is unlikely to happen in practice.
- The scenarios are intended to provide an indication of the risks to which the Fund might be exposed. They are not centralised cases, and are intended to be reflective of one of the many possibilities that may transpire as a result of climate change.
- The scenarios are not directly comparable between one year and the next as the impact of changes in assumptions can dwarf that of changes to a portfolio.

## Liabilities

When assessing the Fund's liabilities, we consider three primary risk factors that could directly impact the present value of the Fund's liabilities. These are:

- Interest Rate
- Inflation
- Mortality

Following advice from our investment adviser, at this stage, we do not feel there are sufficient tools in place to accurately understand how climate change could affect mortality risk for the Fund's membership. Therefore, we have focused on how climate-related issues could affect the Fund's liabilities via their impact on UK interest rates and inflation.

Regarding interest rate and inflation risks, we have taken a strategic decision to hedge liability risks related to these factors by employing a Liability Driven Investment ("LDI") strategy, which invests in assets with specific interest rate and inflation sensitives that match the sensitivity of the Fund's liabilities to interest rate and inflation changes. In practice, this means that the impact that climate change could have on the Fund's liabilities due to interest rate and inflation changes is expected to be offset by an opposite change in value of the LDI portfolio. As a result, the overall impact on the Fund from climate-related changes in interest rates and inflation will be negligible.

## Mortality scenario analysis

In 2026, the Scheme's actuary, Mercer, provided the Trustee with the estimated mortality impact on the Scheme's liabilities. In modelling scenarios for mortality impacts, the Trustee's advisors have made use of:

- Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) as defined by the UN Intergovernmental Panel on Climate Change (IPCC), including estimated projected temperatures.
- Relationships between each SSP and a range of socioeconomic and other variables as published by the UK Climate Resilience Program, and modelling of how changes to those variables would affect UK mortality rates.
- UK-based climate projections from the Met Office, with correlations between past climate data and mortality rates being used to predict future influences.

The scenarios considered were:

- **Rapid / Delayed Transition:** a temperature increase within approximately 1.5°C to 2°C by 2100, based on RCP1.9 and SSP1;
- **Limited Transition:** a temperature increase within approximately 3°C by 2100, based on RCP4.5 and SSP2; and
- **Failed Transition:** a temperature increase within approximately 4°C by 2100, based on RCP7.0 and SSP3.

Our modelling indicates the below scenario outcomes, each compared to mortality assumptions constructed with no explicit allowance for climate-related risks. The outcomes highlighted that climate-related longevity uncertainty is higher in respect of younger

generations, though given the profile of the Scheme (average age currently around aged 60) there is more funding risk associated with climate-positive scenarios and their implications for improved shorter-term mortality for current pensioners. Key drivers of differences in life expectancies between the scenarios include GDP growth and healthcare provision, in addition to the impact of temperature rises. Based on this analysis, mortality changes arising from the direct and indirect impact of climate change are not currently expected to have a material impact on the funding strategy, but the Trustee will keep this under review.

** It is important to note that these "Results" are based on longevity projection models and third-party data which may produce outputs that differ materially from actual outcomes. The Results are set out for informational purposes only and should not be used for any other purpose. In particular, the Results should not be relied upon and they are not suitable for repurposing, copying, redistributing or modifying. The model provider disclaims all liability and makes no representations about the suitability for any purpose of the Results and such content is supplied on an as is basis, without any warranty of any kind.*

| Scenario | Life Expectancy Change | | Liability Impact | |
|---|---|---|---|---|
| | Age 25 | Age 65 | Vodafone Section (uninsured) | CWW Section (uninsured) |
| Rapid Transition | - 8 months | +14 months | +3.4% | +2.8% |
| Delayed Transition | | | | |
| Limited Transition | -20 months | +6 months | +0.9% | +0.9% |
| Failed Transition | -65 months | -5 months | -2.7% | -1.9% |

## Covenant scenario analysis

As part of the scenario analysis on the full funding strategy the Trustee engaged with the covenant adviser, XPS, to consider the sponsoring employer's exposure to climate physical and transition risks, and thus the possible effect on the covenant strength. The Trustee recognises that the potential impact on the covenant of the effects of climate change may influence the near-term or longer-term funding strategy of the Scheme.

To align with the stresses applied to both the assets and the liabilities, XPS considered 3 climate scenarios, as disclosed by Vodafone in their 2025 annual report, and how they would apply to the sponsoring employer:

- Paris-aligned scenario (1.5°C) (uses Representation Concentration Pathway ('RCP') 2.6, economic constraints aligned to Shared Socioeconomic Pathway 2 ('SSP2')) (most consistent with the "Scenario A"),
- Paris upper limit scenario (2°C) (Uses RCP 4.5, Economic constraints aligned to SSP2) (most consistent with the "Scenario B"), and
- Business-as-usual (4°C) (uses RCP 8.5, economic constraints aligned to SSP2) (most consistent with the "Scenario C" scenario).

The time horizons considered are:

- Short term: 0 to 3 years (to 2028)
- Medium term: 3 to 5 years (to 2030)
- Long term: 5 to 25 years (to 2050)

The priority climate-related risks and opportunities reviewed and considered include:

- Physical risks: extreme weather and rising average temperatures
- Transition risks: energy costs, regulatory compliance costs, expectations of business customers and greenwashing
- Transition opportunity: customer enablement

The analysis suggests that physical risks may be limited at a regional level across short and medium term time horizons, however in the event of more extreme climate scenarios, particularly the "Business-as-usual" scenario, it is expected to be likely that there are significantly greater covenant challenges in the form of site damage from coastal inundation and riverine flooding over the long term.

Some transition risks, without appropriate mitigation in place, have the potential to be significant under the "Paris-aligned scenario" and the "Paris upper limit scenario", however no impact is expected under the "Business-as-usual" scenario. These transition risks include:

- Greenwashing: a short term risk that could arise from penalties for 'greenwashing' as regulatory frameworks become more stringent and customers and other stakeholders demand greater transparency and substantiation of environmental claims.
- Energy costs: a medium term risk that could arise from exposure to energy costs and carbon pricing, especially in Africa where dependency on fossil fuels is currently greatest.
- Expectations of business customers: a long term risk that could arise from Vodafone failing to meet the climate-rated expectations from business customers putting revenue at risk.

Overall, XPS concluded that, given the uncertainties surrounding climate change and its potential impact on Vodafone, it would be prudent for the Trustee to seek to reduce its reliance on the covenant over time. This is consistent with the Trustee's current strategy to target full funding on a self-sufficiency basis by 2035.

## Appendix B: Carbon Footprint analysis

Where possible and where there is reasonable data coverage, the Trustee monitors 'line-by-line' emissions reporting for funds. These tend to be more generic, long-only asset classes such as listed equity and corporate credit. However, for funds with less than 50% coverage and illiquid assets, the Trustee monitors 'asset class level' carbon estimates in the absence of reliable, reported line-by-line emissions data from MSCI. The Trustee notes using asset class modelling of emissions for assets where this data is not available enables a more holistic view of the Scheme's total portfolio emissions, albeit recognising that the modelled data is not perfect.

The asset class modelling of emissions has been provided by Gallagher and is based on asset class 'building blocks'. These are either calculated directly using a given index's underlying holdings emissions (such as using MSCI ACWI as a proxy for a broad equity fund) or in some cases these indices are used and extrapolated to other asset classes based on given assumptions (such as using the emissions of infrastructure firms within an index to proxy an infrastructure fund).

Emissions metrics will be calculated in line with the GHG Protocol Methodology, the global standard for companies and organisations to measure and manage their GHG emissions. The GHG Protocol provides accounting and reporting standards, sector guidance and calculation tools. It has created a comprehensive, global, standardised framework for measuring and managing emissions from private and public sector operations, value chains, products, cities and policies to enable greenhouse gas reductions across the board.

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## Vodafone Section:

| Fund | Fund Value (£m) | Carbon Emissions (tCO2e) | | | | Carbon Intensity (tCO2e / EVIC £m) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Current - Scope | | Previous – Scope | | Current - Scope | | Previous - Scope | |
| | | 1 & 2 | 3 | 1 & 2 | 3 | 1 & 2 | 3 | 1 & 2 | 3 |
| **Liquid Markets (Equities)** | | | | | | | | | |
| Insight Synthetic Equity Portfolio | 34.2 | 8,777 | 90,367 | 25,904 | 273,762 | 55.1 | 567.0 | 55.1 | 581.9 |
| L&G All World Equity Index Fund (75% GBP Hedged) | 19.2 | 852 | 10,842 | 743 | 8,682 | 44.3 | 564.4 | 45.3 | 529.2 |
| **Liquid & Semi-Liquid Credit** | | | | | | | | | |
| ICG Total Credit Fund | 133.8 | 15,834 | 128,139 | 13,143 | 92,760 | 118.4 | 957.8 | 118.0 | 832.5 |
| Insight Active Corporate Bond Portfolio | 235.5 | 6,466 | 78,312 | 7,899 | 73,806 | 27.5 | 332.5 | 33.8 | 316.2 |
| Insight High Grade ABS Fund | 210.7 | 17,211 | 119,620 | 3,313 | 33,662 | 81.7 | 567.7 | 36.4 | 370.1 |
| TwentyFour Dynamic Bond Fund | 131.6 | 6,720 | 68,277 | 6,115 | 51,819 | 51.1 | 518.7 | 55.6 | 470.9 |
| **Illiquid Markets** | | | | | | | | | |
| Equitix Fund V | 57.0 | 5,605 | 50,943 | 6,367 | 57,514 | 98.3 | 893.3 | 99.2 | 896.2 |
| Greencoat Solar II LP | 44.1 | 61 | 3,198 | 81 | 3,126 | 1.4 | 72.6 | 1.6 | 63.3 |
| Nephila Cassiopeia Fund | 3.1 | 4 | 324 | 9 | 778 | 1.4 | 104.5 | 1.5 | 128.0 |
| **Totals** | **869.3** | **61,528** | **550,023** | **63,573** | **595,908** | **61.9** | **553.1** | **55.2** | **517.1** |

| Fund | Fund Value (£m) | Carbon Emissions (tCO2e) | | | | Carbon Intensity (tCO2e / PPP-adjusted GDP £m) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Current | | Previous | | Current | | Previous | |
| | | Production (Scope 1) | Import (Scope 2 & 3) | Production (Scope 1) | Import (Scope 2 & 3) | Production (Scope 1) | Import (Scope 2 & 3) | Production (Scope 1) | Import (Scope 2 & 3) |
| **LDI and Overlay** | | | | | | | | | |
| Insight Segregated LDI | 559.5 | 129,073.6 | 99,496.3 | 122,333.2 | 86,076.7 | 120.1 | 92.6 | 127.9 | 90.0 |

* Total Portfolio stress calculated as a percentage of total asset exposure (including synthetic equity gross exposure), excluding Cash, LDI and Buy-ins.
All “Current Total Portfolio” figures in this table are weighted averages with the exception of “Fund Value” and “Absolute Carbon Emissions (tCO2e)”.
“Absolute Carbon Emissions (tCO2e)” is calculated using the notional value of the fund. “Fund Value (£m)” shows the mark-to-market value of the fund.
“Previous” figures show climate metrics from 12 months prior to “Current” figures. Fund-level “Previous” figures may not sum to the “Previous Total Portfolio” figures because the “Total Portfolio” values may contain funds that have now been divested from and which are therefore not reported in this table.
Carbon metrics are proxied where there is insufficient data for fund holdings.
ESG and MSCI Carbon Metrics meet the current minimum UK DWP's TCFD-aligned “Metrics and Targets” regulations. However, regulations are subject to change. Gallagher monitors developments closely.
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## CWW Section:

| Fund | Fund Value (£m) | Carbon Emissions (tCO2e) | | | | Carbon Intensity (tCO2e / EVIC £m) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Current - Scope | | Previous – Scope | | Current - Scope | | Previous - Scope | |
| | | 1 & 2 | 3 | 1 & 2 | 3 | 1 & 2 | 3 | 1 & 2 | 3 |
| **Liquid & Semi-Liquid Credit** | | | | | | | | | |
| ICG Total Credit Fund | 67.7 | 8,016 | 64,868 | 8,253 | 58,248 | 118.4 | 957.8 | 118.0 | 832.5 |
| Insight Active Corporate Bond Portfolio | 223.5 | 5,663 | 85,874 | 6,163 | 80,003 | 25.3 | 384.3 | 27.7 | 359.1 |
| Insight High Grade ABS Fund | 214.5 | 17,523 | 121,796 | 7,278 | 73,963 | 81.7 | 567.7 | 36.4 | 370.1 |
| **Illiquid Credit** | | | | | | | | | |
| Aviva Investors REaLM Ground Rent Fund | 15.5 | 158 | 606 | 205 | 906 | 10.1 | 38.9 | 10.6 | 47.1 |
| TCW Securitized Opportunities | 53.6 | 5,148 | 36,502 | 4,821 | 38,629 | 96.0 | 680.9 | 86.4 | 692.5 |
| **Illiquid Markets** | | | | | | | | | |
| Equitix Fund V | 46.0 | 4,523 | 41,112 | 5,138 | 46,415 | 98.3 | 893.3 | 99.2 | 896.2 |
| Fortress Private Equity | 1.7 | 165 | 1,499 | 584 | 5,276 | 98.3 | 893.3 | 99.2 | 896.2 |
| Greencoat Solar II LP | 35.6 | 49 | 2,581 | 65 | 2,522 | 1.4 | 72.6 | 1.6 | 63.3 |
| JPM PEG Venture Capital III | 4.2 | 417 | 3,794 | 406 | 3,671 | 98.3 | 893.3 | 99.2 | 896.2 |
| Nephila Cassiopeia Fund | 2.6 | 4 | 276 | 8 | 662 | 1.4 | 104.5 | 1.5 | 128.0 |
| Sun Capital Private Equity | 0.7 | 64 | 581 | 60 | 546 | 98.3 | 893.3 | 99.2 | 896.2 |
| **Totals** | **665.7** | **41,730** | **359,488** | **33,019** | **311,166** | **62.7** | **540.0** | **48.9** | **460.7** |

| Fund | Fund Value (£m) | Carbon Emissions (tCO2e) | | | | Carbon Intensity (tCO2e / PPP-adjusted GDP £m) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Current | | Previous | | Current | | Previous | |
| | | Production (Scope 1) | Import (Scope 2 & 3) | Production (Scope 1) | Import (Scope 2 & 3) | Production (Scope 1) | Import (Scope 2 & 3) | Production (Scope 1) | Import (Scope 2 & 3) |
| **LDI and Overlay** | | | | | | | | | |
| Insight Segregated LDI | 332.3 | 98,993.7 | 76,309.2 | 55,524.6 | 39,068.5 | 120.1 | 92.6 | 127.9 | 90.0 |

* Total Portfolio stress calculated as a percentage of total asset exposure (including synthetic equity gross exposure), excluding Cash, LDI and Buy-ins.
All “Current Total Portfolio” figures in this table are weighted averages with the exception of “Fund Value” and “Absolute Carbon Emissions (tCO2e)”.
“Absolute Carbon Emissions (tCO2e)” is calculated using the notional value of the fund. “Fund Value (£m)” shows the mark-to-market value of the fund.
“Previous” figures show climate metrics from 12 months prior to “Current” figures. Fund-level “Previous” figures may not sum to the “Previous Total Portfolio” figures because the “Total Portfolio” values may contain funds that have now been divested from and which are therefore not reported in this table.
Carbon metrics are proxied where there is insufficient data for fund holdings.
ESG and MSCI Carbon Metrics meet the current minimum UK DWP's TCFD-aligned “Metrics and Targets” regulations. However, regulations are subject to change. Gallagher monitors developments closely.
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Fortress Private Equity, Greencoat Solar II, Sun Capital Private Equity and JPM PEG Venture Capital Fund values are reported at a quarter lag.

## Glossary of Terms (ESG and Carbon Metrics)

**Enterprise Value Including Cash (EVIC):** Defined as the sum of market capitalisation of shares and book values of total debts and minority interests at fiscal year-end. No deductions of cash or cash equivalents are made to avoid potential negative enterprise values. This is the recommended denominator metric for carbon attribution according to the GHG Protocol, the global standard for carbon accounting endorsed by the European Union and the DWP.

**Estimated Total Mandate Carbon Emissions (tons):** Represents the total share of Scope 1, Scope 2 and Scope 3 carbon emissions a fund is responsible for. Please note the metric is sensitive to the investment holding size in the fund.

**MSCI Climate Metrics Coverage:** The proportion by value of a fund for which carbon metrics are available from MSCI.

**Scope 1 & 2 Carbon Footprint (tCO2e / EVIC £m):** Measurement of the Scope 1 & 2 CO2e emissions of a fund per million pounds of EVIC. Scope 1 emissions refer to those which are directly connected to the production of a company's product or service e.g., burning of fossil fuels to power the electricity grid. Scope 2 emissions refer to those from electricity used to power company facilities. For a pension scheme, Scope 1 emissions include the use of gas fuel and refrigerants in the office whilst Scope 2 emissions include the use of electricity in the office buildings.

**SBTi Score:** The Science-Based Targets initiative ("SBTi") sets out a framework through which companies can set out their decarbonisation pathway and have them assessed against the goals set out in the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels or well-below 2°C. The SBTi Score is the proportion of assets invested that are classified as being Paris-aligned.

**Tons of Carbon Dioxide Equivalents (tCO2e):** Tons of greenhouse gases including methane, nitrous oxide, carbon dioxide, and fluorinated gases. Given the abundance and prominence of carbon as a greenhouse gas, all the other gasses are considered carbon equivalents.

**Limitations of Carbon Metrics**

TCFD based regulations require portfolios to report on their climate metrics without asset class adjustments. Therefore, metrics in funds with a lower coverage (below 80%), or in multi-asset funds and liquid / semi-liquid credit need to be evaluated with more context. This is because a low coverage means a larger part of emissions are unknown, and because the carbon risk of equity holdings will tend to be higher than that of credit holdings.

Specific line-by-line modelling of emissions is currently available only for publicly listed equity and credit assets. For unlisted asset classes, we have reported asset class-level estimations of carbon emissions. This provides a broad and longer-term understanding of what the portfolio's emissions are and where the biggest amount of emissions come from. We believe this is appropriate from a strategic asset allocation perspective, but will not capture specific actions managers are taking to reduce their CO2e footprint.

Due to lags in company carbon reporting and database updates, carbon footprint numbers have a one to two year lag. The carbon numbers included in this report are updated at the start of every year.

## Appendix C: Climate Change Risk Management Policy

Vodafone Group Pension Trustee Limited (the “Trustee”), as the trustee of the Vodafone Group Pension Scheme (“VGPS”, “the Scheme”), which consists of two sections (the "Sections"): the Vodafone Group Pension Scheme Section (“Vodafone Section”) and the Cable and Wireless Worldwide Retirement Plan Section (“CWW Section”), recognises climate change as a key factor which can have a material impact on the financial performance of the Scheme’s investments. Therefore, the Trustee has a fiduciary duty to consider climate change risk when making investment decisions, and the Trustee should assess the impact of climate change risks and opportunities, which may reduce investment risk and enhance long-term investment returns.

This Climate Change Risk Management Policy (“CCRMP”) documents the Trustee’s approach to identifying, assessing, and managing risks specifically related to climate change. The CCRMP details the roles and responsibilities of the Trustee Board and the Scheme’s external advisers in assessing, managing, and monitoring climate-related risks and opportunities. The CCRMP is consistent with the Trustee’s Statement of Investment Principles (“SIP”) and Responsible Investment Policy.

### Statement of Trustee’s Climate-related Investment Principles

The following investment principles are pertinent to the Trustee’s approach to climate change in the context of Responsible Investment (“RI”), which it believes are in the interest of members:

- Climate-related risks should be managed in line with the Scheme’s overall risk management and included in its risk management framework.
- Climate-related risks could be material over the short (3 years), medium (5 years), and long-term (10 years) to the Scheme.
- Climate-related factors will likely create investment opportunities that the Trustee should consider taking advantage of as appropriate within its wider investment objectives.
- The Scheme should invest in a way that is measurably aligned with achieving the goals of the Paris Agreement (limiting global temperature rises to well below 2°C above pre-industrial levels by the end of the century) to the extent that is possible, and in the financial interests of members to do so.
- Engagement, collaboration and using voting rights as appropriate are some of the effective tools to manage climate-related risks.

The Trustee supports the Paris Agreement’s long-term temperature goal of keeping the mean rise in temperature to well below 2°C above pre-industrial levels. The Trustee therefore takes efforts to ensure that climate-related risks and opportunities are integrated within the approach of investment managers to ESG and stewardship activities.

In the context of its fiduciary responsibility and the above ESG Beliefs, the Trustee has adopted the following policy:

- Climate change is recognised as a financial risk to the Scheme’s funding position, and it is viewed as an external risk that affects investments. As such, the Trustee will appropriately factor in climate change risks and opportunities when making strategic asset allocation and manager selection decisions.

- The Trustee requires the appointed investment managers to understand and, as appropriate for the investment strategy they are employed to implement, be cognisant of climate change risks and opportunities within their investment processes as applied to the assets of the Scheme. The Trustee's approach to stewardship and engagement is set out in the Responsible Investment Policy.
- In line with the Trustee's commitment to integrating ESG issues into stewardship practices, the Trustee will act in accordance with the Responsible Investment Policy and, where relevant, expect its managers to engage on ESG matters when they are considered material and relevant to the investment.
- The Trustee supports the Task Force on Climate-related Financial Disclosures ("TCFD") and will incorporate its recommendations into the Scheme's annual reporting, subject to availability of data.
- The Trustee supports the further development of effective climate change risk metrics to enhance our ability to assess and minimise climate risks. We expect our investment managers to continue to improve the climate-related data they provide on the assets of the Scheme.
- The Trustee recognises that climate change will be subject to much further analysis and subsequent related policy changes in the coming years. The Trustee will evolve its policy to ensure relevant developments are captured.
- The Trustee is responsible for setting climate-related objectives and climate metrics in relation to the Scheme's assets. These metrics, and progress towards these objectives, will be explicitly monitored on a quarterly basis. Specifically, the Trustee has agreed to adopt and monitor the following four metrics:

| Metrics | Metric Focus | Metric Adopted |
|---|---|---|
| Metric 1 | Absolute Emissions | Total Greenhouse Gas (“GHG”) Emissions |
| Metric 2 | Emissions Intensity | Carbon Footprint |
| Metric 3 | Additional Climate Change | Data Quality |
| Metric 4 | Portfolio Alignment | Proportion of portfolio with SBTi (“Science Based Targets initiative”) targets in place |

- The Trustee has adopted a target against Metric 1 (Carbon Emissions), such that both Sections of the Scheme should target a 50% reduction in total Scope 1 and Scope 2 carbon emissions by 2030 alongside an overall target of achieving net zero carbon emissions (for Scopes 1 and 2, and separately for Scope 3) from its investments by 2050. These targets have been set to help the Trustee take climate risk into account when reviewing the current and future investment allocations, and ensure that the Scheme’s climate risk exposure is proportional to the amount of investment risk being taken.
- The Trustee notes that these targets were set on the assumption that the low-carbon transition would occur at a reasonable pace, and the most ambitious goals of the Paris Agreement would remain achievable. Midway through this decade, it is apparent this is not coming to pass. The Trustee remains highly supportive of rapid decarbonisation to net zero, believing this is in the best long-term interests of members. Nevertheless, the Trustee is bound by its fiduciary duty and the prevailing policy environment. As such, the Trustee is aware that these targets may need to be recalibrated in the near term.
- The Trustee carries out scenario analysis on the Scheme’s funding and investment strategy using climate scenarios, two of which assume an increase in the global average temperature to 2°C and another where global average temperatures rise in excess of that.
- Training on climate-related risks and opportunities is part of the broader programme of ongoing Trustee Knowledge and Understanding (TKU) activity, including induction activities for any new Trustees. This aims to enable the Trustee Board to have the relevant knowledge and understanding of climate-related issues.
- The Trustee has also considered which of the SDGs, if not achieved, would have the biggest financial impact on risks and returns as a way of focussing its RI strategy. These are expressed in three key themes, of which Climate Change is the first, alongside Human Rights and Corporate Governance.

The roles of the relevant parties within the Scheme's governance structure for climate change are summarised below:

**Governance: Roles and Responsibilities**

**Role of the Trustee Board**

- **Sets the overall investment and funding strategy and objectives and governance framework, which includes the identification, assessment and management of climate-related risks and opportunities:** The Trustee is committed to integrating and managing the consideration of climate-related issues within the Scheme as the Trustee is ultimately responsible for overseeing climate-related risks and opportunities of the Scheme.

- **Sets climate-related objectives:** The Trustee is also responsible for setting the Scheme's climate-related objectives, including risk appetite, and approving metrics to measure progress towards these objectives.

- **Sets climate-related metrics and climate scenario analysis:** The Trustee is responsible for setting the relevant metrics and scenario analysis which allow the Trustee to consider climate-related risks and opportunities when setting the Scheme's funding and investment strategy.

- **Determines appropriate climate-related objectives in the investment consultant's annual objectives.** The Trustee is responsible for setting objectives for its investment advisers in accordance with the requirements of the Competition and Markets Authority ("CMA") which take climate-related considerations into account.

- **Selects and reviews the investment managers:** The Trustee is responsible for selecting suitable investment managers are to help achieve the Scheme's climate-related objectives. The Trustee's assessment framework for ensuring its investment managers align with its goals is set out in more detail in the Responsible Investment Policy.

- **Monitors and oversees its advisers and consultants:** Although the Trustee is ultimately responsible for making decisions on strategic matters including investment and funding strategy and investment manager selection, it relies on its advisers and consultants for advice on such matters.

**Role of the Investment and Funding Committee ("IFC")**

- **Reviews proposed climate-related objectives:** The IFC reviews the Scheme's proposed climate objectives before they are presented to the Trustee Board for approval to ensure they are robust and fit for the Scheme.

- **Informs, monitors, and reviews the investment managers:** The IFC informs and makes recommendations to the Trustee board, ensuring suitable investment managers are identified and recommended to the Trustee board for selection. The IFC also monitors the managers on an ongoing basis to ensure that they remain appropriately placed to help achieve the Scheme's climate-related objectives.

- **Refines materials and recommendations before they are presented to the Trustee Board:** The IFC is responsible for ensuring that the Board's climate objectives are implemented through the Scheme's investment policy. To achieve this remit, the IFC will review climate-related recommendations, including assessment of climate journey planning, opportunities, metrics, and progress towards targets. The IFC acts as a forum to debate on these issues before they are recommended to the Trustee Board.

- **Supports the Board in considering climate-related risks and opportunities when setting the Scheme's funding and investment strategy:** The IFC is responsible for reviewing the results of various climate scenarios that influence the Scheme's funding and investment strategy set by the Board. The impact of various climate scenarios on the liabilities and sponsor covenant strength are also considered with the help of the Scheme's advisers. The results of these climate scenarios are aligned where possible to ensure a consistent approach is taken across the Scheme's entire funding strategy.

**Role of the Vodafone In-House Pension Team ("VPT")**

- **Assists the Trustee Board and IFC in ensuring that appropriate time is allocated to assessing climate related risks and opportunities**, by maintaining the Scheme's regulatory framework and ensuring sufficient time is set aside at meetings to discuss identified areas.
- **Assists in the implementation of any climate-related enhancements** such as updating the IMA of the Scheme's mandates with investment managers.

**<u>Role of the external advisers</u>**

- **Advise on climate-related risks and opportunities:** The Trustee requires the Scheme's external advisers (namely the Investment Adviser, the Actuary and the Covenant Adviser) to advise on climate-related risks and opportunities, including, but not limited to, providing relevant training, information concerning market developments and integrating climate-related considerations in setting the Scheme's investment strategy.

- **Provision of climate scenario and climate risk metric analysis:** The external advisers are responsible for assisting the Trustee in carrying out climate scenario analysis on the Scheme's funding and investment strategy. The Trustee also requires the external advisers to recommend and regularly calculate relevant climate metrics that meet the regulatory requirements for the Trustee to monitor.

- **Climate-related considerations are included in the advisers' annual objectives:** This ensures the Scheme's advisers are taking adequate steps to identify and assess climate-related risks and opportunities. The Trustee annually assesses the delivery of this advice against the Investment Adviser Objectives.

    - The DB asset analyses are performed by the Scheme's Investment Adviser.

    - The liability analysis is performed by the Scheme Actuary.

- The covenant analysis by the Scheme's Covenant adviser.

- The Trustee reviews the Scheme's investment managers to ensure ESG and climate-related risks are appropriately integrated into portfolio management; specifically carried out by the Scheme's Investment Adviser.

**Trustee Knowledge and Understanding**

- Training on climate-related risks and opportunities is part of the broader programme of ongoing Trustee knowledge and understanding activity, including induction activities for any new Trustees. This aims to enable the Trustee Board to have the relevant knowledge and understanding of climate-related issues.

- The Trustee works with the Scheme's external advisers to ensure the Trustee has the appropriate training and that policy and documentation reviews are conducted in line with the regulatory requirements to identify, assess and manage climate-related risks.