Aegon Master Trust's Climate-Related Financial Disclosure Report 2025-26

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Glossary

Absolute emissions: Absolute emissions are the total reported greenhouse gas (GHG) emissions of a company. Absolute emissions are categorised and reported as scope 1, 2 or 3.

Biodiversity: Diversity within species, between species and of ecosystems.

Carbon footprint: The amount of carbon dioxide (and greenhouse gas equivalent) released into the atmosphere as a result of the activities of a particular individual, organisation, or community. In the case of your pension, it is the level of collective greenhouse gas emissions generated by the companies in which the Scheme invests and measures how many tonnes of emissions are being financed per £1 million invested.

Cabon neutrality: Carbon neutrality is the point where we balance the amount of GHG emissions being produced with the amount that can be used and stored by nature. One of the main ways to do this will be to reduce the amount of GHG emissions produced.

Carbon price: The cost of pollution from carbon dioxide (CO_2) implemented either through a carbon tax or an emissions trading scheme. By putting a price on carbon, the aim is to encourage companies to reduce their carbon emissions, pollute less and use cleaner energy.

Carbon sequestration: A natural or artificial process by which CO_2 is removed from the atmosphere.

Climate solutions: We define climate solutions as investments with core activities directly and substantially contributing to climate change mitigation and/or adaptation and aligned with existing climate-related sustainability taxonomies and other generally acknowledged climate-related frameworks.

Climate Value-at-Risk (CVaR): A forward-looking assessment of the potential financial effects of climate risks and opportunities on our investment funds under different transition scenarios out to 2100.

Default fund: A default fund (or default investment strategy) is a type of lifestyle fund that members of a workplace pension scheme are automatically invested in if they don't select a fund when joining the scheme. Lifestyle funds are designed for savers who don't make active fund choices throughout their working life.

Divesting: The process of removing an investment usually for sustainable, financial or political reasons. This is often seen as a last resort when other options such as engagement or stewardship have failed.

Double Materiality Assessment (DMA): When we consider the effect of climate change on our investments, we follow the concept of double materiality. This considers both the biggest financial impacts climate change has on our investments, as well as the impact our investments have on nature, climate and society.

Engagement: Purposeful, targeted communication with an entity (for example, fund manager, company, government, industry body or regulator) on matters of concern, aiming to encourage change, or address a company specific or market-wide or systemic risk such as climate change.

Environmental, social, and governance (ESG): How companies choose to respond to ESG issues (such as climate change, diversity and inclusion, and human rights) could influence investment returns and the ability of your pension to provide a reliable income for you in retirement.

- **Environmental** – looks at how companies manage environmental risks (such as climate change or waste and pollution) or take opportunities (such as the move to renewable energy).
- **Social** – relates to a company's effect on individuals and society and covers factors such as human rights and labour standards, diversity, equity and inclusion or workplace safety.
- **Governance** – good governance ensures a company's management team, and its Board look beyond short-term financial interests alone to make decisions which ensure long term success. This covers factors such as risk management, board structure and remuneration.

ESG screens: These exclude investments based on set criteria such as exposure to weapons, tobacco, United Nations (UN) Global Compact violators, thermal coal, oil sands or gambling.

ESG tilts: These favour investments in companies with high ESG scores and reduce exposure to companies with low ESG scores. ESG tilts may reduce the carbon footprint of a portfolio by decreasing exposure to carbon-intensive companies and favouring carbon-efficient or lower-carbon assets.

Expression of wish: This is how we advise our key fund managers about our voting preferences for investee company's annual general meetings (AGM) resolutions, including climate-related ones. The aim is for our fund managers to align with our voting positions, and we expect them to use their voting rights and responsibilities in line with our expression of wish.

Green bonds: Green bonds are used to finance projects with specific environmental or sustainable benefits.

Fiduciary duty: How we take care of our Members' money by considering all long-term investment value drivers in the investment decision-making process, including financially material ESG factors.

Greenhouse gases (GHG): Gases such as CO_2 and methane cause the greenhouse effect which is contributing to global warming and climate change.

Gross domestic product (GDP): GDP is a key economic indicator that measures the total value of all goods and services produced within a country and is used to measure the country's economic performance. It's often used for comparison between different countries.

Gross Domestic Product at Purchasing Power Parity (GDP-PPP): This is an economic metric that adjusts the GDP of a country to reflect the relative cost of living and inflation rates of different countries. This adjustment allows for a more accurate comparison of economic productivity and living standards between countries. This metric is used to help calculate the sovereign carbon intensity of a country (see sovereign debt).

Implied Temperature Rise: This is a forward looking metric and measures whether the pace of portfolio emissions reduction is sufficient relative to a shrinking global carbon budget. This metric is based on listed equity and corporate fixed income investments only.

Just transition: 'Greening' the economy in a way that's as fair and inclusive as possible to everyone, creating decent work opportunities and leaving no one behind.

Liability risks: The risk that individuals or businesses seek compensation for losses suffered from the effects of physical or transition risks for which they hold organisations responsible. Liability risk is considered a subset of both transition risk and physical risk.

Low-carbon economy: An economy where GHG emissions are low.

Multi-asset credit: Multi-asset credit combines different types of debt investments (such as corporate bonds, loans, and structured credit) to diversify risk and seek steady income across changing market conditions.

Net zero: Net zero is the point where we reduce GHG emissions to the lowest level possible and balance any remaining emissions from hard-to-abate activities through carbon removals. One of the main ways to achieve this is by significantly reducing the amount of GHG emissions produced, with only a small amount of residual emissions being offset or removed.

Net-zero portfolio: A portfolio with investments with aggregated net-zero GHG emissions, aligned with the goals of the Paris Agreement of keeping global temperatures to well below 2°C and preferably 1.5°C.

Paris Agreement/Paris-aligned: The Paris Agreement is an international treaty on climate change agreed at the UN Climate Change Conference (COP21) in 2015. The Agreement set long-term goals to reduce GHG emissions, limit the global temperature rise to 2°C above pre-industrial levels by the end of the century, and to pursue efforts to limit the temperature rise to 1.5°C above pre-industrial levels.

Pathways: A set of emissions trajectories used to evaluate progress and the transition to the goal of global net-zero emissions.

Physical risks: The risks arising from changes in the weather system caused by climate change, for example temperature and rainfall changes, or the frequency and severity of extreme weather events,

which can lead to financial losses and damage to physical assets. Physical risks can be both acute (event driven) and chronic (long term) in nature.

Popular arrangement: A popular arrangement means one in which £100 million or more of a scheme's assets are invested, or which accounts for 10% or more of the assets used to provide money purchase benefits. Our main popular arrangement is Aegon LifePath Flexi. We have two additional popular arrangements, Aegon LifePath Capital and Aegon Developed Markets ex-UK equity.

Private market investments: These are investments that aren't publicly listed or traded. They can be highly 'illiquid' which means they may take a long time to buy and sell. This may also reduce the value of private market investments.

Protected equities: Protected equities are stock investments combined with option strategies. This combination aims to create a defined range of outcomes—limiting losses while capping upside gains during periods of heightened market volatility.

Responsible investment: The consideration of ESG factors when making investment decisions with the aim to minimise ESG-related investment risks and may support growth over the long-term.

Scope 1 GHG emissions: Scope 1 emissions are direct GHG emissions that come from sources owned or controlled by a reporting company (for example fuel combustion in company-owned boilers, vehicles, or on-site processes).

Scope 2 GHG emissions: Scope 2 emissions are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by a reporting company (these emissions occur at the facility where the energy is produced, not at the company's site, but they are attributed to the company because of its consumption).

Scope 3 GHG emissions: All other indirect GHG emissions, not included in scope 1 or 2, that are caused by the activities of the reporting company. Scope 3 emissions are typically more material than scope 1 and 2 (for example purchased goods and services, business travel, employee commuting, waste disposal, use of sold products, transportation and distribution, and investments).

Sovereign debt: The amount of money that a country's government has borrowed to fund government spending. Governments borrow by issuing bonds, bills, debt securities or loans. Pension schemes typically buy and hold such investments.

Stranded assets: Investments that become economically or operationally unviable as economies transition to net zero and lose value, resulting in lower returns to investors. This could include companies extracting coal, gas and oil.

Stewardship: A tool that fund managers can use to influence corporate behaviour, engaging with the companies they invest in to make investors views heard. This can include voting on the re-election of board directors, and challenging companies on weak employment practices or poor environmental records.

Taskforce on Climate-related Financial Disclosure (TCFD): The Task Force on Climate-related Financial Disclosures was established to develop recommended climate-related disclosures for companies and financial institutions. These guidelines help inform investors, shareholders, and the public about climate-related financial risks.

Transition risks: The risk arising from the changes required to support the transition to a sustainable, low-carbon economy, including those driven by policy and technology changes.

Voting season: Voting season refers to the period when companies hold their Annual General Meetings (AGMs), typically once a year. During this time, shareholders exercise their voting rights on critical matters, shaping the company's future.

Weighted average carbon intensity (WACI): This metric measures a portfolio's exposure to carbon-intensive companies by revenue, expressed in tonnes CO2e/£m revenue. Emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value).

Foreword

It is a pleasure to introduce the fourth Aegon Master Trust (the 'Scheme') climate-related financial disclosure, our Task Force on Climate-Related Financial Disclosures (TCFD) report, covering the period 1 April 2025 – 31 March 2026 (the 'Scheme Year'). This TCFD report outlines the progress the Trustees of the Scheme (referred to as the 'Trustees', 'Trustee Board', 'we' or 'us' within this report), are making towards better climate management and our net-zero targets.

The Scheme continues to align with international scientific consensus by aiming to reduce greenhouse gas (GHG) emissions for our main default arrangement, Aegon LifePath Flexi, by 50% by 2030 against our 2020 baseline, and to reach net-zero emissions by 2050. Since 2020 the Scheme's main default arrangement scope 1 and 2 carbon footprint has reduced by 61.4% compared with a 2020 baseline, thus reaching our interim target, and working towards our medium-term target. During the Scheme Year, we adjusted our expression of wish process for the 2025 voting season in order to improve the effectiveness in investment stewardship. In addition, I am proud that we have successfully implemented the first step of our Lifepath Evolution transformation plan which is expected to further bring value to our Members while further aligning our investments with our climate beliefs.

We, the Trustees, want to help Members make informed decisions about their pension investments and ensure that the Scheme default arrangement which most Members are invested in is aligning to net zero.

This TCFD report gives our Members more information on how we manage their investments in the context of climate change. Whilst we place a major emphasis on managing climate-related risks, we are also seeking out opportunities for our Members to benefit from the transition to a low-carbon economy.

We continue therefore to make progress against our interim decarbonisation target. However, longer-term the Scheme meeting its net zero objective is significantly dependent on national and global climate policies. We therefore work collaboratively with other investors to ensure that not only our default fund investments but the wider economy decarbonises and governments gradually increase their climate ambitions by implementing suitable short and medium-term climate policies. Despite the geopolitical and macroeconomic environment making it more challenging, managing climate risks and identifying associated investment opportunities remains a key part of the forward management of the Scheme and central to the Trustees fulfilling their fiduciary duty.

I hope therefore this report gives a good sense of how the Scheme is managing climate risks and opportunities and our decarbonisation progress so far.

Ian Pittaway, Chairman of the Aegon Master Trust Board

Executive summary

This report describes how the Trustees of the Aegon Master Trust (the "Scheme") have governed, assessed and managed climate-related risks and opportunities during the year ended 31 March 2026, in line with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 [1].

Climate change remains one of the most significant long-term financial risks facing pension schemes[2] and traditional systems of governance, with associated real-life impacts for our Members[3]. The past three years were the planet's hottest on record[4], with 2024 the first year that was 'likely' more than 1.5°C above pre-industrial levels[5], highlighting that the headroom to stay within the Paris Agreement 1.5°C guard rail is minimal which should serve as a call to action. While policy and regulatory developments remain uncertain, the underlying physical impacts of climate change continue to increase. The Trustees therefore continue to regard climate change as a financially material consideration that must be incorporated into the Scheme's governance framework, investment strategy, risk management processes and stewardship activities.

The Trustees believe the Scheme made good progress during the Scheme Year. The Scheme remains on track against its interim decarbonisation objective, climate data quality continues to improve, exposure to companies with credible transition plans has increased materially, and the climate resilience of the main default arrangement has strengthened through ongoing investment strategy improvements. At the same time, climate scenario analysis continues to indicate that a failure of the global economy to transition successfully would result in significantly worse investment outcomes than an orderly transition.

Our climate-related disclosure report therefore provides an overview of the governance, strategy, risk management, metrics and targets employed to inform the Scheme's response to climate change. The main climate-related achievements for the Scheme Year are listed below.

Governance

The Trustees continued to oversee climate-related risks through the Trustee Board and Investment Sub-Committee.

- During the year, we implemented the first phase of the LifePath Evolution programme, including the transition to BlackRock ESG Insights building blocks with enhanced ESG and climate characteristics.
- In addition, we reviewed our investment beliefs and responsible investment beliefs.

Strategy

- The most significant strategic development was the continued evolution of the Scheme's main default arrangement, Aegon LifePath Flexi, introducing diversified private markets, protected equities and multi-asset credit. The changes agreed during the year are intended to improve member outcomes while increasing alignment with the Trustees' climate objectives and supporting access to climate-

[1] Department for Work and Pensions (October 2022), Statutory guidance: Governance and reporting of climate change risk: guidance for trustees of occupational schemes
[2] European Central Bank, Occasional Paper Series: Climate change and monetary policy in the euro arena (September 2021) pp 29-31, Climate change and monetary policy in the euro area
[3] Department for Environment, Food and Rural Affairs (January 2022), UK Climate Change Risk Assessment
[4] The Independent (January 2026), Past three years were planet's hottest on record
[5] Met Office (January 2025), **2024: record-breaking watershed year for global climate**

related investment opportunities and these are planned to be implemented in the coming scheme year 2026-2027.

- Climate scenario analysis continues to show that climate change could have a material impact on long-term investment outcomes. As in previous years, the greatest financial impacts are observed under a failed-transition scenario, reinforcing the importance of an orderly transition to a lower-carbon economy. Physical risks, particularly extreme heat and coastal flooding, remain key long-term risks.

Risk management

Climate risk remains integrated into the Scheme's wider risk management framework and is monitored through the Risk Register, Climate Risk Dashboard and annual fund manager oversight process.

- During the year, Trustees assessed fund manager climate credentials and stewardship activities, while enhancing the Expression of Wish process to cover a greater number of high-emitting companies.
- In particular, the Trustees noted that BlackRock's stewardship approach showed improved alignment with their climate expectations following the first implementation of its Climate and Decarbonisation Stewardship Guidelines.
- We assessed our fund managers' climate credentials and their year-on-year progress, which helped us prioritise our engagement with them.

Metrics and targets

- The Scheme continues to make strong progress against its climate targets:. Since the 2020 baseline, the scope 1 and 2 carbon footprint of Aegon LifePath Flexi has fallen by 61.4%, exceeding the reduction required to meet the Scheme's interim target of halving emissions by 2030.
- Over the past Scheme Years, the Trustees observed several trends, which result from the changes brought to the Scheme investment approach:
    - Improvement in emissions data coverage (from 72% in 2022 to 83% in 2025);
    - Higher exposure to companies with approved Science Based Targets increased (from 21% in 2022 to 41% in 2025);
    - Exposure to climate opportunity investments increased from 5% in 2022 to 12% in 2025;
    - Higher exposure to net-zero aligned assets (from 13% to 24% over the last year).
- While portfolio alignment metrics continue to improve overall, implied temperature rise remains above a Paris-aligned pathway, highlighting the importance of continued stewardship, engagement and economy-wide decarbonisation.

Looking ahead, the Trustees will continue implementing the next phase of LifePath Evolution, strengthening stewardship activities and improving the assessment of physical climate risks, while maintaining the long-term objective of achieving net-zero greenhouse gas emissions in the Scheme's main default arrangement by 2050.

Introduction

The Scheme and climate change

The Scheme is an open defined contribution pension scheme with more than 205,000 Members and £6.43bn in assets under management as of 31 March 2026. This TCFD report marks the fourth year the Scheme has disclosed its action and approach to assessing and managing the risks and opportunities associated with climate change.

Since the Scheme invests over the long-term for its Members, it is exposed to systemic risks such as climate change. We aim to manage the investment risks of climate change by:

- Identifying and mitigating climate risks within the Scheme's investment portfolio,
- Capitalising on financial opportunities that the transition to a lower carbon economy brings, and
- Giving more choice to Members who wish to be invested in climate-thematic funds.

The Scheme is predominantly an indirect investor, which means that most of the Scheme's funds invest in pooled funds managed by third-party fund managers. As such, with Aegon UK representing us, we seek to drive proactive engagement on key climate topics via our fund managers, through their oversight and via their active engagement with the companies in which they invest and through collaborative industry and policy engagement.

Description of the Scheme's investment arrangements

The Scheme's investment portfolio comprises standard default arrangements and bespoke options (known as Bespoke Notional Sections), as well as a range of 'self-select' funds (the 'AMT Fund Range'). Default investment funds are provided for Members who do not wish to select where to invest their pension savings, whilst the self-select fund range is available to Members who wish to make an investment choice. In line with the DWP Statutory Guidance, we have provided climate scenario analysis and metrics for each 'popular arrangement' offered by the Scheme. These are the main popular default arrangement, Aegon LifePath Flexi, an additional popular default arrangement, Aegon LifePath Capital, and a self-select fund, Aegon Developed Markets ex-UK equity.

The main Scheme default arrangement: Aegon LifePath Flexi

Approximately 87.0% of all Members within the Scheme are invested in this default arrangement, representing 85.6% of the Scheme's assets as of 31 March 2026.

The asset allocation of our main default arrangement varies depending on how many years a Member is from retirement. Members in the early years of their working life will invest in the Early days fund, which holds a higher proportion of riskier assets which have higher growth potential, such as equities (stocks and shares). Leading up to the target retirement date, the fund's strategy moves to a more cautious asset mix, which is designed to be more stable for generating income from the Member's pension when they retire. This process is termed 'lifestyling' and is demonstrated in Figure 1.

Figure 1: Aegon LifePath Flexi asset allocation of funds over a Member's remaining working life.



*Source: Aegon UK. *Early Days fund asset allocation remains the same for all Members retiring after 12 years.*

Alternative Scheme default arrangements

3.9% of Members in the Scheme are invested in alternative Scheme default arrangements, representing 3.2% of the Scheme's assets[6]:

- **Aegon LifePath Retirement**: Designed for Members planning to buy an annuity at their target retirement date
- **Aegon LifePath Capital**: Designed for Members planning to take their savings as a one-off cash lump sum
- **Aegon Cash**: In which Members may be temporarily invested should another fund be closed / suspended due to new monies and withdrawals.

The AMT Fund Range

Around 6.6% of Scheme Members are invested in the AMT Fund Range, our range of self-select funds, representing 6.8% of the Scheme's assets[7]. The Scheme offers twenty-five self-select funds, outlined below, in addition to the three Aegon LifePath default arrangements (and any bespoke self-select and default funds):

- **Funds with a specific focus on sustainability:** This means that a sustainability objective is built into the fund's investment objective or investment process:
    - Aegon Global Climate Focus Equity
    - Aegon Global Sustainable Equity
    - Aegon Global Sustainable Multi-Asset Growth
    - Aegon Global Sustainable Multi-Asset Balanced
    - Aegon Global Sustainable Government Bond
    - Aegon Global Short Term Sustainable Bond

- **Funds which integrate ESG exclusions:** This means that, based on certain thresholds, the funds will not invest in certain companies, based on ESG concerns. For example, some funds listed below exclude investment in companies that generate a proportion of their revenue from thermal coal and oil sands:

[6] Figure based on Aegon UK asset allocation data as of 31 March 2026.
[7] Figure based on Aegon UK asset allocation data as of 31 March 2026.

- Aegon Cash
- Aegon Developed Markets Equity Tracker
- Aegon Developed Markets ex-UK Equity Tracker
- Aegon Emerging Markets Equity Tracker
- Aegon Europe ex-UK Equity Tracker
- Aegon Global Islamic Equity Tracker
- Aegon Global Listed Infrastructure
- Aegon Global Small Cap Equity Tracker
- Aegon Japan Equity Tracker
- Aegon Pacific ex-Japan Equity Tracker
- Aegon Retirement Income Multi-Asset
- Aegon UK Corporate Bond Tracker
- Aegon UK Equity Tracker
- Aegon US Equity Tracker

- **Funds which integrate ESG considerations within their overall investment process:**
  - Aegon Global Absolute Return Bond
  - Aegon Global Strategic Bond
  - Aegon UK Property

- **Funds that fall into asset classes in which few solutions integrate ESG considerations within their investment process:**
  - Aegon UK Government Bond Tracker
  - Aegon UK Index-Linked Government Bond Tracker

Bespoke Notional Sections

Around 2.5% of Scheme Members are invested in bespoke funds, known as Bespoke Notional Sections, representing 4.4% of the Scheme's assets[8]. We offer 'bespoke' fund ranges in cases where employers wish to make a different range of self-select investment funds and/or a different default arrangement available to their employees. In these cases, the employers seek appropriate investment advice to create a 'bespoke' fund range. As of March 2026, two active employers and one legacy employer had opted to offer bespoke funds to their Members.

Governance

In this section, we set out:

- How we maintain ongoing oversight of climate-related risks and opportunities which are relevant to the Scheme, as per our governance structure
- Our responsible investment beliefs and how they were reviewed during the Scheme Year
- Responsibilities for the management of climate change in day-to-day activities, including the role of service providers advising and/or assisting us.

Trustee Board oversight and efforts to improve our climate understanding and knowledge

As the Trustees of the Scheme, we have ultimate responsibility for ensuring effective governance and management of climate-related risks and opportunities. This is particularly important given that the Scheme assets are managed by third-party fund managers with their own proprietary approaches and strategies, including climate-risk management. Effective

[8] Figure based on Aegon UK asset allocation data as of 31 March 2026.

oversight, dialogue, and monitoring of those fund managers is therefore a key tool for our climate-risk management approach.

The Scheme Investment Sub-Committee, including two out of four Trustees, provides expert oversight of investment topics that are essential to the successful management of the Scheme. This includes the Scheme's approach to responsible investment. We believe the sub-committee structure maximises the effectiveness of the Trustee Board's time, whilst ensuring the amount of governance and oversight necessary to manage climate-related risks. The Investment Sub-Committee meets at least quarterly. The investment adviser, Isio, attends all meetings.

Since its establishment, the Investment Sub-Committee has regularly considered responsible investment and climate-related agenda items. Table 1 below lists key topics that were discussed by the Investment Sub-Committee during the Scheme Year. Significant time was spent on responsible investment topics, in particular climate-related issues, and we expect they will require growing time and resources in the future. We aim to keep up to date with the latest developments in climate analysis and during the Scheme year we embraced more sophisticated oversight tools to improve our assessment of the Scheme's climate performance at fund level.

The time spent by the Trustees learning about the latest climate tools and how these apply to the Scheme helps the Trustees steer the Scheme towards its climate commitment, challenge the Scheme's service providers and ultimately help protect the Scheme's Members.

Following a meeting of the Investment Sub-Committee, its Chair updates the Trustee Board (at the next Board meeting) on the matters that were considered. This update may be verbal or in writing, on matters discussed, recommendations and key actions agreed, including those relating to climate change.

Table 1: Notable responsible investment agenda items discussed at Scheme Investment Sub-Committee meetings during the Scheme Year

Date	Agenda topic(s) related to climate change risks and opportunities
May 2025	AMT 2024/25 TCFD Report – TCFD update (Aegon UK) AMT 2024/25 TCFD Report – Emissions attribution analysis (Aegon UK) AMT Stewardship – Update on Expressions of Wish approach for 2025 (Aegon UK) LifePath ESG performance update (BlackRock) Discussion on transition of Emerging Market building block to EM ESG Insights building block (Aegon UK)
June 2025	Discussion on Trustee beliefs (Aegon UK)
Aug 2025	AMT TCFD Report – TCFD update (Aegon UK) Update of the Trustees investment beliefs (Isio, Aegon UK), SIP including updated Trustees beliefs and providing overview on funds voting LifePath ESG performance update (BlackRock)
Sep 2025	
Oct 2025	
Nov 2025	AMT Stewardship – Conclusions on 2025 Expressions of Wish approach (Aegon UK) AMT Stewardship – Conclusions on 2025 Manager Monitoring (Aegon UK) LifePath Evolution II – Discussion on ESG benefits LifePath ESG performance update (BlackRock) Annual review of investment consultant ESG objectives (Isio)
Dec 2025	LifePath Evolution II – Discussion on ESG benefits (Aegon UK) LifePath Evolution II – Assessment including ESG Integration (Isio)

Feb 2026	Responsible Investment Governance update (Aegon UK) Responsible Investment Policy review (Aegon UK) LifePath ESG performance update (BlackRock)

Source: Aegon UK

During the Scheme Year, the Trustees, working in collaboration with Aegon UK, and with independent advice from Isio, discussed the evolution of the Scheme's main default arrangement, Aegon LifePath Flexi. The Trustees agreed a strategic asset allocation change to invest across a broader range of asset classes, including diversified global private markets, protected equities and multi-asset credit[9].

Investment beliefs and responsible investment beliefs

Investment beliefs are guiding principles which inform the investment strategy, the design of the Scheme's default arrangements and the number and type of other investment options we make available to Members. We have re-evaluated our investment beliefs in the Scheme Year, as part of a review of our Statement of Investment Principles dated 18 September 2025 with the support of Isio, AMT investment advisers, and introduced our illiquids policy. For our full investment beliefs, please refer to Section 3 of the Scheme's annual Chair Statement.

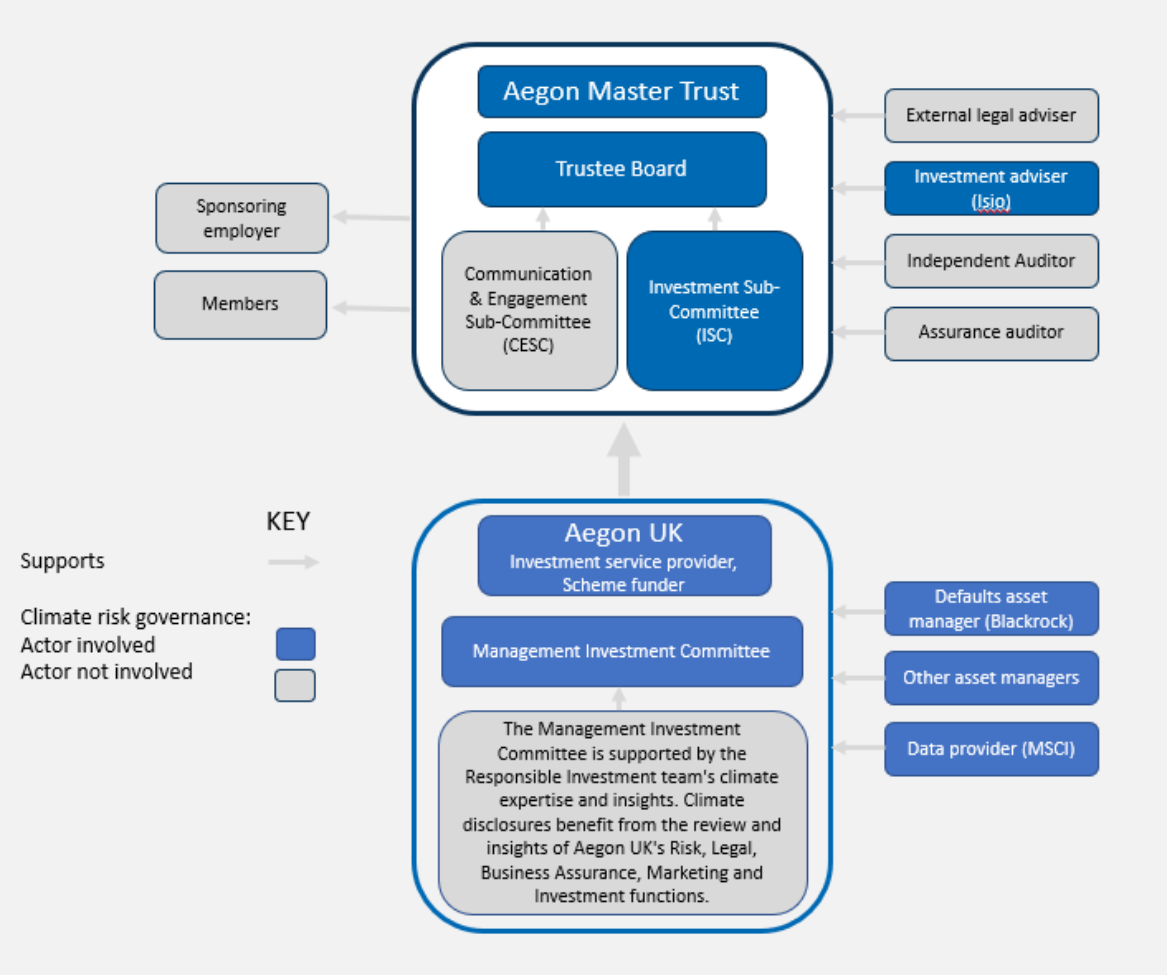
Our responsible investment beliefs were also updated and provide further details on the minimum level of active ESG integration and engagement we expect from Aegon UK and our fund managers. They have guided the climate expectations we have set for our fund managers. Please refer to the Scheme's governance section of our website for more details on our responsible investment beliefs.

Roles and responsibilities of service providers

Our service providers highlighted in this section assist us with undertaking governance activities with regard to managing climate-related risks and opportunities. Other service providers, including legal advisers, auditors, and the Scheme secretary, also undertake Scheme governance activities. However, these persons do not undertake activities relevant to assessing and managing climate-related risks and opportunities at the present time.

[9] For more detail on the planned change, please refer to the Scheme's Implementation Statement, 18 September 2025.

Figure 2: Governance structure for the Scheme, with Trustee oversight of climate change considerations



The investment service provider (Aegon UK), investment adviser (Isio), main fund manager (BlackRock) and climate data provider (MSCI) undertake, advise and assist with, respectively, governance activities in respect of identifying, managing and assessing climate-related risks and opportunities. Their roles and responsibilities are detailed in table 2.

Table 2: Roles and responsibilities of service providers assisting and advising us. Items below should not be viewed as exhaustive but as an illustration of various roles and responsibilities we expect of their service providers, and how we ensure appropriate oversight of these.

Category	Investment service provider, also sometimes called Scheme funder, Aegon UK.
Description	Aegon UK uses its intellectual property and market insights to make relevant suggestions in relation to our climate strategy, where appropriate. Aegon UK uses its dedicated responsible investment and oversight expertise to provide us with regulatory horizon scanning and dedicated training on climate-related risks and opportunities.
Overall responsibilities	Aegon UK helps us set and implement an investment strategy which is aligned with the Scheme's goals, objectives, and beliefs, such as climate management, net-zero targets and related fund developments. Responsibilities include:

	• Monitoring the climate credentials of the Scheme's fund managers; • Engaging with and challenging the Scheme's fund managers and data provider, where appropriate, throughout the Scheme Year; • Undertaking industry advocacy efforts to support wider market decarbonisation, including on our behalf; • Providing data and insights to ensure climate-related disclosures are appropriate and aligned with any legislative changes; Identifying, contributing to, and sharing net-zero industry best practice with the Trustees. We are supported by an executive team, in particular the Investment Proposition Managing Director who receives regular insights and thought leadership from the responsible investment function. Insights from the responsible investment team ensure that the executive team assisting us has a good understanding of climate change and its impacts.
Trustee oversight and governance	The implementation of the Scheme's net-zero targets is overseen by Aegon UK's Management Investment Committee. The Committee typically reviews items before they go to the Investment Sub-Committee. We leverage our investment adviser Isio to assess the credibility and progress of Aegon UK in helping us implement our climate strategy and day-to-day climate management. Indirectly, Aegon UK maintaining its Stewardship Code signatory status for the third year running in 2025 confirms Aegon's robust oversight and the Trustees' confidence in their responsible investment practices.

Category	Investment adviser, Isio.
Description	Isio provides ideas and an independent review of suggested approaches and developments from the investment service provider, where required.
Overall responsibilities	Isio advises us on the Scheme's overall investment strategy, including our responsible investment strategy. Responsibilities include: • Supporting the Trustees to embed material climate considerations in investment decisions and processes, in the interest of Members and aligned with the Scheme's Responsible Investment Policy. • Reviewing the appropriateness of the Scheme's investment strategy in relation to climate change, for example being involved in fund reviews and commenting on the Scheme's progress towards net-zero targets; • Providing us with advice and benchmarking our responsible investment strategy, including beliefs and climate-related disclosures;

	• Assessing the credibility and progress of Aegon UK in helping us implement our climate strategy and day-to-day climate management; • Supporting our independent oversight of the Scheme's fund managers; and; • Informing us of regulatory and market developments which could impact the investment strategy and wider fund range, and how they could be addressed.
Trustee oversight and governance	In accordance with DWP regulations and Pension Regulator guidance, we have set strategic objectives for investment advisers; and review the provider's performance against those objectives at least every twelve months. The objectives must be reviewed and (if appropriate) revised at least every three years, and without delay following a significant change in investment policy. The Trustees assessed Isio's performance against its strategic objectives, including their objective to assist the Trustees in aligning the Scheme with its ESG objectives. Overall Isio scored well, and the assessment, which included Isio's self-assessment in November 2025, helped identify areas for additional focus. We have agreed strategic objectives with Isio for the year 2026. Isio's climate objective formalises the Trustees' oversight: Isio's climate competency is considered in relation to the positive and best practice indicators for investment consultants developed by the Investment Consultants Sustainability Working Group (ICSWG)[10], including Isio's contribution to: • Helping the Trustees implement their 2050 net-zero target and associated interim targets; • Assisting the Trustees by sharing best practice and thought leadership on climate topics; Supporting the Trustees with effective investment provider and default fund manager engagement and collaboration, to ensure climate-related risks and opportunities are appropriately managed.

[10] ICSWG consultant climate competency framework

Category	Various fund managers, with BlackRock being the fund manager for the Scheme's main default arrangement, Aegon LifePath Flexi.
Description	Fund managers are responsible for the day-to-day management of the Scheme's investments, including identification and management of climate risks and opportunities.
Overall responsibilities	The same responsibilities apply to all the Schemes managers systematically. Taking BlackRock as an example, the BlackRock team regularly reviews its climate policies, processes, resources, and expertise to support climate integration and the ESG objectives of the Scheme. Responsibilities include: • Contributing to the Scheme's climate strategy for investments and supporting the transition of assets to low carbon strategies where needed; • Sharing risks and opportunities which relate to the Aegon LifePath Flexi net-zero target; • Exercising voting rights and engaging with companies on climate risks and opportunities; and • Supporting climate data and information requests made under the regulatory regime.
Trustee oversight and governance	All the Scheme's fund managers respond to an annual responsible investment due diligence questionnaire. This helps us ensure minimum climate requirements are met and helps inform topics for engagement throughout the Scheme Year. We pay particular attention to BlackRock as the fund manager of our main default arrangement. They are invited to join Investment Sub-Committee meetings to present specific climate topics and their decarbonisation progress. This forum provides the opportunity for the Trustees to assess gaps in fund manager's investment process against the Scheme's Responsible Investment Policy and identify opportunities to align further with the Trustees climate goals and public targets. Aegon UK also has regular meetings with BlackRock, which supports the Scheme's strategy. Last Scheme Year, Isio carried out the triennial review of both the current and envisioned Scheme default investment strategy, in which they assessed the performance of BlackRock on ESG and climate criteria. Isio identified scope to improve the ESG position further. We will not appoint fund managers who fail to integrate responsible investment principles into their overall decision-making processes. Those that we do appoint are required to report on their voting and engagement activities. For more information on how we monitor fund managers please see the strategy section of this report. The Trustee will apply the same oversight and governance attention and requirement to all the other Schemes managers.

Category	Climate data provider, MSCI.
Description	MSCI is a provider of climate data and analytics. They support the Scheme's data and information requests related to climate risks and opportunities, which informs our strategy development.
Overall responsibilities	MSCI provides the climate data and associated platform and customer service to enable Aegon UK to collect climate metrics which inform Scheme analysis, including for TCFD reports. This includes providing scenario analysis capabilities, estimating greenhouse gas emissions where reported data is not available, and developing methodologies for proprietary climate metrics, in line with market developments and regulatory guidance.
Trustee oversight and governance	Aegon UK exercises day-to-day oversight of MSCI through ad-hoc issue-specific meetings, monthly technical meetings and quarterly oversight and relationship meetings. These are used to discuss availability of climate data, insights from climate reports and raise any issues. The performance of MSCI is continually evaluated, specifically the level of service provided, appropriateness of data and relationship as a key service provider. Aegon UK's responsible investment team aggregates, complements, reviews, and analyses the information provided by MSCI before sharing it with us. MSCI communicates improvements in data coverage and updates to methodologies via Aegon UK through Investment Sub-Committee updates or board teach-ins. Aegon UK also contributes to the development and testing of new metrics when the opportunity arises.

Strategy

In this section we set out:

- Our approach to climate-related risks under different time horizons, in relation to our investment strategy;
- Our chosen climate scenarios and associated analysis;
- Our climate strategy and how we are using our influence to decarbonise our main default arrangement, Aegon LifePath Flexi.

Description and assessment of climate-related risks and opportunities

How we define climate-related risks

Material climate-related financial risks and opportunities can affect the valuation of the investments we manage, directly impacting the financial wellbeing of our Members. To manage climate risks and opportunities carefully, we need to understand the range of potential climate impacts, how and when they may occur, and the likely consequences on our investment strategies.

In assessing the potential impacts of climate risks on our Members' investments, we consider physical, transition and liability risks, which we define as follows:

- **Physical risk**: the risk coming from changes in the weather system linked to climate change, for example temperature and rainfall changes. Also, the frequency and severity of extreme weather events, which can lead to financial losses and damage to physical assets. Physical risks can be both acute (event driven) and chronic (long-term) in nature.
- **Transition risk:** the risk arising from the changes required to support the transition to a sustainable, low-carbon economy, including those driven by policy and technology changes.
- **Liability risk** – the risk that individuals or businesses seek compensation for losses suffered from the effects of physical or transition risks for which they hold organisations responsible. Liability risk is considered a subset of both transition risk and physical risk.

The Scheme invests indirectly using funds from third-party fund managers and therefore delegates the management of climate-related risks and opportunities to them. Climate is one of the key responsible investment topics we assess when we select, monitor, and engage with our fund managers. How we select and monitor third-party fund managers is set out in the Scheme's Responsible investment policy, which is reviewed annually.

How we define time horizons

We consider climate change over short, medium, and long-term time horizons in the context of the assets and infrastructure that the Scheme invests in.

Climate change is likely to impact both our Members' investments and the world they will live and retire in and whilst exact outcomes are uncertain, there is a high probability that some combination of physical and transition risk factors is already occurring and will occur in the

future, as made clear in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)[11].

Our three distinct time horizons reflect the short, medium and long-term nature of our Members' investments, with some Scheme members retiring shortly and others expected to retire beyond 2070:

- **Short-term horizon (less than 10 years)** – risks arising over the next 10 years, and which potentially impact Scheme investments. Within this period, we expect most transition risk to be considered by financial markets while physical risks will increase.
- **Medium-term horizon (between 10 and 25 years)** – remaining transition risks and emerging risks resulting from the increasing physical impacts under extreme warming scenarios, which we expect to manifest in 10 years or more.
- **Long-term horizon (over 25 years)** – risk built up over time resulting from the increasing physical impacts emerging under extreme warming scenarios risks.

We assess all our time horizons in our evaluation of climate risks, and consider:

- The type of assets our Members are invested in.
- How long assets will be invested for until Members retire.
- The time horizon over which climate change considerations will be relevant.
- The Scheme's long-term investment strategy, including its climate targets until 2050.

Mapping of climate-related risks and opportunities

We have outlined some of the specific climate-related risks and opportunities we believe could arise over each time horizon (short, medium, and long-term) that could have a material financial impact on the Scheme and its Members:

Table 3: How climate-related risks and opportunities could have an impact on the Scheme and our Members.

Risk/ Opportunity	Potential impact	Time horizon		
		Short term <10 years	Medium term 10-25 years	Long term >25 years
Transition risks				
Wide-ranging transition risks (policy)	Transition to a net-zero world will require significant policy intervention as governments seek to drive the necessary actions from companies and citizens globally, leading to increased costs of adaptation and compliance.	**X**	**X**	
Wide-ranging transition risks (technology)	Transition risks associated with the shift from fossil fuels and carbon-intensive processes and technology to sustainable alternatives could lead to the devaluation of high-carbon assets ('stranded assets').	**X**	**X**	
Market risks	Risk that broader macro-economic impacts from climate change drive lower asset valuations, higher corporate and sovereign debt defaults, and increased volatility. Potential impacts on interest rates and inflation are unclear. Impacts vary under	**X**	**X**	**X**

[11] Intergovernmental Panel on Climate Change (IPCC), Sixth Assessment Report, ipcc.ch, 2023

	different climate scenarios, with transition effects stronger under 'orderly' and 'disorderly' scenarios, and physical effects stronger under a 'failed transition' scenario.			
Reputation	Failure to act decisively on climate issues could harm the Scheme's reputation and relationships with our key stakeholders, impacting the Scheme viability.	**X**	**X**	**X**
Physical risks				
Wide-ranging physical risks	Physical risks are the many different and interconnected impacts that come with a warmer world. These include extreme weather and rising sea levels, which can damage assets and cause disruption to supply chains and company operations.	**X**	**X**	**X**
Direct risks to our Members				
Quality of life and morbidity	Risk of deterioration in quality of life that prevents our customers from living their best lives. For example, from the impacts resulting from drought or wildfires affecting crops, food and water security. Risk of higher levels of morbidity, for example, through deterioration in air quality in failed transition scenarios, or chronic changes in weather patterns such as prolonged heatwaves, or severe winters. This is primarily driven by physical risk.		**X**	**X**
Mortality	Risk of higher levels of mortality as a direct consequence of climate change/extreme weather events, or the indirect impact on individual wellbeing levels, driven by worsening economic conditions. This is primarily driven by physical risk.		**X**	**X**
Opportunities				
Climate opportunities: Investee companies' transition	To thrive in the low-carbon world, companies will need to adapt and rethink their business models. Significant capital will be needed to fund corporate net-zero transition plans, with better expected long-term outcomes for companies that manage to change.	**X**	**X**	
Climate opportunities: New investment opportunities	We expect more capital will be allocated towards climate change mitigation and adaptation over the coming years. In addition, climate solutions investments may help expand investments to non-traditional asset classes, such as real assets or private equity.	**X**	**X**	**X**
Climate opportunities: New products and services opportunities	Our customers will increasingly be concerned about climate change and the impact on their investments. This is an opportunity to support companies developing new products and services tailored to their customers' concerns and helping to address the challenges of climate change.	**X**	**X**	
Resource efficiency opportunities	Opportunities arising from reduced operating costs of companies through efficiency gains and increased production capacity, as well as from transforming a linear economy to a circular economy.		**X**	

Impact of climate-related risks and opportunities for our strategy

In this section we describe how we use climate-related issues to help our business, strategy and financial planning process for the Scheme, the time horizon(s) used, and how these risks and opportunities are prioritised.

As a large, long-term savings provider we believe that using our investment footprint and scale is the most impactful way we can support the transition to a fairer and more sustainable world and secure good financial outcomes for our Members. While accepting some of the exposure to climate risk attached to the Scheme's investments is beyond our control, there's a lot we can do to manage it, such as applying internal frameworks to reduce and manage the climate risk exposure of our investments. We can use our position as a large asset owner to engage with companies and shape public policy, ensuring we fulfil our fiduciary duty to our customers.

Our investments extend over decades, which aligns with the long-term time horizon outlined in the section above. Many of our Members are building up their pension and may be exposed to the impacts of climate change for decades to come, both in their daily life and through the financial impact on their pension savings. As a result, our strategy focuses on taking appropriate short and medium-term actions to help protect our customers' long-term returns, given the risks and opportunities climate change presents.

We've started our decarbonisation journey by committing and making progress towards net zero by 2050 in our main default arrangement. However, our climate strategy needs to be flexible and responsive to the uncertain and large-scale impacts climate change may bring.

While there are risks associated with climate change, there may also be investment opportunities that come from the transition process. We believe firms that respond effectively to policy change and technological developments, and that recognise the change in consumer behaviours, and expectations will be well placed to benefit from these opportunities. We also believe the net-zero transition is likely to support companies providing climate solutions, directly helping adapt to or mitigate climate change.

Short-term, less than 10 years

Despite current climate change policy volatility, we still believe that transition risk is the most significant form of climate risk in the short-term, both for the Scheme and for the companies that we invest in, as climate reporting and disclosure requirements increase. We therefore monitor climate policy sentiment, the climate disclosure regulatory environment, the progress investee companies are making in decarbonising their operations, and the opportunities to invest in climate solutions. We continue to invest in a variety of climate data and scenario analysis, build our own in-house responsible investment expertise and engage with our fund managers on their climate change strategy.

For example, we've considered the following short term transition risks and how to address them:

- Legal challenges based on alleged climate liability continue to develop globally and our Investment service provider, Aegon UK, monitors this through a range of investor networks.
- Although the UK Government has not yet mandated climate transition plans, we are monitoring what this evolution will mean for our investee companies, the Scheme and Aegon UK's net-zero transition plan, its Climate Roadmap.
- Fund level sustainability disclosures continue to evolve to ensure better consistency, support customer understanding of fund sustainability strategies, and prevent greenwashing. It's not yet clear if the Financial Conduct Authority (FCA) will mandate Sustainability Disclosure Regulations (SDR) for the Scheme but we monitor a range of Environmental, Social and Governance (ESG) indicators for the funds made available to Members in the Scheme.

- As data quality improves and our understanding of the impacts of company operations and dependencies on nature and biodiversity develops, we expect further disclosure requirements on this issue in line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework. Aegon UK has developed a framework for monitoring nature risk exposure and identifying and engaging with the companies it believes represent the Scheme's largest exposures.
- Despite short-term policy volatility, both developed and developing markets are rapidly decarbonising in part due to the falling costs of renewable technologies. This presents both risks and opportunities to our Members' investments. The Scheme's Climate Strategy aims to mitigate these risks and the addition of private markets investments to our default pension funds provides Members with an opportunity to invest in a wider range of climate solutions-related investments.

In the next few years, the implementation of Aegon UK's net-zero transition plan, its climate roadmap, will help support the Scheme in moving towards its net-zero commitment by increasing the alignment of Aegon LifePath funds with the Trustees objectives. We see future evolutions of the investment strategy of the Scheme's main default arrangement, discussed during the Scheme Year, as a natural step in that direction. Our updated responsible investment policy details our minimum responsible investment requirements and stewardship approaches, which support our 2030 decarbonisation target and frame our engagement with our fund managers and the wider market. Climate is already one of our key engagement themes. It drives how we approach fund manager selection, appointment and monitoring, and our fund manager's voting and engagement activities, to ultimately manage short-term risks.

2025 was the third warmest year on record with an average temperature of 1.41°C above pre-industrial levels (defined as the 1850-1900 average temperature estimate)[12]. 2024 remains the hottest year on record. The Scheme's investments therefore face growing physical climate change risks as higher temperatures increase the likelihood of severe weather events, amplifying the intensity of storms and droughts and leading to shifting weather patterns. In addition, climate physical risks will only increase in the absence of a consistent climate policy response globally.

Understanding the physical impacts of climate change on investments is complicated and evolving. Physical damages from climate change arise through reduced labour productivity, impaired agricultural yields, higher disaster-related losses and damage to infrastructure. Our investment provider, Aegon UK is therefore engaging with the Scheme's fund managers and ESG data providers to better understand how they're considering this issue in their data provision, investment decision-making and stewardship activities.

Medium-term, 10 to 25 years

While decarbonisation remains essential to mitigating emissions and reducing the impact of climate change, the temperature increases that have already occurred and the increasing number of extreme weather events, means that the likelihood of physical climate change will increase over the medium term. For this reason and as we've outlined above, Aegon UK continues to monitor the Scheme's fund managers and challenge them on how they're incorporating climate physical risk in their investment decision-making and stewardship activities.

As evidence of climate physical risk grows, we may expect a shift in consumer preferences and for our Members' and external stakeholders to become more focused on our climate change strategy and how we're aligning our investments to net zero. This might include more advanced data requests such as asking for emissions performance attribution analysis or information on sectoral decarbonisation pathways.

[12] MetOffice - '2025 continues series of world's three warmest years'

Over the medium term we also expect that despite current volatility in climate policy, there will be a more consistent systemic response underpinned by the further advancement of cost-competitive, low-carbon technologies which will remove many of the economic arguments against decarbonisation.

Long-term, over 25 years

The Scheme's climate targets are to reduce the scope 1 and 2 carbon footprint emissions for our main default arrangement by 50% by 2030 and for net zero by 2050, aiming to mitigate the long-term impacts of climate change in accordance with the 2015 Paris Agreement. However, we're aware that current policies and commitments place the world above the Paris Agreement threshold for a 2°C temperature rise above pre-industrial levels so it's highly likely that our customers will experience the impact of climate change in their daily lives.

The long-term economic impacts from climate change remain unclear but are expected to be mostly negative and may include lower asset valuations, higher corporate and sovereign debt defaults, and increased volatility. As we outline in the next section, long-term impacts will likely vary under different climate scenarios, with transitional effects stronger under 'orderly' and 'disorderly' transition scenarios, and physical effects stronger under 'high warming' or 'failed transition' scenarios.

Climate scenario analysis

It's important that we monitor climate change risks and opportunities to protect the value for our Members and optimise performance while we strive to reach our commitments.

We use climate scenario analysis to understand the potential financial consequences of climate risks on our customers' investments under a range of different scenarios projected to 2050. The output of this analysis is called Climate Value-at-Risk (CVaR). The selected climate scenarios apply to the most common asset classes that we invest in, namely equity (company shares), corporate fixed income (loans issued to companies) and sovereign debt. For sovereign debt, the focus is primarily on transition risks resulting from government policy changes. Some impacts of chronic (long term) physical risks are also considered, but acute (event driven) physical risks are not included and this is a significant limitation.

Climate scenarios are hypothetical, rather than forecasts or predictions. They capture a range of possible outcomes related to climate policy, technological developments, and speed of the transition to a low-carbon world. We use a climate scenario analysis tool developed by MSCI to understand the potential financial consequences of climate risks on our main default arrangement.

Choice and description of our climate scenarios

We selected three scenarios to assess our exposure to climate risks.

- A '1.5°C orderly transition to net zero by 2050' scenario;
- A '2°C disorderly transition to net zero by 2050'; and
- A '4°C failed transition' scenario

Climate scenario analysis combines data on climate risks and opportunities categorised as physical or transition (policy and technological risks). These risks and opportunities are then translated into a CVaR measurement (% change in portfolio value) for each of the three transition scenarios we've selected, as summarised in table 4. Climate scenario analysis offers us the opportunity to explore the potential impacts on our investments under a set of possible scenarios.

Table 4: Three transition scenarios from MSCI to capture possible temperature paths

Scenario	1.5°C orderly transition	2°C disorderly transition	4°C failed transition scenario
Model *(see model descriptions on next page.)*	Integrated Assessment Model: REMIND NGFS* 1.5°C.	Integrated Assessment Model: REMIND NGFS* 2°C.	Integrated Assessment Model: 3°C REMIND NGFS* transition scenario and 4°C IPCC SSP3-7.0 aggressive physical scenario.
Key impact/risks	Transition impact of policy measures and technology drivers.	Transition impact of policy measures and technology drivers.	Severe physical impacts over time – both gradual physical changes, as well as more frequent and severe extreme weather events. Limited increase in carbon price by 2050.
Summary of assumptions	Transition is assumed to occur as smoothly as possible. Carbon capture and storage are developed. There is increasing energy efficiency. Steep increase in carbon price by 2030.	Transition to low carbon technologies results in sentiment shock and stranded assets. No increase in carbon price until 2030, steep increase between 2030 and 2050	Severe physical impacts over time – both gradual physical changes, as well as more frequent and severe extreme weather events. Limited increase in carbon price by 2050.
Outcomes	Locked-in physical impacts of 1.5°C (in other words, already in motion).	Locked-in physical impacts of 2°C (in other words, already in motion).	Assumes temperature rise of 4°C by 2100 Physical impacts difficult to avoid with continued high emissions.

Source: Aegon UK using data from MSCI.

** Network of Central Banks and Supervisors for Greening the Financial System.*

Climate scientists currently predict that climate change could lead to a world temperature rise of 2.6°C by 2100.[13] These projections are significantly higher than the ambition set by the Paris Agreement[14], which aims to limit global surface temperature rise to well below 2°C above pre-industrial levels by the end of the century and to pursue efforts to limit the temperature rise to 1.5°C above pre-industrial levels. Consequently, our disorderly scenario assumes a 2°C increase in temperatures, while our failed transition scenario assumes a 4°C increase.

Below we summarise the types of risks associated with climate change that are considered in scenario analysis.

Physical risk

Physical risk hazards consider the impact of different global warming-induced weather patterns like flooding, wildfires, and droughts, on company operations both directly (for example on their buildings, energy supplies, employees) and indirectly (for example through their supply chain or through changes to customer behaviour).

Our data provider, MSCI, uses a measure of physical risk to assess the possible effect of different physical risk 'hazards' on companies.

Transition risk

Transition risk relates to the risk that a company's operations or business model is impacted by existing and/or future climate policies and regulations. An 'orderly transition' assumes that policy makers introduce changes gradually, giving companies time to adapt their business models. A 'disorderly transition' assumes the shift to a low-carbon economy is not coordinated potentially leading to economic volatility, supply chain disruptions and significant impacts on high greenhouse gas emission business models.

MSCI has also developed a measure of transition risk, which tries to estimate the likely path of human economic activity over a 50-year time horizon and measure how our investments are likely to be affected.

Technology opportunity

Technology opportunity considers the business and investment opportunities arising from the technological changes required to meet the transition to a low carbon economy.

Methodology to aggregate CVaR risk

Our data provider, MSCI, has calculated the financial implications of physical risk, transition risk and technology opportunity over a horizon of 15 years on a large universe of companies under a set of different scenarios. Since the cost and opportunity associated with climate change extend way beyond that time horizon, MSCI has modelled how these financial implications would evolve over a 50-year horizon. CVaR allows us to quantify today how a Member's portfolio is likely to be impacted under the different scenarios' physical risk, transition risk and technology opportunity. The climate scenarios selected are applicable to the most frequent asset classes that the Scheme invests in, namely equity, corporate fixed income and sovereign bonds.

Assumptions made in relation to climate scenarios

We based our orderly and disorderly transition scenarios on the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) REMIND scenarios[15]. NGFS partnered

[13] The CAT Thermometer, climateactiontracker.org, November 2025
[14] United Nations Framework Convention on Climate Change, The Paris Agreement, unfccc.int
15 REMIND (Regional Model of Investment and Development) was developed by the Potsdam Institute for Climate Impact Research to analyse the future implications of interactions between energy, land-use, economy, and climate systems. REMIND uses a general equilibrium model with perfect foresight, meaning the model can anticipate changes happening over the modelling time horizon, to simulate the interactions between the various systems inside a closed economy.

with an expert group of scientists and economists to design these scenarios, and they're commonly used to help understand how climate change could affect investment returns. MSCI provide us with the most recent scenarios. We note that there are other scenarios available.

We assumed an average physical risk for the 1.5°C NGFS REMIND orderly transition scenario, and an aggressive physical risk under the 2°C partially disorderly transition scenario. Our failed transition scenario is based on 3°C REMIND NGFS transition scenario, because there's no 4°C scenario for REMIND NGFS. The impact from a 3°C or 4°C transition scenario is broadly similar. We've combined a 3°C REMIND NGFS transition scenario with a 4°C Intergovernmental Panel on Climate Change (IPCC) SSP3-7.0 aggressive physical scenario. Transition risks are likely to be less relevant compared with the significance of physical risks in a 4°C world.

The data inputs into the 1.5°C and 2°C scenarios are similar in terms of population, Gross Domestic Product (GDP) growth, and electricity generation fuel mix in 2050. However, they differ in how fast the transition happens, how quickly carbon sequestration is implemented, and the year emissions peak and reach net zero. The 4°C failed transition scenario is like the other two scenarios only in terms of population and GDP growth. This scenario is characterised by a slow and limited decarbonisation of its electricity generation mix in 2030, with further progress expected to be limited. Carbon sequestration uptake is low and late, and emissions never reach net zero. More details on the key assumptions used in relation to our chosen scenarios can be found in Appendix 3.

Our climate scenario analysis relies on large sets of assumptions at the core of the economic and climate models used. While these offer an indication of the potential financial impacts on the Scheme's assets, the Trustees acknowledge that the long-term socio-economic assumptions on which climate scenarios are based are themselves subjective and the models are inherently simplified versus complex natural and economic systems. The financial impacts of climate change may be far worse under all scenarios, and no investment decision is made solely based on climate scenario analysis.

We combine the impacts of the transition and physical climate risks, plus opportunities, to produce a combined CVaR measure, based on the three transition scenarios discussed above. This is an isolated risk measure and does not include other economic risks and opportunities.

Climate Value-at-Risk results and resilience of the Scheme's investment strategy

Our investment service provider, Aegon UK, ran and analysed our scenarios, assisted by MSCI.

The characteristics of investments made in the Scheme's main default arrangement reported in the Metrics section have a substantial impact on the outcome of our climate scenario analysis. Due to the large difference in output between different type of assets, we have broken down CVaR per asset class.

Table 55: Scenario analysis output for Aegon LifePath Flexi, as of December 2025

Aggregated Climate VaR	Exposure	Coverage	Orderly transition (1.5°C)	Disorderly transition (2.0°C)	Failed transition (4°C)
Aegon LifePath Flexi	**100%**	**92.6%**	**-8.9%**	**-7.1%**	**-14.9%**
Equity	78.7%	99.4%	-10.3%	-8.2%	-17.7%
Corporate fixed income	2.9%	51.6%	-0.9%	-0.1%	-0.2%
Real Estate (listed)	4.7%	0.0%	N/A	N/A	N/A
Sovereign bonds	13.3%	97.4%	-1.3%	-1.1%	0.0%
Cash	0.5%	N/A	N/A	N/A	N/A

Source: Aegon UK using data from MSCI as of 31 December 2025

Under the three scenarios discussed, expected returns are lower than the 'climate-uninformed' baseline[16] because of the negative climate risk effects over time. In short, scenarios projecting higher temperature have the worst impact on the portfolio's expected return. For equity and corporate fixed income:

- In an orderly transition scenario, the transition risks translate into medium impact on expected returns, while physical risks are less impactful.
- Under a disorderly transition scenario, the negative effects of regulations on expected returns are lifted and partially offset by high physical risks.
- Under a failed transition scenario, the transition risks are minimal but physical risks drive expected returns much lower.

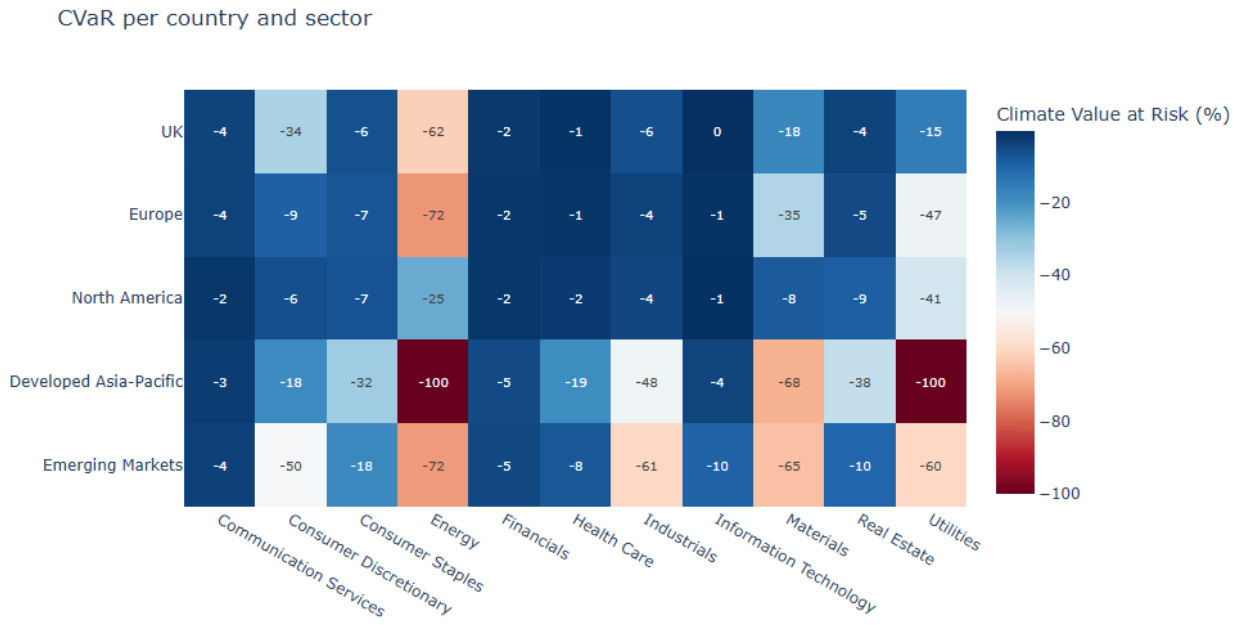
For sovereign bonds, we observe marginally lower expected returns, which are driven by transition risks. Under a failed transition scenario, we observe practically no impact on expected returns from transition risks. We note physical risks are mostly ignored from this model, which is a significant limitation.

Overall, the data suggests that meaningful changes in policy, investment and behaviour will be necessary to change global warming trajectory to a Paris-aligned outcome. However, if the transition materialises, significant changes in financial markets over the coming decades are likely, which in turn could have a material impact on the Scheme's investments.

From table 5, we note a small reduction in the aggregated CVaR values compared with last year, which we attribute to the rollover of our LifePath Evolution plan, notably the shortening of the Aegon LifePath glidepath from 35 to 15 years, and the substitution of Lifepath original building blocks with ESG Insights building blocks.
By grouping Aegon LifePath Flexi investments by economic sector (using MSCI GICS sector classification) and regions, we are able to identify more specifically which regions, and which economic sectors are driving the funds' CVaR. Figure 3 summarises these impacts under the disorderly transition (2.0°C) scenario:

[16] The Climate VaR measure is relative to a baseline scenario which is 'climate-uninformed', i.e. one where existing policies and past physical impacts are assumed to have been priced in by markets, but no future transition policies or physical risks are accounted for.

Figure 3: Climate VaR per GICS sector and region for Aegon Lifepath Flexi under a disorderly transition (2.0°C) scenario

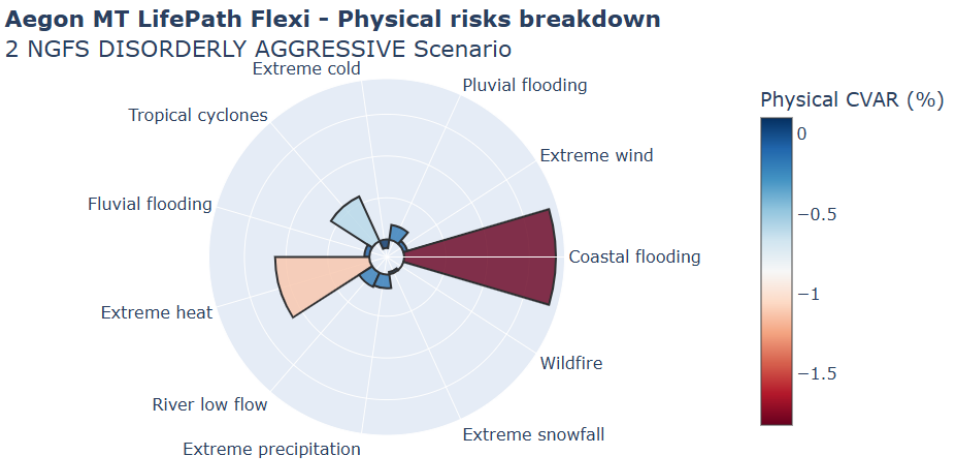


Source: Aegon UK using data from MSCI as of 31 December 2025.

Regardless of the region, the Energy, Utilities and Materials sectors offer the higher risks, while the Emerging Markets and developed Asia-Pacific zone would be expected to be' more exposed than other zones.

We explored the breakdown of physical risks to understand which were more relevant to the Scheme main default arrangement and under a 2.0°C NGFS aggressive scenario, coastal flooding followed by extreme heat are by far the strongest contributors to physical risks, followed by tropical cyclones.

Figure 4: Breakdown of physical risks for Aegon Lifepath Flexi under a disorderly transition (2.0°C) scenario



Source: Aegon UK using data from MSCI as of 31 December 2025.

Members at different stages of their journey will naturally be exposed differently to climate risks. Table 6 details the output of our three scenarios for four Members are different stages in their journey.

Table 66: Scenario analysis output for Aegon LifePath Flexi sample vintage, as of December 2025

Aggregated Climate VaR	Orderly transition (1.5°C)	Disorderly transition (2.0°C)	Failed transition (4°C)	Data coverage
Member at early days of career (Aegon LifePath Flexi Early Days fund)	**-10.3%**	**-8.3%**	**-17.9%**	**93.2%**
Member 15 years to retirement (Aegon LifePath Flexi 2040-2042 fund)	**-10.3%**	**-8.3%**	**-17.9%**	**93.2%**
Member 7 years to retirement (Aegon LifePath Flexi 2031-33 fund)	**-7.5%**	**-5.8%**	**-11.9%**	**90.9%**
Member at retirement (Aegon LifePath Flexi Retirement fund)	**-4.5%**	**-3.5%**	**-6.5%**	**94.3%**

Source: Aegon UK using data from MSCI as of 31 December 2025

The further away from retirement a Member is, the higher the allocation to Equity and the higher the exposure to physical risks. The closer to retirement a Member is, the higher the exposure to Sovereign bonds which, under our current model, are likely less impacted by physical and transition risks.

Data and methodological limitations

We identified factors limiting the reach of our scenario analysis:

- Limited data coverage and developing methodologies still affect how useful the CVaR metric is at the present time. We expect to see further developments in climate scenario modelling and data coverage across all asset classes in future years. In particular, we expect further scrutiny on physical risks over transition risks due to the political context and for models to better incorporate physical risks projections in light of the multiplication of climate events. The use of geolocation to map companies' real assets will greatly improve the accuracy of companies' physical risks exposure.
- The climate scenarios methodology does not capture the risk linked to systemic breakdown of supply chains. While it considers a company's own operations, many industries are organised in clusters with subcontractors and are dependent on external supply chains. Climate scenarios also ignore the compound effects of physical risks, which happen during simultaneous occurrences of multiple risks such as a draught coupled with wildfires.
- Similarly, the climate scenarios do not account for feedback loops between the financial sector and the real economy, such as the impact of green bonds on the cost of capital of carbon intensive sectors.
- The current methodology does not consider the impact of different risks across different time horizons. Since our Members are at different stages in their journey, they will be impacted differently across their own time horizons. As such, the Trustees are attentive to the development of NGFS's short term scenario, and to the need for a longer-term

horizon in light of the change of Trustees' decumulation duties raised in the 2024/25 Pension Schemes Bill.

- The scenario analysis methodology assumes the Scheme maintains a consistent asset class and sector composition. We recognise this as a limitation, as future asset allocation of the Scheme may diverge from the current asset allocation.
- The scenario analysis of the Scheme is not fixed. It will change as climate science evolves, the market responds to climate change, and our own internal capabilities improve. For example, we expect to be able to run more granular CVaR for additional asset classes in future years. We also expect that the risk of and impact from major events to be re-evaluated in models. A direct consequence to expect is the un-insurability of many assets, with insurance premium becoming out of reach. For example, assets in regions exposed to high coastal flooding risk due to rising sea-level are expected to be hit dramatically but the insurance premium against these risks will be prohibitive.
- The approach to climate scenarios methodology would benefit from the better integration of findings from economists and climate scientists. As noted by the Institute and Faculty of Actuaries[17] in June 2023, many climate-scenario models significantly underestimate climate risks. Carbon Tracker Initiative[18] also pointed out the disconnect between what scientists expect from climate change and what pension funds are reporting and are prepared for. This is a concern for us the Trustees and we would welcome the further development of climate scenarios analysis, including worst case scenarios and geolocation-assisted models.
- The addition of sovereign debt to the analysis significantly diluted the Scheme's CVaR from equity and corporate fixed income, giving a seemingly improved picture of the impact of climate change on our Members' investments. Additionally, the scenarios adapted for sovereign debt focus on transition risks and incorporate some impact of chronic physical risks, but not acute physical risks.

Our climate strategy

We recognise that climate change poses risk and opportunities to the Scheme. As part of our fiduciary duty, we incorporate these considerations into all areas of our strategy. We are an indirect investor and rely on third-party fund managers to identify and influence the companies we invest in. We can therefore drive positive change in two main ways, firstly through the investments we choose to allocate capital to and secondly through how we, directly or via our Scheme service provider, engage with our fund managers, climate data providers, relevant industry groups and policy forums.

Capital allocation aligned with our net-zero targets

We implemented the first step of our evolution plan for our main default arrangement

A first element of our evolution plan was the introduction of BlackRock's ESG Insights range of funds to replace our existing underlying passive funds. This move to invest in bespoke multi-asset building blocks means the Scheme can select improved underlying passive funds which better align with the Aegon and AMT net zero commitments. Members will benefit from premium passive investments at no extra cost and with no change to their risk-return profile.

[17] Institute and Faculty of Actuaries and the University of Exeter, June 2023, Emperors New Climate Scenarios
[18] Carbon Tracker Initiative, July 2023, Loading the Dice Against Pensions

Indeed, the new BlackRock's ESG Insights range of funds offers enhanced ESG integration, including:

- ESG screening excluding companies that do not meet specific ESG criteria.
- Use of a proprietary ESG score (BSI Intel Score) to assess how a company is positioned against a variety of sustainability themes and in the context of the wider portfolio.
- Embedded climate targets including initial and Year-on-Year decarbonisation targets and increased exposure to green revenues.
- Application of BlackRock's new Climate and Decarbonisation Stewardship Guidelines to all equity assets. This means BlackRock's equity voting strategy will consider the alignment of companies' business models with Paris Agreement goals, in addition to financial considerations.

A second element of our evolution plan is the shortening of Aegon LifePath glidepath length from 35 to 15 years. The Trustees believe this will better suit Member dynamics and improve Member outcomes. This evolution resulted in a reduction of the Scheme's exposure to Sovereign bonds and an increase of the Scheme's exposure to Equities.

We planned the next step in the evolution of the Scheme's main default arrangement

In December 2025, the Trustees agreed strategic asset allocation changes to Aegon Lifepath. Working in collaboration with Aegon UK, and with independent advice from Isio, Aegon LifePath will invest across a broader range of asset classes, including diversified global private markets, protected equities and multi-asset credit. These new allocations will improve the projected risk-return for the portfolio, align with the Trustees' view on ESG risks and with Aegon's climate roadmap whilst providing Members access to climate solutions such as timberland.

Voting and engagement with fund managers

During the Scheme Year we reviewed and improved how we convey our stewardship expectations to fund managers by expanding our 'expression of wish' process and we engaged with fund managers on better alignment of their approach to stewardship with our net-zero targets.

We reviewed the Scheme's Responsible Investment Policy

The Scheme's Responsible Investment Policy was last updated in Q1 2026. It details to Members how the Trustees manage investments in a responsible manner on their behalf. It covers:

- The Trustees' responsible investment beliefs
- Selection, appointment and monitoring of fund managers, and our responsible investment minimum requirements
- The Trustees' engagement themes and expectations of fund managers, including expressions of wish and voting guidelines
- The Scheme's net-zero targets and progress

We fine-tuned our 'expression of wish' process for the 2025 voting season where we shared our voting preferences covering key climate-related resolutions with our primary fund managers.

As most of our investments are in pooled funds, The Trustees expressed their voting preferences on most significant votes through their 'expression of wish' (EoW) approach and engaged with key managers ahead of the votes to share their views and encourage manager support for the Trustees' voting preferences. In 2025, our EoW activity focused on 50 priority companies (with deep-dive research on ten companies), which were flagged as having material exposure to, but poor performance on, our key stewardship themes: climate, nature, human rights and diversity, equity and inclusion.

We used various data sources to assess each priority company's exposure to and performance on the appropriate stewardship theme. For climate, these included: sectors with material scope 1, 2 and 3 emissions, net-zero alignment, policy lobbying practices and companies that were significant financiers of the fossil fuel industry.

We then sought to identify the appropriate shareholder resolutions tabled at each company's AGMs to express our wish(es) regarding each priority company's responsible investment performance. We also identified where no suitable shareholder resolutions were available via voting on climate transition plans ('Say on Climate' votes) or against management or other standard AGM items in accordance with our voting guidelines and stewardship framework. Anti-ESG resolutions were also identified and considered as we were keen for all fund managers to vote on these appropriately and ensure they were not 'robo-voting', which means the manager automatically follows the recommendations of a proxy voting adviser without making their own assessment.

The Trustees monitored managers' alignment with their preferences after the company annual general meeting (AGM) and engaged or escalated with fund managers when divergence was noted. We see this an effective way of monitoring consistent and effective voting behaviour by managers, by either benefiting from their engagement processes when the managers align with our voting preferences, or by encouraging alignment otherwise. Our EoW is underpinned by robust governance and has proven to work, as evidenced by Blackrock's adoption of its decarbonisation stewardship policy.

Table 7 below provides details of the Trustees' significant votes within the Scheme Year. The Trustees have selected their most significant votes taking into account significant holdings within the Scheme and alignment with Trustees' engagement priorities. Most significant votes selected by the Trustees focussed on climate, reflective of the Scheme's climate ambition and net-zero commitment.

Table 7: Scheme's 2025-2026 most significant voting resolutions

Company	Vote type	Resolution	Trustee priority engagement theme	Approx size of company within the Scheme (Dec-25)	Trustees EoW
AMAZON.COM INC.	Shareholder proposal	Scope 3 emissions reporting	Climate	1.78%	Against
	Shareholder proposal	Climate impact of data centers	Climate		For
	Shareholder proposal	Report on packaging	Nature		For
ANGLO AMERICAN PLC	Management proposal	Director re-elections	Climate	0.03%	For
BP PLC	Management proposal	Director re-elections	Climate	0.05%	Against
CHUBB LTD	Management proposal	Approve sustainability report	Climate	0.01%	For
	Shareholder proposal	Scope 3 emissions reporting	Climate		For
CITIGROUP INC	Shareholder proposal	Anti-ESG	Climate	0.08%	Against
	Shareholder proposal	Risks associated with animal welfare	Nature		Against
	Shareholder proposal	Reporting on respecting indigenous people's human rights	DEI		For
CVS HEALTH CORP	Shareholder proposal	Board diversity and gender diversity policy	DEI	0.03%	Against

EQUINOR ASA	Management proposal	Approve climate action plan	Climate	0.00%	Against
	Shareholder proposal	Discontinue wind investment	Climate		Against
	Shareholder proposal	Climate risk integration and absolute emissions reduction	Climate		Against
GLENCORE PLC	Management proposal	Director re-elections	Climate	0.00%	Against
SHELL PLC	Shareholder proposal	LNG plans consistent with climate commitments	Climate	0.10%	For
UNITED PARCEL SERVICE INC	Shareholder proposal	Anti-ESG	Climate	0.01%	Against

Source: Aegon UK.

BlackRock as the Scheme's default fund manager and two other Scheme fund managers were assessed by the Trustees to consider their level of voting alignment. The Trustee's found that Blackrock's alignment had improved, which reflected the introduction of the manager's new decarbonisation guidelines, resulting in voting patterns more consistent with the Trustees' climate expectations. HSBC remained strongly aligned in all instances where the manager held the relevant company, similar to our 2024 EoW, whilst Aegon Asset Management alignment deteriorated although this was principally a sampling effect which reflected the smaller number of priority companies they held rather than a philosophical divergence. Engagement with the manager confirmed that their approach continues to be consistent with the Trustees responsible investment philosophy.

The Trustees were also pleased to see 100% alignment by all three of our key managers in relation to anti-ESG shareholder resolutions, demonstrating the thoughtfulness of their approach and not applying blanket approaches to voting on shareholder proposals.

Aegon UK, on behalf of the Trustees, we will continue engaging with all the managers challenging them on the areas of divergence, including on our engagement themes beyond climate. The Trustees will also continue to build on their 'expression of wish' and annual manager monitoring process in the next Scheme Year, to maximise their influence on their fund managers.

We reviewed the first implementation of Blackrock's decarbonisation policy and fed back for future improvements

The last Scheme Year was the first year that the BlackRock Decarbonisation Stewardship Guidelines were used for voting on assets that BlackRock manage on behalf of the Scheme. The Trustees played a key role in influencing the development of these guidelines. Previously BlackRock voted on assets managed on the Scheme's behalf in line with its BlackRock Investment Stewardship (BIS) Benchmark Policy.

We were pleased to see the more affirmative action that BlackRock took during 2025 when voting on climate change related issues in line with the new Guidelines. This included voting against a greater number of companies where:

- There were insufficient disclosures for investors to assess climate-related risks and opportunities
- There was limited emissions reporting (scope 1, 2 and material scope 3)
- There was an absence of disclosure regarding emissions targets and/or decarbonisation efforts (scope 1 and 2)
- There was minimal or no alignment with, or support for, a 1.5°C pathway
- In addition, there was notably greater support for climate and natural capital shareholder resolutions.

During the Scheme Year, the Scheme Sponsor met with the BlackRock Stewardship team to discuss the application of the Decarbonisation Guidelines in the 2025 proxy season, understand potential areas for refinement ahead of 2026 and provide targeted feedback.

The Trustees' engagement continues to inform BlackRock's application and future evolution of its Decarbonisation Guidelines. We will monitor how these expectations are further embedded across the assets they manage on our behalf and continue to assess whether BlackRock's stewardship activities remain aligned with our own expectations and priorities.

Engagement with other partners

Maintained our support to industry collaboration on climate

The Trustees recognise the importance of addressing systemic risks such as climate change through effective engagement with the financial industry. We believe we have a responsibility to work together with other asset owners and share perspectives on climate-related issues and solutions to drive real-world change. In 2025, efforts were made to actively support climate and sustainability-focused policies by collaborating more closely across Aegon group companies to strengthen collective influence. Aegon UK, as Scheme Sponsor, continued engaging in key policy initiatives through organisations such as the IIGCC and the Net Zero Asset Owners Alliance.

This included backing the EU Methane Emissions Regulation alongside other institutional investors, highlighting the importance of regulatory certainty and continued progress on emissions reduction. Aegon UK also joined European investors in urging the EU to uphold ambitious climate targets, stressing that a stable policy environment is essential to support decarbonisation, particularly in energy-intensive sectors, while maintaining competitiveness. Additionally, Aegon UK supported EU CO_2 emission standards for cars and vans, advocating for the retention of the 2030 interim targets and the 2035 goal of 100% emissions reduction.

Overall, these actions demonstrate the Trustees' commitment to shaping policy that enables long-term climate alignment, supports investee companies through the transition, and reinforces market stability through clear and consistent regulation.

Risk management

In this section we:

- Explain our processes for identifying and assessing climate-related risks relevant to the Scheme;
- Describe how climate risks are managed through our responsible investment and stewardship activities, in particular our fund managers' annual responsible investment oversight process;
- Illustrate how we are evolving our Risk Register and Climate Risk Dashboard to better identify and manage key areas of climate risks.

Identification, assessment and management of climate risks

We, the Trustees, are committed to giving climate risks due consideration, in order to protect and grow returns for our Members and capitalise on the potential opportunities the climate transition brings. Being good stewards of our Members' assets may also bring positive benefits to wider society. As outlined in the governance section of this TCFD report, we therefore keep up to date with the latest climate change concepts and emerging climate risk topics through responsible investment teach-ins and recognise the four principles of interconnections, temporal orientation, proportionality and consistency when considering integration of climate-related risks, as highlighted in DWP Statutory Guidance.

Climate risks and opportunities can be identified and assessed at any point during the annual business planning cycle. They are also formally integrated into our overall risk management framework, our Scheme Risk Register, so we are able to make informed management decisions. We also benefit from the risk management processes and expertise of the Aegon UK and Aegon Group. These include:

- Aegon UK's Risk team maintains an Enterprise Risk Management (ERM) framework, which includes processes to identify, assess, monitor, and manage any risks Aegon UK's customers and business operations could be exposed. The framework is aligned with Aegon UK's views on climate risks, and the Trustees are able to make use of results of these exercises, as well as in the in-house knowledge of experts within the Aegon UK Risk team.
- Aegon Group's Emerging Risk Scan (ERS), which aims to identify newly developing or changing risks or signals, including relevant climate risk developments, that could have a significant impact on Aegon group's financial strength, competitive position, reputation or risk profile. It's also used to check that the risk universe used to assess Aegon's risks continues to be appropriate, to assess how ready Aegon's readiness to respond to emerging risks and to provide input and awareness on topics to help the Trustees develop the Scheme's strategy. Climate change and loss of biodiversity are explicitly covered under the ERS process.

For more information on the Aegon UK risk management framework, please refer to Aegon UK's TCFD report.

We manage climate-related risks through our responsible investment and stewardship activities. Fund manager monitoring, oversight and engagement is a key part of how we manage climate risks. Every year, we send a responsible investment questionnaire to all

fund managers. Their answers help us monitor and assess their climate credentials, including how they are managing climate risks. Regular discussions with our fund managers ensure we stay up-to-date and aligned with their approach to climate related risks. At minimum, fund managers must comply with our climate requirements and voting and engagement expectations detailed in our Responsible Investment policy.

Our Scheme Risk Register

The Aegon UK Risk team reviews the risk ratings on the Scheme Risk Register so the Trustees can take appropriate actions if a specific risk is not on target. Each quarter Aegon UK produces a heat map of any risk(s) that are not on target, with associated commentary for the Trustee Board. The risk identified are:

1. **Climate change risk**: the risk that physical and transitional risks from climate change on investments are not identified, understood and effectively managed.
2. **Greenwashing risk (marketing and communication)**: the risk that the Scheme's marketing makes sustainability related claims that are misleading, not reasonable and substantiated through underlying practices.
3. **Greenwashing risk (fund manager governance)**: the risk that we select funds which include sustainability claims that cannot be substantiated.

There were no changes to the risk ratings during the Scheme Year. Climate change risk is rated as green for the Scheme. This risk is managed through the design of our investment solutions. Both marketing & communication greenwashing risks and fund manager governance greenwashing risks are rated as green for the Scheme. These risks are managed on a day-to-day basis through our investment service provider Aegon UK's Responsible Investment Policy and strategy, its associated monitoring of practices, its responsible investment expertise and its marketing compliance processes. We also manage this risk through the Trustees continued training and education.

Our Climate Risk Dashboard

Isio and Aegon UK provide advice and support to the Scheme's Investment Sub-Committee on maintaining and upgrading the Scheme's Risk Register

The metrics in the Climate Risk Dashboard (table 8) represent the whole Scheme portfolio (Aegon LifePath default arrangements, AMT Fund Range and bespoke section), as described in the introduction. Definitions of the metrics used are provided in the metrics and targets section of this document. We recommend considering metrics together rather than drawing conclusions from a single metric, which is unlikely to provide a comprehensive picture[19].

Table 8: The Scheme Climate Risk Dashboard

Scheme's Climate Risk Dashboard		2022	2023	2024	2025
Absolute emissions metrics					
Absolute emissions	Scope 1 & 2 tonnes CO_2e	237,680	253,946	247,250	220,074
	Scope 3 tonnes CO_2e	1,538,494	1,634,222	1,781,429	2,069,897
Carbon intensity metrics					
Carbon footprint	Scope 1 & 2 tonnes CO_2e /£M EVIC	58.5	45.4	37.6	29.9
	Scope 3 tonnes CO_2e /£M EVIC	411.3	325.2	292.3	295.0
Weighted average carbon intensity (WACI)	Scope 1 & 2 tonnes CO_2e / £M sales	N/A	109.8	96.3	83.5
	Scope 3 tonnes CO_2e / £M sales	N/A	829.7	711.7	775.9
Sovereign debt carbon intensity	Tonnes CO2e /£m GDP-PPP	N/A	225.5	177.9	186.0
Portfolio alignment metrics					
Implied Temperature Rise Degree Celsius		2.6°C	2.2°C	2.3°C	2.4°C
Additional climate metrics					
Data coverage (% total portfolio)	Scope 1 & 2 Emissions – Estimated (%)	13.3%	10.8%	9.8%	5.4%
	Scope 1 & 2 Emissions – Reported (%)	59.3%	66.2%	67.6%	77.9%
	Scope 1 & 2 Emissions – Not covered (%)	27.5%	23.0%	22.7%	16.7%
	Including: sovereign debt coverage	*N/A*	*15.8%*	*19.6%*	*11.1%*
Other climate metrics					
Net Zero Alignment		*N/A*	*N/A*	13.1%	23.5%
% of investments with approved Science Based Target initiative (SBTi) targets (1.5°C aligned net-zero targets)		21.4%	26.3%	27.0%	41.0%
% of investments aligned with climate opportunities		5.2%	8.5%	9.5%	12.2%

Investment value-at-risk: (MSCI 2°C NGFS REMIND Disorderly Scenario)	Physical risks	-6.7%	-7.0%	-5.8%	-4.0%
	Transition risks	-12.7%	-5.2%	-3.3%	-3.1%
	Transition opportunities	0.7%	0.4%	0.2%	0.3%
	Aggregate Climate risks	-18.7%	-11.7%	-9.2%	-7.1%
Risk self-assessment					
Climate change risk self-assessment		Yellow rating	Green rating	Green rating	Green rating
Greenwashing risk self-assessment (marketing and communication)		Yellow rating	Green rating	Green rating	Green rating
Greenwashing risk self-assessment (fund manager governance)			Green rating	Green rating	Green rating
Targets monitored					
Commitment #1	Net-zero GHG emissions across Aegon LifePath Flexi by 2050.				
Ambition #1	Halving emissions across Aegon LifePath Flexi by 2030.				

Source: Aegon UK using data from MSCI as of 31 December 2025.

We note that climate data trends may change as disclosure and data coverage improve. This is still true this Scheme Year. While the Scheme's absolute scope 1 and 2 emissions have dropped compared with last Scheme Year, our scope 3 emissions are still increasing although to a lesser extent than our assets under management. As a consequence, both the Scheme's scope 1 and 2 and Scope 3 carbon footprint continue to reduce, driven by the transfer of Scheme assets to the ESG Insights building blocks, but also due to favourable market moves, although this could potentially reverse in the future. Also positively, the Scheme has seen an increased exposure to companies with approved SBTi targets, highlighting that more companies are adopting robust net zero transition plans. Similarly, the Scheme has also seen increased exposure to investments aligned with climate opportunities (as measured by MSCI). Less positively, we note an increase in Implied Temperature Rise metrics at the Scheme level, although we attribute this at least partly to a change in methodology from our data provider. Finally we note the decrease in CVaR compared with last year for all scenarios including the one displayed on this Climate Road Dashboard, in particular its physical CVaR component, which we attribute to the transfer to the ESG Insights building blocks range.

We expand further our analysis on the evolution of metrics for the main default arrangement in the next section.

Metrics and targets

In this section we set out:

- Climate metrics for the Scheme's main default arrangement, including for Members at different stages of their retirement journey.
- Progress against the emission targets we have set for the Scheme's main default arrangement.
- Our progress on improving data coverage and priorities going forward.

Description of metrics

Monitoring key climate metrics lets us track and manage the impacts of climate change on the Scheme's assets. It also provides our external stakeholders with information to help them understand our climate-related risks and opportunities and how we're responding to them.

The metrics we're reporting in this section cover the main popular arrangement offered by the Scheme, as specified by the DWP Statutory Guidance. For the Scheme, this is the Aegon LifePath Flexi default arrangement. The climate metrics are made available in the appendix for the Scheme's two other popular arrangements, Aegon LifePath Capital and Aegon Developed Markets ex-UK equity. We believe that these climate metrics are a valuable tool to assess climate-related governance, strategy and risk management across the Scheme and to hold us, as Trustees, accountable to the targets we have set on behalf of our Members.

In table 9 below, we set out the metrics we use to assess climate-related risks and opportunities aligned with our strategy. In line with the recommendations of the TCFD, we include scope 1, scope 2 and, scope 3 greenhouse gas (GHG) emissions, and report across three years.

Climate data is supplied by MSCI for funds where data is obtainable and where emissions data is available for investee companies. Reported emission data is subject to lag due to many factors including delays in reporting cycles and our data provider updates us regularly on their progress in completing its full year update cycle. In some cases, company emissions data may be estimated.

Climate data, metrics and methodologies continue to evolve, and we expect that reporting frameworks will, in time, become further standardised. As a result, reported information may be restated in the future as more and better climate data becomes available, in line with market best practice and regulations. Unless stated otherwise, data is reported as of December 2025, which is the most accurate date available in the Scheme Year considering the lag in receiving fund composition.

GHG emissions are calculated in line with the GHG Protocol, with emissions categories for corporate fixed income and equity split into three distinct 'scopes', as defined by the GHG Protocol Corporate Standard[20].

- **Scope 1 corporate fixed income and equity emissions** are direct GHG emissions that occur from sources owned or controlled by the reporting company, for example company facilities.

- **Scope 2 corporate fixed income and equity emissions** are indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.

- **Scope 3 corporate fixed income and equity emissions** include all other indirect GHG emissions, not included in scope 2, that occur in the value chain of the reporting company, such as business travel, employee commuting and use of sold products.

For scope 1 and 2 corporate fixed income and equity, most data is based on reported emissions. However, scope 3 corporate fixed income and equity emissions are based on estimated data as provided by MSCI. Scope 3 emissions are typically much greater than scope 1 and scope 2 emissions. We expect that more reported scope 3 emissions data will become available as company reporting and associated data availability improves in the coming years.

Scope 3 estimated emissions are based on MSCI's proprietary estimation model, which covers over 8,800 companies, across all Global Industry Classification Standard (GICS) sectors and includes 15 scope 3 categories relating to different parts of the corporate value chain, such as business travel, the use of sold products, or waste generated in operations21.

For sovereign debt, GHG emissions are also split into three distinct groups, as defined by the PCAF and referenced by the Institutional Investors Group on Climate Change (IIGCC) in its Sovereign Bonds and Country Pathways discussion paper22.

- **Scope 1 sovereign emissions** are production emissions including exports. This covers domestic GHG emissions from sources located within a country's territory.

- **Scope 2 sovereign emission** covers emissions from imported electricity, heat, steam, and cooling (energy sector).

- **Scope 3 sovereign emissions** are those from non-energy imports but arise from activities taking place within a country.

[20] Partnership for Carbon Accounting Financials, The Global GHG Accounting and Reporting Standard for the Financial Industry. First edition, ghgprotocol.org, November 2020
[21] MSCI ESG Research, A Major Step Forward for Scope 3 Carbon Emissions, msci.com, October 2020
[22] IIGCC, Sovereign Bonds and Country Pathways, iigcc.org, April 2024

Table 9: Description of the climate metrics used for our default arrangement Aegon LifePath Flexi

DWP metric category	Climate metrics	Description	Asset classes covered	Emission scopes
Absolute emissions	Total carbon emissions (tonnes CO_2e)	Measures the carbon emissions for which an investor is responsible by their total overall financing. Emissions are apportioned across all outstanding shares and bonds (% Enterprise value including cash).	Listed equity, real estate investment trusts and corporate fixed income	Scope 1, 2 and 3
Emissions intensity	Carbon footprint (tonnes CO_2e / £M invested)	Measures the carbon emissions, for which an investor is responsible, per million of British pounds invested, by their total overall financing. Emissions are apportioned across all outstanding shares and bonds (% enterprise value including cash).	Listed equity, real estate investment trusts and corporate fixed income	Scope 1, 2 and 3
Emissions intensity	Sovereign debt carbon intensity *(*tonnes CO_2e /£M GDP-PPP*)*	Measures the scope 1 production emissions of our sovereign debt investments, relative to the amount invested. The emissions for each country are apportioned using gross domestic product (GDP), adjusted for purchasing power parity (PPP) and converted to British Pounds using current GBP-US dollar rate, as recommend by the Partnership for Carbon Accounting Financials (PCAF).	Sovereign debt	Scope 1
Additional metric	Data coverage (%)	*Emissions – Estimated (%):* emissions estimated by MSCI using sector analysis. *Emissions – Reported (%):* emissions reported directly by companies and collected by MSCI. *Emissions – Not covered (%):* no scope 1 or 2 emissions data reported/estimated. *Sovereign debt coverage:* proportion of the portfolio invested in sovereign debt with sovereign debt carbon intensity.	All asset classes. Data coverage gaps may result from lack of available data for a particular asset class e.g. Sovereign debt or holdings not publishing their emissions' data. Specific data coverage metric applies to sovereign debts	Scope 1 and 2

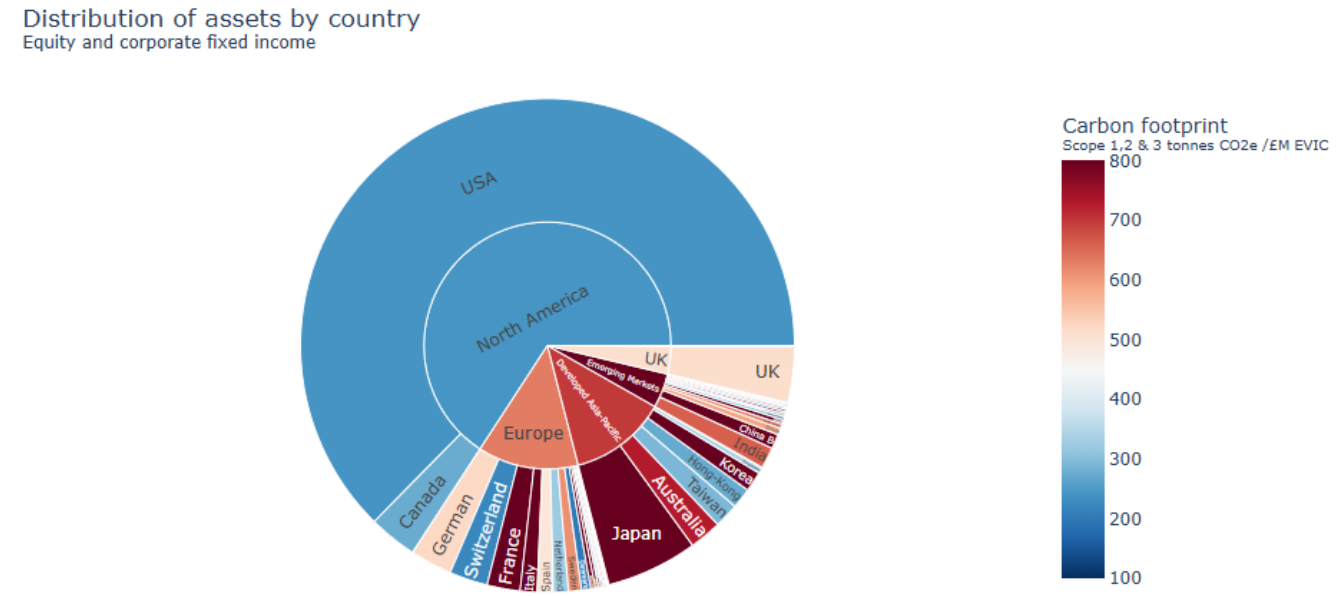
Portfolio alignment metric	Implied temperature rise	The implied temperature rise, expressed in degrees Celsius (°C), estimates the global implied temperature rise (in the year 2100 or later) if the whole economy had the same carbon budget over-/undershoot level as the fund or portfolio in question.	Listed equity and corporate fixed income (representing over 80% of assets for the default arrangement, see table 12)	
Other climate metric	Net Zero Alignment	This net zero alignment metric [23]is a forward-looking metric which categorises a company's alignment to net-zero based on their stated ambition, targets, emissions performance, disclosure, decarbonisation plans and capital allocation alignment. There are 5 NZIF alignment categories: Achieving Net Zero; Aligned; Aligning; Committed; and Not Aligning.	Listed equity, real estate investment trusts and corporate fixed income	
Other climate metrics	Exposure to SBTi target	The exposure to SBTi target measures the proportion of our investment with companies that have 1.5°C aligned net-zero targets approved by the Science Based Target initiative.	Listed equity, real estate investment trusts and corporate fixed income	
Other climate metrics	Climate opportunities	This metrics tracks the companies identified as "climate solutions" under MSCI "Low Carbon Transition Categories".	Listed equity, real estate investment trusts and corporate fixed income	

Reported metrics for Aegon LifePath Flexi

The Scheme's main default, Aegon Lifepath Flexi, is strongly tilted towards listed equity (around 78.7%), sovereign debt (13.3%), corporate fixed income (2.9%) and real estate (4.7%). Geographically, the Scheme's main default arrangement is primarily invested in the US (57.8%), the UK (10.4%) and Europe excluding the UK (12.4%), as of 31 December 2025. Although these splits are not applicable to individual Members since exact exposures will vary for each Member depending on the number of years to retirement.

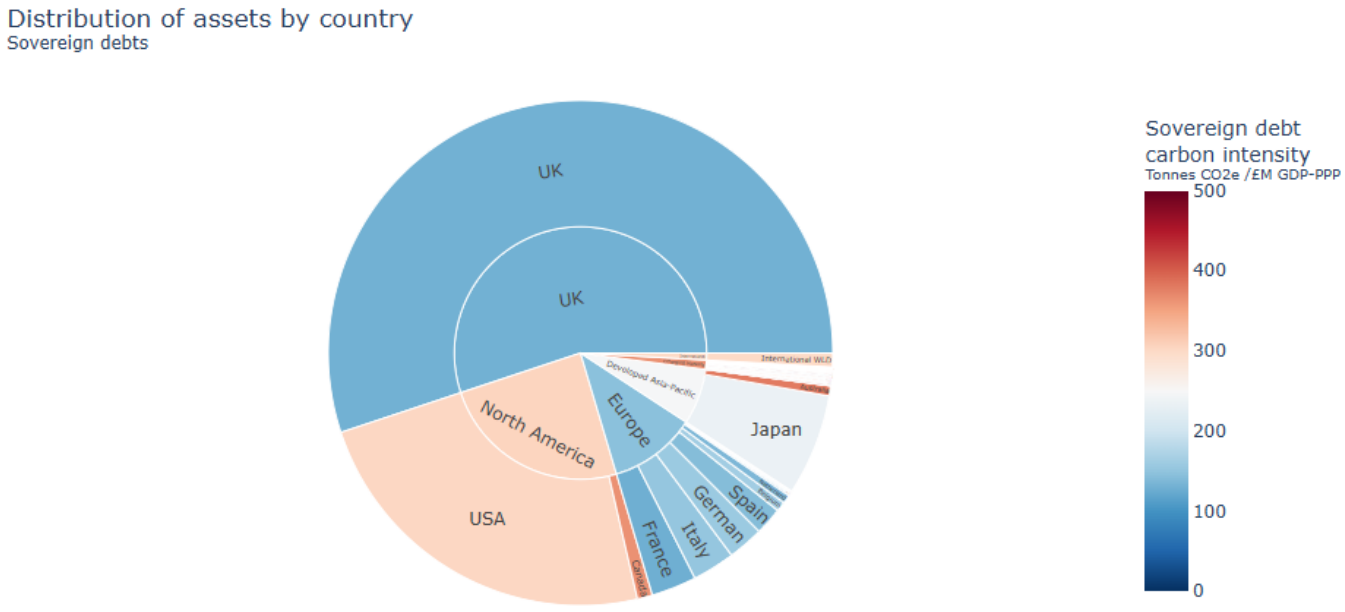
[23] The metrics was developed by MSCI and is based on the Paris Aligned Investment Initiative (PAII)'s Net Zero Investment Framework (NZIF).

Figure 5: Distribution of equity and corporate fixed income assets by country for Aegon Lifepath Flexi and corresponding carbon footprint



Source: Aegon UK using data from MSCI as of 31 December 2025.

Figure 6: Distribution of sovereign debt investments by country for Aegon Lifepath Flexi and corresponding sovereign debt carbon intensity.



Source: Aegon UK using data from MSCI as of 31 December 2025.

Table 10 below summarises the climate metrics for the Scheme's main default arrangement.

Table 10: Climate metrics for Aegon LifePath Flexi

Climate metrics		2022/23	2023/24	2024/25	2025/26
Absolute emissions metrics					
Absolute emissions	Scope 1 & 2 tonnes CO_2e	198,536	219,829	211,556	189,408
	Scope 3 tonnes CO_2e	1,284,179	1,398,748	1,504,932	1,809,471
Carbon intensity metrics					
Carbon footprint	Scope 1 & 2 tonnes CO_2e /£M EVIC	56.2	44.9	37.4	29.1
	Scope 3 tonnes CO_2e /£M EVIC	393.5	318.5	287.3	291.3
Sovereign debt carbon intensity	Tonnes CO2e /£M GDP-PPP	N/A	239.1	180.9	187.3
Portfolio alignment metrics					
Implied temperature rise (degree Celsius °C)		2.6°C	2.2°C	2.3°C	2.4°C
Net Zero Alignment		N/A	N/A	12.7%	24.4%
Additional climate metrics					
Data coverage (% total portfolio)	Scope 1 & 2 Emissions – Estimated (%)	13.7%	11.1%	10.0%	5.6%
	Scope 1 & 2 Emissions – Reported (%)	59.6%	66.3%	67.6%	80.7%
	Scope 1 & 2 Emissions – Not covered (%)	26.7%	22.6%	22.2%	13.8%
	Including: sovereign debt coverage	*N/A*	*16.8%*	*21.4%*	*12.0%*

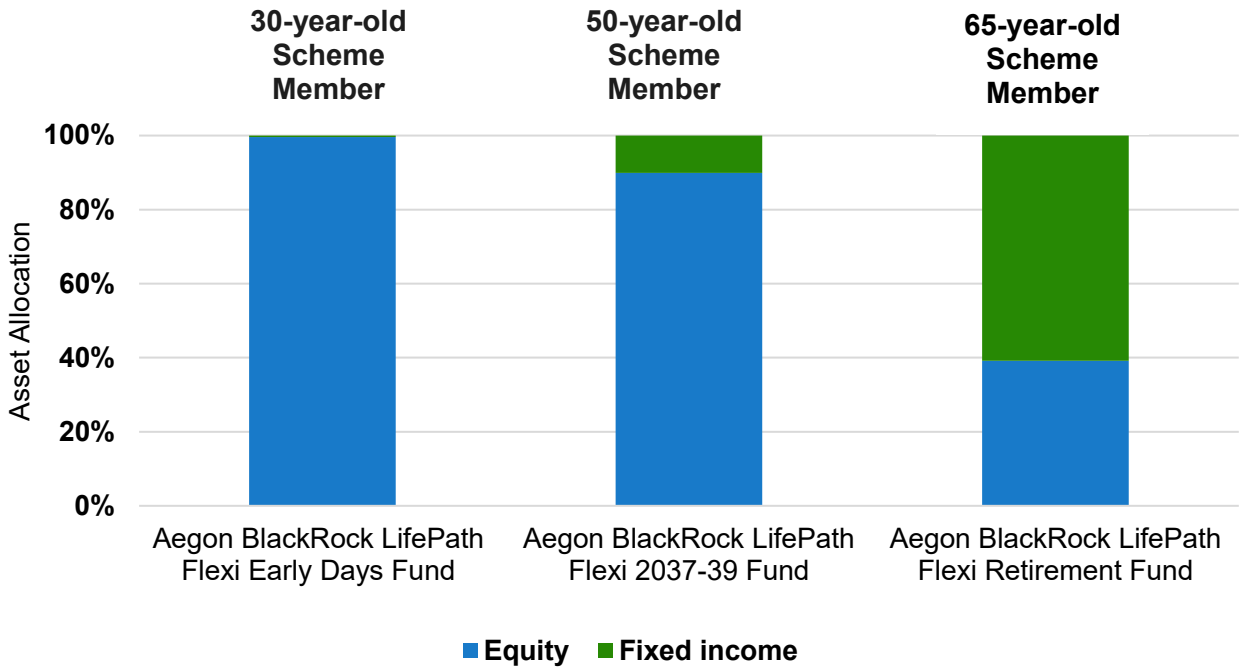
Source: Aegon UK using data from MSCI as of 31 December 2025.

While the above data is helpful to understand the climate profile of the whole of Aegon LifePath Flexi and to track progress against our net-zero target, the default arrangement is composed of funds that de-risk as a Member approaches retirement. The stage at which a Member is at in their journey towards retirement will affect the asset allocation of their individual portfolio. For example:

- A Member invested in the Aegon LifePath Early Days fund will be invested in a portfolio of equity and equity-like instruments.
- A Member invested in the Aegon LifePath At Retirement fund will be invested in predominantly fixed-income and similar instruments with a smaller equity component.

Consequently, we have also mapped the different carbon-intensity profiles of three Members aged 30, 50 and 65 in figure 7 below. This is to demonstrate how carbon footprint metrics vary across different Members depending on the different risk profiles and asset classes they are invested in.

Figure 7: Asset allocation for the individual portfolios of three different Scheme Members invested in the Aegon LifePath Flexi default.



Source: Aegon UK using data from MSCI as of 31 December 2025.

Table 7: Climate data reflecting the individual portfolios of four different Scheme Members invested in the Aegon LifePath Flexi default, including associated emissions' metrics

Aegon LifePath Flexi Early Days Fund	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1 and 2 emissions coverage	99.0%	99.0%	98.4%	99.2%
Financed carbon footprint Scope 1 and 2 tonnes CO_2e/ £M invested EVIC	62.0	59.0	48.9	38.7
Financed carbon footprint Scope 3 tonnes CO_2e/ £M invested EVIC	N/A	404.0	333.5	293.6
Sales carbon emissions intensity (Scope 1 and 2 CO_2e/ £M sales)	166.0	139.0	115.2	100.6
Sales carbon emissions intensity (Scope 3 CO_2e/ £M sales)	N/A	945.0	794.8	703.2
Sovereign debt carbon intensity (tonnes CO_2e /£M GDP-PPP)	N/A	N/A	342.3	213.4

Aegon LifePath Flexi 2040-42 Fund	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1 and 2 emissions coverage	80.6%	84.5%	83%	99.5%
Financed carbon footprint Scope 1 and 2 tonnes CO_2e/ £M invested EVIC	57.5	46.6	38.0	29.1
Financed carbon footprint Scope 3 tonnes CO_2e/ £M invested EVIC	397.5	325.5	286.7	294.0
Sales carbon emissions intensity (Scope 1 and 2 CO_2e/ £M sales)	136.8	109.2	98.0	82.6

Sales carbon emissions intensity (Scope 3 CO_2e/ £M sales)	927.9	783.9	701.8	776.7
Sovereign debt carbon intensity (tonnes CO_2e /£M GDP-PPP)	N/A	N/A	N/A	N/A

Aegon LifePath Flexi 2031-33 Fund	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1 and 2 emissions coverage	65.2%	69.2%	67.1%	74.1%
Financed carbon footprint Scope 1 and 2 tonnes CO_2e/ £M invested EVIC	56.9	44.5	36.4	29.2
Financed carbon footprint Scope 3 tonnes CO_2e/ £M invested EVIC	399.1	325.7	284.9	285.8
Sales carbon emissions intensity (Scope 1 and 2 CO_2e/ £M sales)	135.8	102.6	93.0	83.2
Sales carbon emissions intensity (Scope 3 CO_2e/ £M sales)	931.2	792.7	705.2	762.7
Sovereign debt carbon intensity (tonnes CO_2e /£M GDP-PPP)	N/A	N/A	N/A	N/A

Aegon LifePath Flexi Retirement Fund	**Dec-22**	**Dec-23**	**Dec-24**	**Dec-25**
Scope 1 and 2 emissions coverage	48%	45.7%	44.5%	45.2%
Financed carbon footprint Scope 1 and 2 tonnes CO_2e/ £M invested EVIC	53	39.6	33.3	27.9
Financed carbon footprint Scope 3 tonnes CO_2e/ £M invested EVIC	375	318.4	293.9	283.0
Sales carbon emissions intensity (Scope 1 and 2 CO_2e/ £M sales)	141	95.5	84.4	79.3
Sales carbon emissions intensity (Scope 3 CO_2e/ £M sales)	976	876.7	718.9	765.3
Sovereign debt carbon intensity (tonnes CO_2e /£M GDP-PPP)	N/A	183.0	167.6	177.9

Source: Aegon UK using data from MSCI as of 31 December 2025

Analysis and limitations of climate metrics

We have reflected on 2025 metrics versus 2024 for Aegon LifePath Flexi.

Absolute emissions and data coverage

We note that both total absolute emissions and carbon footprint have decreased for scope 1 & 2 emissions but have increased for scope 3 compared to last year. This increase in total absolute emissions can be explained in part by an increase in the size of the Scheme. While the Trustees welcome the reduction in scope 1 & 2 emissions, the increase in absolute emissions highlights the importance of continued climate policy advocacy by Aegon UK on behalf of the Scheme. Table 12 illustrates the data coverage split by asset classes for our portfolio and the efforts from Aegon UK, in collaboration with our data provider and fund managers, to continuously improve data coverage of the Scheme.

- Our data coverage is excellent for equity, corporate fixed income and real estate investment trusts, representing the majority of assets our Members are invested in.
- We adopted the PCAF methodology to track and report on sovereign debt emissions, which Aegon UK has implemented and which we have included in our metrics.
- There is no methodology to measure emissions from cash and cash-equivalents

Table 8: Data coverage per asset classes for Aegon LifePath Flexi

Asset classes	Data coverage measurement:	Aegon LifePath Flexi	
		% coverage	% AUM
Equity	Scope 1 and 2 emissions covered in %	99.8%	78.7%
Sovereign debt	Sovereign debt carbon intensity	90.2%	13.3%
Corporate fixed income	Scope 1 and 2 emissions covered in %	98.7%	2.9%
Others (Funds, asset-backed securities)	Scope 1 and 2 emissions covered in %	0.0%	0.2%
Cash and equivalent	Scope 1 and 2 emissions covered in %	0.0%	0.3%
Real estate	Scope 1 and 2 emissions covered in %	99.6%	4.7%

Source: Aegon UK using data from MSCI as of 31 December 2025

Interpretation of the carbon emission attribution analysis

We observe a drop in carbon footprint, across scope 1 and 2 and a small rise in scope 3 carbon footprint between 2024 and 2025 Scheme Years. These moves can be attributable to several factors using the emissions' attribution analysis methodology issued by the Net Zero Asset Owner Alliance to analyse the drivers of the change observed year on year. Over the last Scheme Year:

- Divestment has had a significant impact in reducing scope 1 and 2 carbon footprint. Other factors were marginal.
- Our scope 3 carbon footprint higher was driven higher by changes in allocation to existing companies, improvement in coverage and new investments. Divestments from high emitting companies have attenuated these effects, alongside a reduction in existing companies' scope 3 emissions and changes in enterprise value (EVIC)

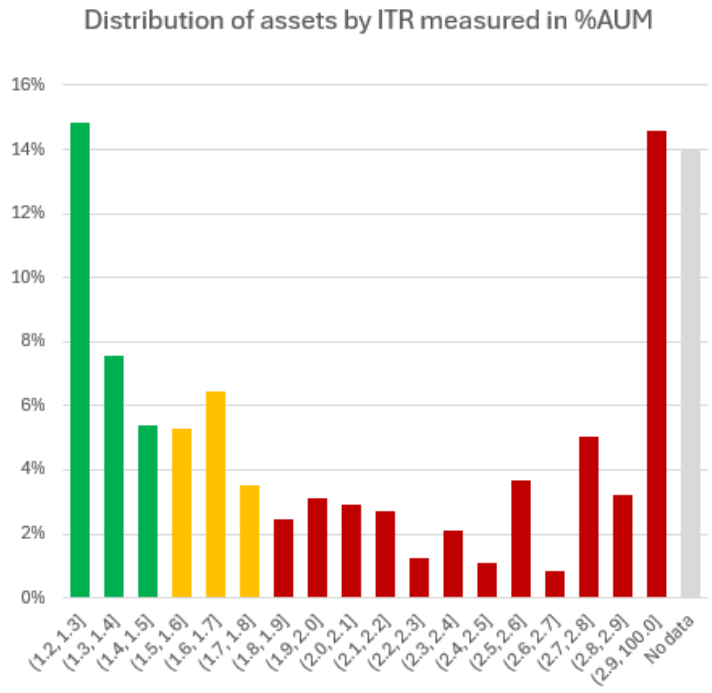
We interpret the effects of changes in allocation on the carbon footprint as a result of the implementation of our transformation plan, LifePath Evolution, and the introduction of ESG Insights building blocks range throughout the Scheme Year. Our emission attribution analysis highlights that, during the Scheme Year, the actual carbon emissions of the assets held have had a positive effect on the Scheme's overall carbon footprint. This implies that overall, companies we are invested in did reduce their own emissions, for both scope 1 and 2 and scope 3 emissions.

Additional analysis

We note that the Scheme's main default arrangement is exposed to a diverse range of assets, some of which are aligned to a world below 1.5°C (as measured by MSCI implied temperature rise metric), but a significant portion of the fund's assets are pointing towards a 2°C or above trajectory. Figure 8

summarises the breakdown of assets by buckets of implied temperature rise scores. The Scheme's increase in ITR against last year's value is attributable to a small change in methodology from our data provider and to market movements rather than a change in the composition of assets held or of the assets' improved alignment with a world below 1.5°C.

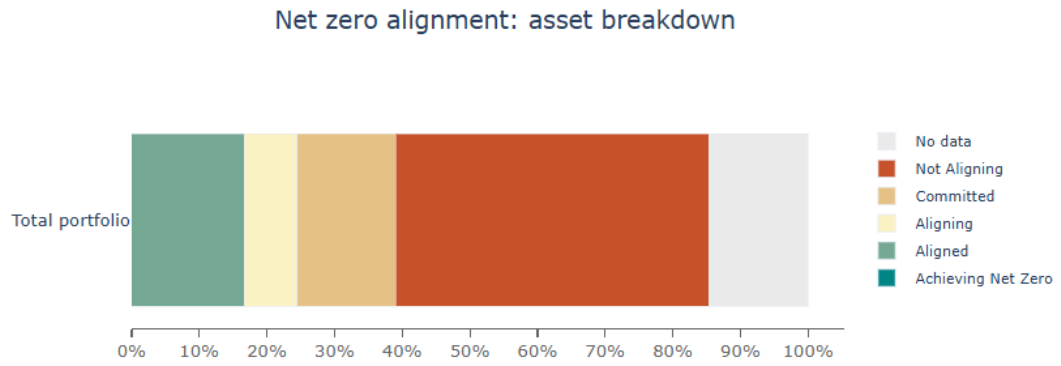
Figure 8: Distribution of assets by implied temperature rise (ITR) measured in %AUM for Aegon Lifepath Flexi



Source: Aegon UK using data from MSCI as of 31 December 2025

Last Scheme Year, we introduced a forward-looking metrics assessing companies' alignment with net-zero objectives. Several criteria are used to estimate how companies are aligned to net zero, from companies stated ambitions, targets and emissions performance, to disclosure, decarbonisation plans and capital allocation alignment. We note an improvement in the alignment to net zero of our main default arrangement: in 2025, 24.4% of the portfolio either achieved net zero, aligned or aligning to net zero, compared with 12.7% last year.

Figure 9: Net-zero alignment of Aegon Lifepath Flexi by AUM



Source: Aegon UK using data from MSCI as of 31 December 2025.

Reflections on limitations

Finally, we remain mindful of key limitations to current data, as per the below:

- We are reporting data for sovereign debt following the industry guidance on sovereign debt issued by the Partnership for Carbon Accounting Financials (PCAF)[24]. However, we note the metric differs from other asset class which limits its comparability.
- We do not have access to an in-depth view of the Scheme's investments prior to 2022. For prior years, we rely on data estimated by Aegon UK and converted from USD into GBP.
- The quality of reported or estimated emissions data may vary:
- MSCI do not verify emissions data, and their estimated emissions models are based on data from companies in the same sector that self-report. Consequently, there may be some inaccuracies in the reported emissions data used to calculate the above metrics. In addition, there is currently no industry-wide company emissions common auditing standard.
    - We acknowledge that widespread scope 3 emission reporting will take time. While the disclosure of scope 3 emission data is improving, there remains some concerns, including that companies in the same sector may report on different scope 3 factors making comparison across different companies challenging. In addition, a company may change what scope 3 emissions it chooses to include in their reported emissions from one year to another. We are exploring the development of MSCI's new scope 3 combined methodology to leverage the best of both reporting schemes and estimation models and improve confidence in our scope 3 reporting.
- We understand there are limitations regarding the calculation of implied temperature rise, particularly the definition of each companies' respective carbon budget. We welcome the future extension of this forward-looking metrics to sovereign debts.
- Our Net Zero Alignment metric would be more exhaustive if it covered sovereign bonds, an evolution suggested to our data provider.

Limitations specific to scenario analysis are addressed in the Strategy section of this report.

[24] Partnership for Carbon Accounting Financials (December 2022), The Global GHG Accounting and Reporting Standard for the Financial Industry

We recognise there is more to do to enhance our reporting capabilities. We will therefore continue to challenge Aegon UK and our data provider on the above, as well as contribute where possible to developing industry methodologies. We welcomed the year-on-year improvement in our analytical capabilities, in particular the granular view of the physical risk for our climate scenario analysis and the addition of a new net-zero alignment metric. This level of insight allows us to assess our progress with more confidence as we set our future strategy and better identify where improvements on climate are needed. Regardless, greater transparency and consistency of emissions reporting would benefit comparability and progress across the industry[25].

Progress against our net-zero targets

We have committed our main default arrangement to have net-zero greenhouse gas emissions by 2050. Furthermore, our medium-term net-zero target is to halve the carbon footprint of this fund by 2030 against our baseline, measured in tonnes of CO2 equivalent per millions of pounds invested using EVIC.

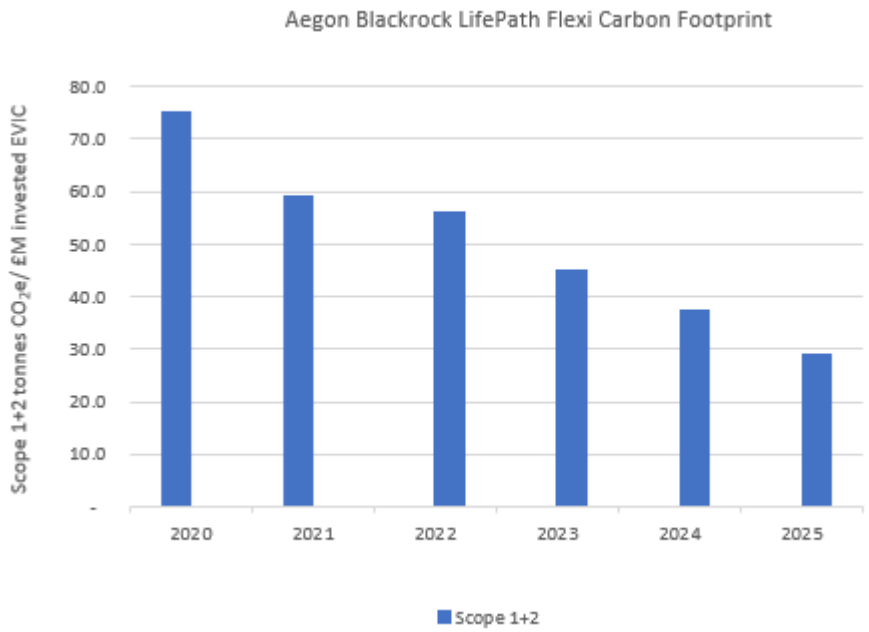
As the main default arrangement, Aegon LifePath Flexi is where most of our Members are invested and where they expect us to have a robust approach to climate change management, on their behalf. Aegon Lifepath Flexi's net-zero targets are aligned with our fiduciary duty and responsible investment beliefs and are implemented in Aegon Lifepath Flexi's underlying fund range. Our long-term targets apply to listed equity, corporate fixed income and real estate investment trusts for scope 1, 2 and 3 emissions. They do not apply to asset classes with no methodologies to account for emissions data when the targets were set (e.g. Cash, sovereign debt at the time, commodities and alternative assets) but we expect that the scope of our target may widen to other areas of the Scheme over time.

The progress being made in relation to Aegon LifePath Flexi 2050 net-zero target is shown in figure 10 below, as of 31 December 2025. We estimate that the fund has reduced its Scope 1&2 carbon footprint by 61.4% between 2020 and 2025[26]. We are thus projecting to meet our target to halve the fund's scope 1 and 2 footprint by 2030. Although already reached, we still believe our medium-term scope 1 and 2 carbon footprint target are up to date in light of the high sensitivity of the metrics to stock markets valuation and foreign exchange rates. Our emissions attribution analysis indicates that the reduction comes mainly from allocation changes. As of December 2025, 86.6% of our default arrangement, Aegon LifePath Flexi has ESG screens and/or tilts, compared with 72.5% last Scheme Year, thanks to the implementation of our transformation program, LifePath Evolution. This analysis is crucial in helping us better identify the impacts and limits of our investment decisions. It also highlights how our stewardship and policy advocacy will be key to achieve our overall net-zero target.

[25] Defined Contribution Investment Forum, The First Wave

[26] Scope 1 and 2 emissions for listed equities and corporate fixed income only, as per the scope of our current target

Figure 10: Estimated evolution of Aegon LifePath Flexi since 2020



Source: Aegon UK using data from MSCI as of 31 December 2025

We use a 2020 baseline calculated by Aegon UK. We recomputed the data for 2021 to align with the methodology used to calculate the 2020 baseline, hence the difference with data reported in our previous TCFD reports.

We observe variability in Aegon LifePath Flexi's scope 3 carbon footprint, which we tentatively estimate has reduced by 27.1% over the 2020-2025 period whilst coverage has increased from 77.7% to 86.3%. We do not expect the decarbonisation of Aegon LifePath Flexi to be linear but instead expect year-on-year variations together with a general trajectory towards net zero.

Looking ahead

We hope this report has provided insight into how we manage climate risks and opportunities for our Members. Climate management and associated disclosures are fast-evolving areas. Consequently, we will continue to review and assess our performance yearly, in line with new data, our Members' expectations, and market developments. We are pleased with Aegon LifePath Flexi's decarbonisation so far with good progress in reducing portfolio carbon footprint (scope 1 and 2 tCO_2e/£m invested using enterprise value including cash values (EVIC)). This reduction in carbon footprint also resulted in reduction in total carbon emissions (tCO_2e), driven mostly by a reallocation to less emitting assets.

Changes in weight allocations (Environmental, Social and Governance (ESG) integration) are reducing our investment portfolio's carbon footprint but we are also aware that so are other factors outside of our control, for example an increase in the denominator (higher EVIC values for some sectors). Growing absolute emissions also underscores the importance of the following ongoing activities:

Being clear about the external dependencies of our climate objectives

The companies that we invest in don't operate in isolation. Each is part of a wider ecosystem and the rate at which they (and therefore our investment portfolios) can reduce their greenhouse gas (GHG) emissions is determined by factors such as the availability and cost of low carbon alternative energy sources, supply chain opportunities, demand from customers and importantly the regulatory environment in which they operate. Explaining the external dependencies of our climate decarbonisation target remains critical.

Stewardship work and our policy advocacy

For the reasons stated above, a supportive climate policy environment is critical to enable an orderly transition. As a major pension Scheme, the Aegon Master Trust plays an important role in advocating for suitable climate and sustainability regulation in the UK and overseas. We're working with established climate advocacy groups like the Institutional Investors Group on Climate Change (IIGCC) and the Net Zero Asset Owners Alliance (NZAOA) together with other Aegon group companies to leverage our voice and scale.

Understanding climate change physical risks

While regulatory and transition risk from climate change may be temporarily reduced, the increasing number of extreme weather events means that we must consider the physical impacts of climate change that are impacting many of the companies that we invest in already.

Understanding the physical impacts of climate change on portfolios is complicated and evolving. We'll continue to challenge our fund managers to understand how they're considering climate physical risk in their investment decision-making and stewardship activities. We would expect that climate scenario analysis tools will better reflect physical risk as they incorporate geospatial data and artificial intelligence.

Real-world emission reductions

Our plans to introduce private markets investment into the Scheme's main default arrangement, Aegon Lifepath, will provide Members access to an asset class not previously available to them, diversification benefits, and the opportunity for real-world emission reductions via investing in infrastructure and forestry. We expect the opportunity to invest in private markets to evolve further with our sponsors' commitment as a signatory to the Mansion House Compact.

Climate change is a systemic issue: it requires global collaboration to transition the economy to net zero. We thus welcome market developments driving additional climate transparency and accountability. As per our fiduciary duty and our responsible investment beliefs, we will continue to encourage market collaboration towards common goals benefitting our Members' investments and the world they live in.

Appendix 1: Climate metrics for Aegon LifePath Capital

Table 13: Climate metrics for Aegon LifePath Capital

Climate metrics		2024/25	2025/26
Absolute emissions metrics			
Absolute emissions	Scope 1 & 2 tonnes CO_2e	7,608	2,601
	Scope 3 tonnes CO_2e	53,554	24,869
Carbon intensity metrics			
Carbon footprint	Scope 1 & 2 tonnes CO_2e /£M EVIC	37.6	29.2
	Scope 3 tonnes CO_2e /£M EVIC	287.8	289.2
Sovereign debt carbon intensity	Tonnes CO2e /£M GDP-PPP	180.9	195.9
Portfolio alignment metrics			
Implied temperature rise (degree Celsius °C)		2.3°C	2.4°C
Net Zero Alignment		11.3%	16.4%
Additional climate metrics			
Data coverage (% total portfolio)	Scope 1 & 2 Emissions – Estimated (%)	8.6%	3.8%
	Scope 1 & 2 Emissions – Reported (%)	58.0%	54.9%
	Scope 1 & 2 Emissions – Not covered (%)	33.4%	41.3%
	Including: sovereign debt coverage	*14.3%*	*8.6%*

Source: Aegon UK using data from MSCI as of 31 December 2025.

Appendix 2: Scenario analysis for Aegon LifePath Capital

Table 149: Scenario analysis output for Aegon LifePath Capital, as of December 2025

Aggregated Climate VaR	Exposure	Coverage	Orderly transition (1.5°C)	Disorderly transition (2.0°C)	Failed transition (4°C)
Aegon LifePath Capital	**100%**	**62.6%**	**-8.8%**	**-6.9%**	**-14.6%**
Equity	*52%*	*99.3%*	*-10.3%*	*-8.2%*	*-17.7%*
Corporate fixed income	*3.6%*	*51.3%*	*-0.9%*	*-0.1%*	*-0.2%*
Real Estate (listed	*3.1%*	*0%*	*N/A*	*N/A*	*N/A*
Sovereign bonds	*9.6%*	*94.8%*	*-1.8%*	*-1.3%*	*-0.0%*
Cash	*31.7%*	*0%*	*N/A*	*N/A*	*N/A*

Source: Aegon UK using data from MSCI as of 31 December 2025.

Under the three scenarios discussed, expected returns are lower than the 'climate-uninformed' baseline[27] because of the negative climate risk effects over time. In short, scenarios projecting higher temperature have the worst impact on the portfolio's expected return. For equity and corporate fixed income:

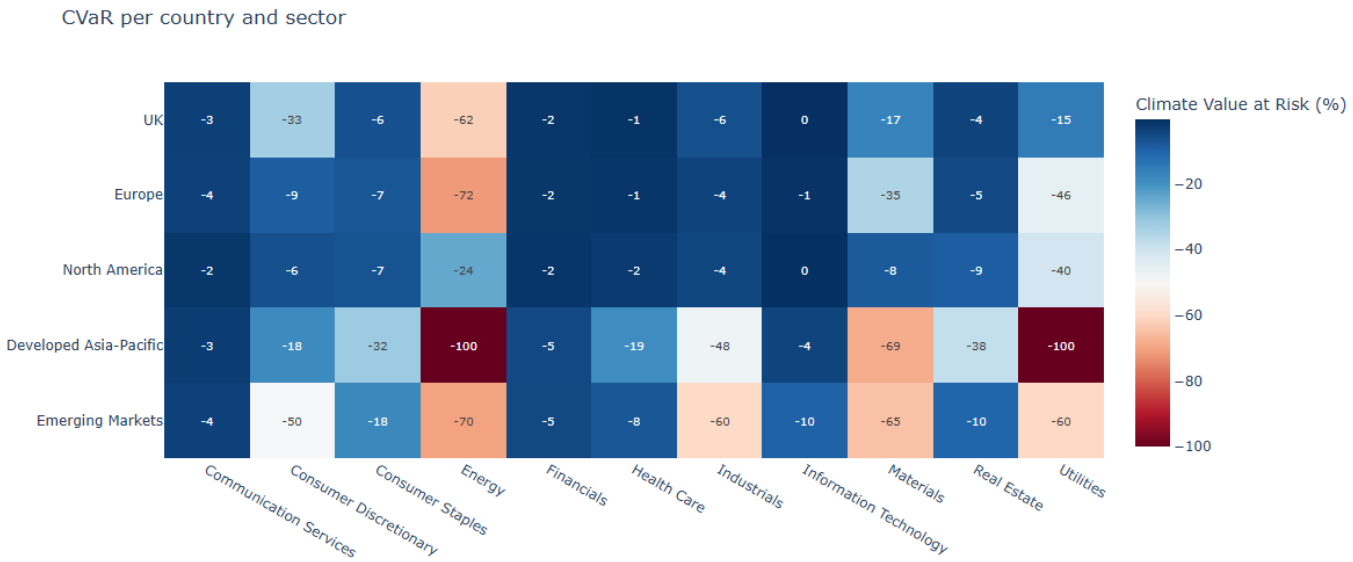
- In an orderly transition scenario, the transition risks translate into medium impact on expected returns, while physical risks are less impactful.
- Under a disorderly transition scenario, the negative effects of regulations on expected returns are lifted and partially offset by high physical risks.
- Under a failed transition scenario, the transition risks are minimal but physical risks drive expected returns much lower.

For sovereign bonds, we observe marginally lower expected returns, which are driven by transition risks. Under a failed transition scenario, we observe practically no impact on expected returns from transition risks. We note physical risks are mostly ignored from this model, which is a limitation.

Overall, the data suggests that significant changes in policy, investment and behaviour will be necessary to change global warming trajectory to a Paris-aligned outcome. However, if the transition materialises, significant changes in financial markets over the coming decades are likely, which in turn could have a material impact on this arrangement investments.

[27] The Climate VaR measure is relative to a baseline scenario which is 'climate-uninformed', i.e. one where existing policies and past physical impacts are assumed to have been priced in by markets, but no future transition policies or physical risks are accounted for.

Figure 11: Climate VaR per GICS sector and region for Aegon Lifepath Capital under a disorderly transition (2.0°C) scenario

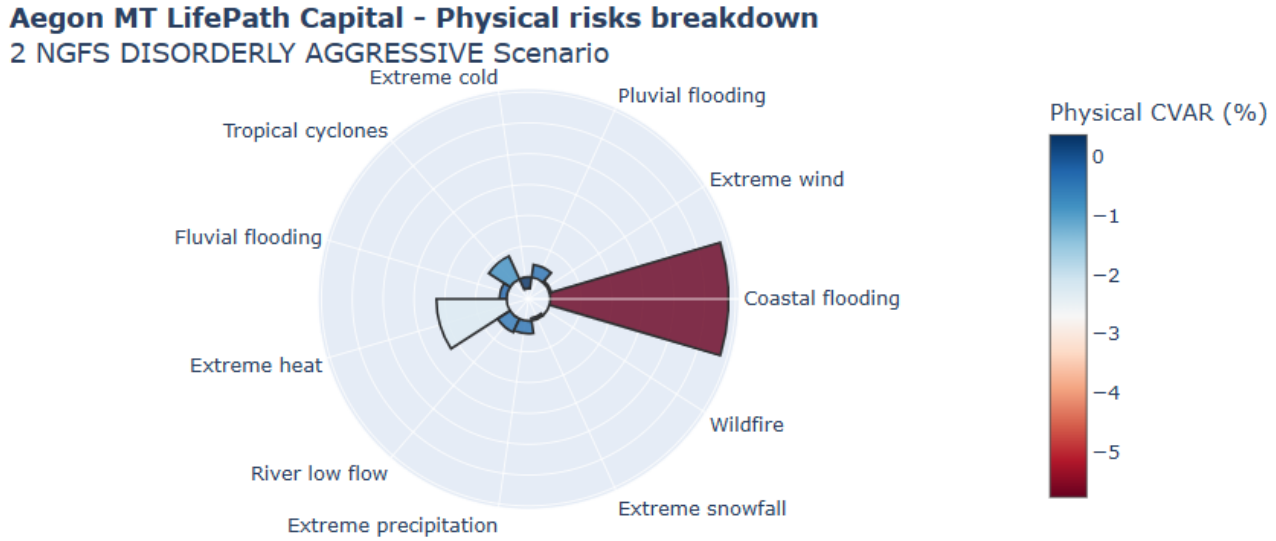


Source: Aegon UK using data from MSCI as of 31 December 2025.

Regardless of the region, the Energy, Utilities and Materials sectors offer the higher risks, while the Emerging Markets and developed Asia-Pacific zone seems more exposed than other zones.

We explored the breakdown of physical risks to understand which were more relevant to the Scheme main default arrangement. We observe that under a 2.0°C NGFS aggressive scenario, coastal flooding is by far the strongest contribution to physical risks, followed by extreme heat.

Figure 12: Breakdown of physical risks for Aegon Lifepath Capital under a disorderly transition (2.0°C) scenario



Source: Aegon UK using data from MSCI as of 31 December 2025.

Members at different stages of their journey will naturally be exposed differently to climate risks. Table 15 details the output of our three scenarios for four Members are different stages in their journey.

Table 1510: Scenario analysis output for Aegon LifePath Capital sample vintage, as of December 2025

Aggregated Climate VaR	Orderly transition (1.5°C)	Disorderly transition (2.0°C)	Failed transition (4°C)	Coverage
Member at early days of career (Aegon LifePath Capital Early Days fund)	-10.3%	-8.3%	-17.9%	93.1%
Member 15 years to retirement (Aegon LifePath Capital 2040-42 fund)	-10.3%	-8.3%	-17.9%	93.1%
Member 7 years to retirement (Aegon LifePath Capital 2031-33 fund)	-7.9%	-6.2%	-12.8%	78.5%
Member at retirement (Aegon LifePath Capital Retirement fund)	-7.9%	-6.2%	-12.8%	6.4%

Source: Aegon UK using data from MSCI as of 31 December 2025.

The further away from retirement a Member is, the higher the allocation to Equity and the higher the exposure to physical risks. The closer to retirement a Member is, the higher the exposure to Sovereign bonds which, under our current model, are not impacted by Physical risks and marginally impacted by transition risks.

Appendix 3: Climate metrics for Aegon Developed Markets ex-UK equity

Table 16: Climate metrics for Aegon Developed Markets ex-UK equity

Climate metrics		2024/25	2025/26
Absolute emissions metrics			
Absolute emissions	Scope 1 & 2 tonnes CO_2e	5,520	6,922
	Scope 3 tonnes CO_2e	43,796	56,075
Carbon intensity metrics			
Carbon footprint	Scope 1 & 2 tonnes CO_2e /£M EVIC	31.8	33.4
	Scope 3 tonnes CO_2e /£M EVIC	273.4	297.6
Sovereign debt carbon intensity	Tonnes CO2e /£M GDP-PPP	203.1	145.6
Portfolio alignment metrics			
Implied temperature rise (degree Celsius °C)		2.4°C	2.6°C
Net Zero Alignment		17.5%	24.7%
Additional climate metrics			
Data coverage (% total portfolio)	Scope 1 & 2 Emissions – Estimated (%)	11.7%	6.5%
	Scope 1 & 2 Emissions – Reported (%)	87.4%	92.6%
	Scope 1 & 2 Emissions – Not covered (%)	0.9%	0.9%
	Including: sovereign debt coverage	*<0.1%*	*0.0%*

Source: Aegon UK using data from MSCI as of 31 December 2024.

Appendix 4: Scenario analysis for Aegon Developed Markets ex-UK equity

Table 1711: Scenario analysis output for Aegon Developed Markets ex-UK equity, as of December 2025

Aggregated Climate VaR	Exposure	Coverage	Orderly transition (1.5°C)	Disorderly transition (2.0°C)	Failed transition (4°C)
Aegon Developed Markets ex-UK equity	100%	97.3%	-10.5%	-7.3%	-14.9%
Equity	*97.7%*	97.3%	*-10.5%*	*-7.3%*	*-14.9%*
Corporate fixed income	*0.0%*	*N/A*	*N/A*	*N/A*	*N/A*
Real Estate (listed)	*1.6%*	*0%*	*N/A*	*N/A*	*N/A*
Sovereign bonds	*0.0%*	*N/A*	*N/A*	*N/A*	*N/A*
Cash	*0.7%*	*0%*	*N/A*	*N/A*	*N/A*

Source: Aegon UK using data from MSCI as of 31 December 2025.

Under the three scenarios discussed, expected returns are lower than the 'climate-uninformed' baseline[28] because of the negative climate risk effects over time. In short, scenarios projecting higher temperature have the worst impact on the portfolio's expected return. For equity and corporate fixed income:

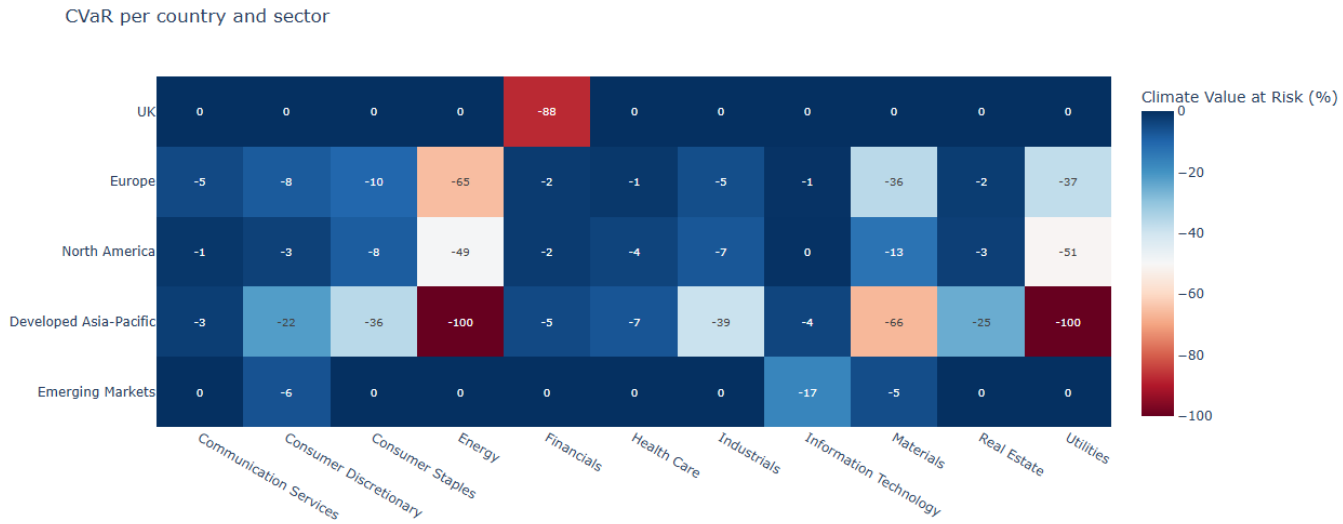
- In an orderly transition scenario, the transition risks translate into medium impact on expected returns, while physical risks are less impactful.
- Under a disorderly transition scenario, the negative effects of regulations on expected returns are lifted and partially offset by high physical risks.
- Under a failed transition scenario, the transition risks are minimal but physical risks drive expected returns much lower.

The portfolio has no exposure to sovereign bonds.

Overall, the data suggests that significant changes in policy, investment and behaviour will be necessary to change global warming trajectory to a Paris-aligned outcome. However, if the transition materialises, significant changes in financial markets over the coming decades are likely, which in turn could have a material impact on the Scheme's investments.

[28] The Climate VaR measure is relative to a baseline scenario which is 'climate-uninformed', i.e. one where existing policies and past physical impacts are assumed to have been priced in by markets, but no future transition policies or physical risks are accounted for.

Figure 12: Climate VaR per GICS sector and region for Aegon Lifepath Capital under a disorderly transition (2.0°C) scenario

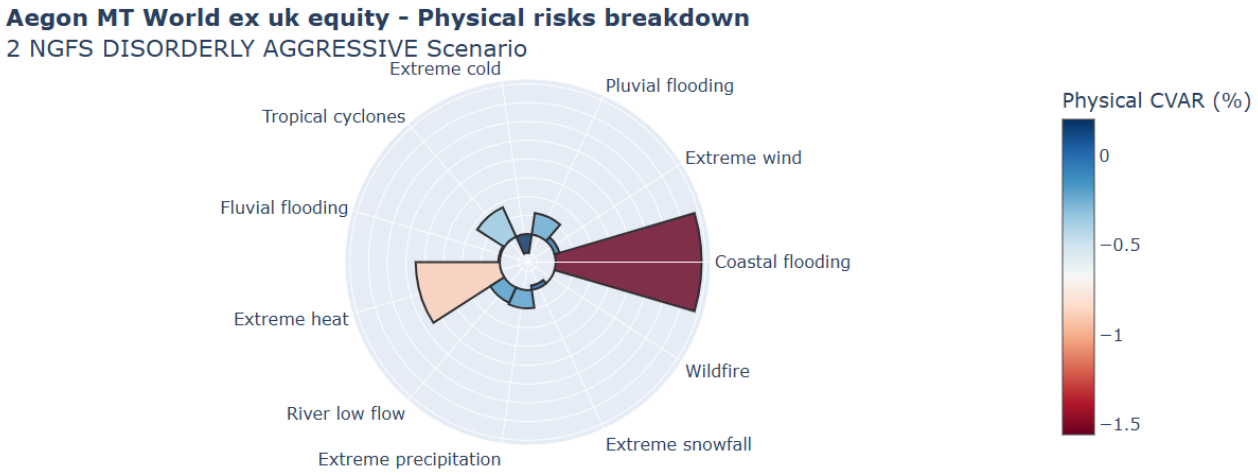


Source: Aegon UK using data from MSCI as of 31 December 2025.

Regardless of the region, the Energy, Utilities and Materials sectors offer the higher risks, while the Emerging Markets and developed Asia-Pacific zone seems more exposed than other zones.

We explored the breakdown of physical risks to understand which were more relevant to the Scheme main default arrangement. We observe that under a 2.0°C NGFS aggressive scenario, coastal flooding is by far the strongest contribution to physical risks, followed by extreme heat.

Figure 13: Breakdown of physical risks for Aegon Lifepath Capital under a disorderly transition (2.0°C) scenario



Source: Aegon UK using data from MSCI as of 31 December 2025.

Since this arrangement is not subject to lifestyling, Members at different stages of their journey will be exposed similarly to climate risks.

Appendix 5: Assumptions underpinning our 1.5°C orderly scenario

The table below outlines the assumptions underpinning our 1.5°C orderly scenario, 2°C disorderly and 4°C failed transition scenarios in the strategy section[29].

	1.5°C orderly scenario	2°C disorderly scenario	4°C failed transition scenario
World Population			
Peak year	2070	2070	2070
In 2100 (million)	9,019	9,019	8,990
GDP			
Real GDP growth 2010-2100 (CAGR)	2%	2%	2.3%
Electricity generation by fuel source			
2030 energy mix			
% renewables	72%	41%	30%
% nuclear	6%	6%	18%
% gas	17%	26%	21%
% coal	4%	28%	31%
2050 energy mix			
% renewables	94%	94%	50%
% nuclear	3%	4%	15%
% gas	3%	3%	15%
% coal	0%	0%	20%
Carbon sequestration (MtCO2/year)			
Uptake (surpasses 5000 Mt/year)	2037	2050	2055
Carbon sequestration peak (Mt/year)	8,779	5,926	12,311
Low-carbon fuel sources in transport			
2050 low carbon fuel sources (%)	26%	26%	4%
GHG emissions			
Peak year	2020	2030	2020
90% reduction achieved by	2045	2049	N/A
Zero emissions achieved by	2055	2060	N/A
Annual change - 2020-2030 (Compound Annual Growth Rate)	-7.1%	0.7%	-0.4%
Annual change - 2020-2050 (Compound Annual Growth Rate)	-11.7%	-8.1%	-0.7%

[29] MSCI ESG Research LLC (March 2022), Introduction to the Integrated Assessment Models and Shared Socioeconomic Pathways

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