



# Hilton UK Pension Plan - Implementation Statement

May 2026

# Background and Implementation Statement

## Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

## Implementation Report

This implementation report covers the year to 31 December 2025 and is to provide evidence that the Hilton UK Pension Plan (the "Plan") continues to follow and act on the principles outlined in the Statement of Investment Principles ("SIP").

The SIP can be found online at the web address [HUKPP Statement of Investment Principles 2024 | Hilton](#). Any changes to the SIP are detailed on the following page.

## The Implementation Report details:

- Actions the Plan has taken to manage financially material risks and implement the key policies in its SIP.
- The current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks.
- The extent to which the Plan has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate. Voting behaviour is not covered as the Plan has no relevant investments, i.e. no equity mandates.

## Summary of key actions undertaken over the Plan's reporting year:

- In January 2025, the Trustee agreed to increase the Plan's LDI target hedge ratio to c.90% of liabilities on a Technical Provisions basis, up from the previous target of c.74%. This decision was driven by the relatively elevated gilt yield environment and helped to protect the Plan's strong funding position. The increase was funded by a disinvestment from the Asset-Backed Securities ("ABS") mandates during February 2025.
- Over the year, the Plan received several distributions from its illiquid managers, notably Alcentra and PATRIZIA. Where this resulted in an excess balance within the Trustee Bank Account ("TBA"), the Trustee co-ordinated an investment with Insight, in line with the arrangement which is in place with them.
- Over Q2, the Trustee agreed to rebalance both the M&G Secured Property Income Fund and the IFM Global Infrastructure Fund to their strategic benchmark allocations, submitting redemption (disinvestment) requests of £7.3m (M&G) and £4.6m (IFM). Proceeds were reallocated to Insight, pending wider strategic decisions.

- Over the year, the Trustee was notified of three LDI events from Insight, the Plan's LDI manager. In April, the Trustee received a capital call totalling c.£1.7m which was successfully met using other collateral assets with Insight. In July and December, the Trustee received distributions, following a period of falling gilt yields. Insight distributed c.£2.0m and c.£4.6m respectively and the Trustee agreed to retain the proceeds with Insight.
- Now that the 2024 Actuarial Valuation has been finalised post year-end, the LDI re-tool is scheduled to commence in 2026. This will include refining the LDI portfolio to better align with the Plan's liability profile and revisiting the overall target hedge ratio as part of wider strategy discussions. The Plan's overall investment strategy will also be discussed as part of this exercise.

#### Implementation Statement

This report demonstrates that the Plan has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Signed

Position

Date

# Changes to the SIP

Over the 12-month period to 31 December 2025, the Trustee did not make any changes to the SIP. The latest update was conducted in 2024 and so this version is the latest document publicly available.

The Trustee is currently reviewing the investment strategy, following the 2024 Actuarial Valuation, and will update the SIP after strategy changes have been agreed (this is expected at the May 2026 Trustee Meeting). As part of these discussions, the Plan's target hedge ratio will also be agreed and this will be reflected in the updated SIP too.

# Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Plan assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 74% of these risks on a Technical Provisions basis.	The target hedge was updated over the period and will be reflected in the next SIP update (expected May 2026). The SIP updates will also reflect any changes to the Plan's target asset allocation.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	The Trustee has a cash management policy which is revisited as cash is required. The Trustee maintains a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	<p>The Trustee and Isio monitor the liquidity of the portfolio on a quarterly basis through the Investment Performance Report. This includes valuations for the liquid mandates and measuring the proximity of the LDI mandate to capital calls.</p> <p>During 2025, there was one LDI capital call within the LDI portfolio. However, this was comfortably met by collateral assets with Insight, and there remained, afterwards, a sufficient amount of headroom within the LDI portfolio to withstand further market movements (if required).</p> <p>An automated cashflow management process with Hymans (the Plan's administrator) was implemented over the period to improve efficiencies for investments and disinvestments to and from the TBA.</p>
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	<p>To remain appropriately diversified and hedge away any unrewarded risks, where practicable.</p> <p>To maintain an appropriate allocation to contractual and illiquid assets in line with the Plan's investment objective and liquidity requirements.</p>	The Trustee maintained a diversified portfolio over the year to 31 December 2025.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit	The Trustee maintained a portfolio of diversified credit investments over the year to 31 December 2025, including

		markets across different geographies and sectors.	Infrastructure Debt, Direct Lending and Asset-Backed Securities.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	<p>To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criteria:</p> <ol style="list-style-type: none"> <li>1. Responsible Investment ('RI') Policy / Framework</li> <li>2. Implemented via Investment Process</li> <li>3. A track record of using engagement and any voting rights to manage ESG factors</li> <li>4. ESG specific reporting</li> <li>5. UN PRI Signatory</li> </ol> <p>The Trustee monitors the managers on an ongoing basis.</p>	More details of the ESG policy and how it was implemented are presented on page 7 and 8 of this report.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	Hedge all currency risk by entering into a GBP hedged share class where possible.	Currency risk was hedged over the reporting period as the Plan invests in GBP hedged share classes.
Non-financial	Any factor that is not expected to have an impact on the Plan's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	

# Current ESG policy and approach

## ESG as a financially material risk

The SIP describes the Plan's policy with regard to ESG as a financially material risk. This page details how the Plan's ESG policy is implemented, while the following page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Plan's managers' ESG policies and procedures. The next page details Isio's view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The Trustee monitor and engage with the Plan's investment managers and other stakeholders on a variety of issues. The below table outlines the areas which the Plan's investment managers are assessed on when evaluating their ESG policies and engagements.

### Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights.	<p>The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues.</p> <p>The Trustee receives information from their investment advisers on the investment managers' approaches to engagement.</p> <p>The Trustee will engage, via their investment adviser, with investment managers and / or other relevant persons about relevant matters at least annually.</p>	<p>The manager has not acted in accordance with their policies and frameworks.</p> <p>The manager's policies are not in line with the Trustee's policies in this area.</p>

Through the engagement described above, the Trustee will work with the investment managers to improve their alignment with the above policies. Where sufficient improvement is not observed, the Trustee will review the relevant investment manager's appointment and will consider terminating the arrangement.

### Areas of assessment and ESG beliefs

Risk Management	<ol style="list-style-type: none"> <li>1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Plan.</li> <li>2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee.</li> </ol>
Approach / Framework	<ol style="list-style-type: none"> <li>3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.</li> <li>4. ESG factors are relevant to investment decisions in all asset classes.</li> <li>5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.</li> </ol>
Reporting & Monitoring	<ol style="list-style-type: none"> <li>6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.</li> <li>7. ESG factors are dynamic and continually evolving; therefore the Trustee will receive further training as required to develop their knowledge.</li> <li>8. The role of the Plan's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.</li> </ol>
Voting & Engagement	<ol style="list-style-type: none"> <li>9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.</li> <li>10. Engaging is more effective in seeking to initiate change than disinvesting.</li> </ol>
Collaboration	<ol style="list-style-type: none"> <li>11. Asset managers should sign up and comply with common codes and practices such as the UNPRI &amp; Stewardship code. If they do not sign up, they should have a valid reason why.</li> <li>12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.</li> </ol>

# ESG summary and actions with the investment managers

Manager and fund	ESG Summary	Potential actions identified
Insight – LDI	<p>Insight demonstrates a strong commitment to ESG principles at a firm-level and integrate ESG factors into their counterparty evaluation in their LDI funds.</p> <p>Insight has a strong approach to stewardship and collaboration, formally recognising climate implications, societal factors, and environmental considerations as foundational components of stewardship priorities.</p>	<ul style="list-style-type: none"> <li>• There are no specific fund-level ESG objectives for the LDI funds, therefore Insight could consider developing their reporting to incorporate ESG scores and metrics for counterparties within their pooled LDI funds.</li> </ul>
Insight – ABS (covering High Grade ABS and Global ABS)	<p>Insight has a reasonably strong firm-wide approach to stewardship as they have dedicated stewardship analysts who are responsible for setting key engagement priorities. They are also a key industry collaborator and a member of several initiatives.</p> <p>However, at the fund level, they remain limited by the quantity and quality of data in the ABS market.</p>	<ul style="list-style-type: none"> <li>• The fund has no fund-level ESG objectives, therefore the manager could consider setting clearer ESG focus areas to support monitoring and reporting.</li> <li>• The manager could also look to introduce climate-related scenario analysis or risk-modelling within the risk-management process.</li> </ul>
Insight – Liquidity (covering Liquidity Fund and Liquidity Fund Plus)	<p>Insight demonstrates a strong firm-level commitment to ESG integration and principles, including setting a net zero commitment by 2050, in line with the industry-led initiative, Net Zero Asset Manager Initiative ('NZAMI').</p>	<ul style="list-style-type: none"> <li>• Insight could consider setting clearer fund-level ESG objectives or focus areas to strengthen ESG integration across the Liquidity Fund range.</li> </ul>
Alcentra – European Direct Lending ("EDL") (covering EDL II and EDL III)	<p>Alcentra have a Responsible Investment Team who review the output of the quantitative ESG Scorecard and help to integrate ESG into the EDL Funds. ESG metrics are well-integrated into Alcentra's quarterly reports and dedicated ESG reports are available on an annual basis.</p>	<ul style="list-style-type: none"> <li>• Alcentra could consider reviewing the ESG scorecard and risk framework annually.</li> <li>• Alcentra could consider reporting on individual issuer ESG scores rather than a fund-level distribution of scores.</li> </ul>
M&G – Property	<p>M&amp;G continue to demonstrate strong firm-level ESG integration, supported by a published ESG policy and a net-zero commitment with defined decarbonisation targets.</p>	<ul style="list-style-type: none"> <li>• An explicit ESG scorecard or assessment framework is not in place and M&amp;G could consider putting one in place to help</li> </ul>

	<p>Climate objectives are forward-looking and considered throughout the investment process, and stewardship has strengthened through increased engagement with tenants on sustainability issues.</p> <p>However the Fund could benefit from a more explicit ESG scorecard to capture and report on a broader range of ESG metrics.</p>	<p>strengthen due diligence and ongoing monitoring.</p> <ul style="list-style-type: none"> <li>• Reporting of ESG metrics could be considered to include more climate, nature and social metrics.</li> </ul>
<p>IFM – Infrastructure Equity</p>	<p>IFM continue to demonstrate a clear and consistent approach to ESG integration, supported by a firm-level ESG policy and a defined net-zero commitment. Their stewardship priorities are well established, with continued signatory status to key initiatives such as the UK Stewardship Code and the Net Zero Asset Manager’s Initiative.</p> <p>At the fund level, the Fund meets traditional ESG integration criteria, underpinned by a strong sustainable investment approach and robust risk management, with some scope for enhanced monitoring and disclosure.</p>	<ul style="list-style-type: none"> <li>• IFM could consider broadening its ESG scorecard to be used throughout the monitoring process, not solely for initial due diligence.</li> <li>• IFM could consider expanding Fund-level ESG reporting to include a broader range of ESG metrics, to improve transparency and allow progress to be monitored more consistently</li> </ul>
<p>PATRIZIA –Infrastructure Debt</p>	<p>PATRIZIA has a strong focus on sustainable investment knowledge implemented through a robust training program across the firm.</p> <p>PATRIZIA’s reporting covers climate risk mitigation and opportunities and ESG metrics are provided annually for the fund.</p> <p>Ongoing monitoring processes are supported by ESG scores and assessments of each asset within the fund.</p>	<ul style="list-style-type: none"> <li>• PATRIZIA could consider providing examples and evidence of engagement initiatives which have been carried out to mitigate ESG-related risks for assets.</li> </ul>

# Engagement

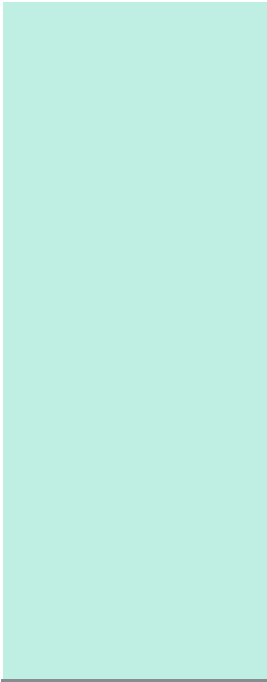
As the Plan invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 December 2025. Notable engagement activity along with engagement statistics are provided in the table below.

Fund name	Engagement summary	Commentary
Insight – LDI	<p>Total Engagements: c.24</p> <p>At this time, the Fund is not able to provide engagement activity at a topic level.</p>	<p>Insight is committed to accountability and transparency within its Counterparty Engagement Programme. Insight believe effective stewardship requires engagement with stakeholders and counterparties to improve sustainability and reduce ESG risks.</p> <p>Isio is working with Insight to evolve engagement reporting, but fund level metrics are not currently available.</p> <p>Examples of engagement include:</p> <p>Insight uses a Sustainability Assessment Questionnaire to review the sustainability practices of its main trading counterparties, covering around 95% of its trading activity. The questionnaire is issued every two years. Counterparties' responses are assessed using Insight's proprietary scoring framework to identify areas of weaker performance and help focus engagement. Insight shares feedback with counterparties to support improvements. The most recent review took place between 2024 and 2025 and was updated to reflect changes in regulatory expectations.</p>
Insight – High Grade ABS	<p>Total Engagements: c.70</p> <p>At this time, the Fund is not able to provide engagement activity at a topic level.</p>	<p>Insight engages with the Fund's portfolio companies with respect to Environmental, Social and Governance factors.</p> <p>An example of a significant engagement includes:</p> <p>OCP - Insight engaged with OCP following analysis of a new Collateralised Loan Obligation ("CLO") issuance, where the manager was identified as having one of the weakest ESG scores among peers versus Insight's proprietary CLO ESG framework. The initial engagement focused on raising concerns around the</p>

		<p>strength of ESG integration within the CLO structure and encouraging the adoption of more robust minimum standards at deal level. Discussions centred on amending the documentation for the current transaction and embedding clearer ESG requirements across future issuances, aligned with the UN Global Compact’s ten principles. As a result of the engagement, OCP agreed to amend the deal terms to increase the focus on ESG considerations and assessments</p>
Insight – Global ABS	<p>Total Engagements: c.70</p> <p>At this time, the Fund is not able to provide engagement activity at a topic level.</p>	<p>Insight engages with the Fund’s portfolio companies with respect to Environmental, Social and Governance factors.</p> <p>An example of a significant engagement includes:</p> <p>Vantage Data Centers (VDCDE) – Insight engaged with VDCDE in relation to a new ABS transaction secured against four data centres in Germany. This focused on assessing the issuer’s ESG targets and performance, particularly energy and water efficiency. Initial discussions focused on a review of the issuer’s sustainability reporting and green financing framework, where concerns were raised that the stated Power Usage Effectiveness (PUE) target of 1.5 was not ambitious relative to the German market average. The outcome was engagement actions that explored the feasibility of adopting more stretching PUE targets for new deals and the issuer’s approach to cooling and water management.</p>
Insight – Liquidity Fund	<p>Total Engagements: c.19</p> <p>At this time, the Fund is not able to provide engagement activity at a topic level.</p>	<p>Insight was unable to provide an example of a significant engagement.</p>
Insight – Liquidity Fund Plus	<p>Total Engagements: c.19</p> <p>At this time, the Fund is not able to provide engagement activity at a topic level.</p>	<p>Insight was unable to provide an example of a significant engagement.</p>
Alcentra – European Direct Lending (“EDL”) (covering EDL II and EDL III)	<p>Total Engagements: 52</p> <p>Environmental: 13</p> <p>Social: 12</p> <p>Governance: 3</p> <p>Other (Strategy, Financial and Reporting): 24</p>	<p>Alcentra, as a signatory to the UK Stewardship Code, follows stewardship standards for asset owners and asset managers. Alcentra’s stewardship activities are intended to deliver strong, long-term investment returns for clients.</p> <p>Alcentra demonstrates a strong investment approach in relation to ESG integration and reporting. However, it is important to note that the ability to make retrospective ESG improvements is limited for the EDL fund range, given the Funds</p>

		<p>have invested a large portion of capital and are closed-ended in nature.</p> <p>An example of a significant engagement includes:</p> <p>Motorcycle Accessories Manufacturer – Alcentra engaged with this portfolio company as part of their transition from ESG-linked lending towards a more robust Sustainability-Linked Loan (“SLL”) framework. Initial Key Performance Indicators (“KPIs”) proposed by the company were broad and not aligned with SLL principles, so Alcentra highlighted the need for more material, data-driven measures. Through continued discussions, Alcentra supported the company in developing clearer and more meaningful KPIs linked to emissions reduction, executive remuneration and eco-design practices. The outcome is a revised structure that has now been incorporated into their loan documentation, ensuring the facility aligns with market best practice and reflects stronger sustainability objectives.</p>
<p>M&amp;G – Property</p>	<p>M&amp;G Property exclusively allocates its investments towards real estate assets, thereby solely functioning as a landlord of the properties it owns, as opposed to a shareholder or bondholder of the tenants within. As such, the Fund does not possess a formal engagement policy to exert influence over the corporate strategy of its tenants.</p>	<p>Due to the nature of most leases within the Fund, M&amp;G’s overall influence on ESG matters as the landlord is limited. Consequently, M&amp;G does not have any direct control over the tenants’ ESG-related business strategies. However, M&amp;G maintains regular communication with the tenants concerning the properties they occupy.</p> <p>Examples of significant engagements include:</p> <p>Sainsbury’s – M&amp;G continued regular engagement with Sainsbury’s focused on energy-reduction and progress towards shared net-zero objectives. This engagement resulted in the completion of Building Research Establishment Environmental Assessment Method (“BREEAM”) In-Use assessments across several stores, supported by optimisation reports to inform efficiency improvements. Agreement has been reached to renew certifications alongside a Net Zero reporting exercise in 2025/26, with further outcomes including data provision for 2024 and 2025 Global Real Estate Sustainability Benchmark (GRESB) submissions and progression of site-specific initiatives such as EV charging at the Wandsworth store.</p> <p>David Lloyd – M&amp;G has undertaken ongoing ESG engagement with David Lloyd, focused on supporting its net-zero</p>

		<p>2030 commitment. This engagement has delivered measurable outcomes, including EPC upgrades, completed BREEAM In-Use certifications with optimisation reports, borehole installations reducing water use, and the rollout of on-site renewables, with 17 photovoltaic installations completed by Q4 2024 and further phases planned. Progress has also been made on heat-pump and EV-charging trials, alongside agreed data provision for 2024 and 2025 GRESB reporting.</p>
<p>IFM – Infrastructure Equity</p>	<p>IFM does not disclose information about the number of engagements related to the Fund. However, IFM is actively engaged, where appropriate, with its underlying portfolio assets, working closely with management to establish specific ESG action plans. IFM also puts in place governance structures that have responsible investment controls to ensure responsible investment practices are followed.</p>	<p>IFM's Infrastructure Team actively engages with assets held in the Fund, focusing on various ESG matters including inclusion, diversity, employee terms, safety, and climate change.</p> <p>Examples of significant engagements include:</p> <p>Mersin International Port – IFM continued its engagement with Mersin International Port, focusing on improving safety performance and supporting with the delivery of its Safety Remedial Actions. The company has also been developing a longer-term Safety Culture Transformation Programme to strengthen safety standards across operations. Throughout 2024 and 2025, following the engagements, the Port had made further progress, demonstrated by continued reductions in Lost Time Injury Frequency rates, reflecting an improving safety culture.</p> <p>Naturgy – IFM continued to engage with Naturgy through board-level involvement and regular discussions on the company's climate strategy. Naturgy is targeting a 48% reduction in Scope 1 and 2 emissions (which includes direct emissions from owned or controlled sources and indirect emissions from the consumption of purchased electricity, heat and steam) from a 2017 baseline and a shift to 60% renewable generation by 2025, alongside developing biomethane, green hydrogen and storage technologies. Supported by the engagements, in Q3 2025, the company had reached 1.2 GW of operational renewable capacity in Spain and began an EU-funded upgrade of its wind assets to support long-term environmental goals.</p>
<p>PATRIZIA – Infrastructure Debt</p>	<p>Total Engagements: 3</p> <p>At this time, the Fund is not able to provide engagement activity at a topic level</p>	<p>The investment team engages with portfolio companies on a broad spectrum of ESG topics. They do not set clear objectives and milestones, and engagement is typically done on an ad-hoc basis. However, engagements are often</p>



aimed at seeking positive improvements at issuer level to enhance ESG integration over time.

An example of a significant engagement includes:

Adapteo – PATRIZIA’s investment team engaged with Adapteo, focusing on the company’s sustainability strategy. A deep-dive discussion with Adapteo’s Chief Sustainability Officer and Group Treasurer was undertaken to better understand the development and implementation of its sustainability strategy. Following the engagement, Adapteo demonstrated progress across its three strategic pillars which included climate and social factors. Following the full repayment of the Fund’s loan exposure, PATRIZIA have concluded all engagements with the issuer.

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