

September 2026

Engagement Policy Implementation Statement for the Year Ended 31 March 2026

The Honda Group – UK Pension Scheme (“the Scheme”)



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Section 1

Introduction

This Engagement Policy Implementation Statement (the “Statement”) sets out how, and the extent to which, the Trustee’s Engagement Policy for the Scheme in the Statement of Investment Principles (“SIP”) has been followed during the year running from 1 April 2025 to 31 March 2026 (the “Scheme Year”). This Statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The Statement is based on, and should be read in conjunction with, the SIP dated October 2024 (covering the period between April 2025 and November 2025) and the SIP dated November 2025 (covering the period between November 2025 and March 2026).

Sections 2.1 and 2.2 of this Statement set out the investment objectives of the Scheme and changes which have been made to the Engagement Policy during the Scheme Year, respectively.

A copy of the latest SIP containing the Engagement Policy is available online at <https://pensioninformation.aon.com/honda>.

Section 3 of this Statement provides some highlights of the activity undertaken by the Trustee in relation to Responsible Investment and Environmental, Social and Governance (“ESG”) over the Scheme Year.

Sections 4 and 5 include information on the engagement and key voting activities of the underlying investment managers of the Scheme, and also sets out how the Scheme’s engagement and voting policy has been followed during the Scheme Year in respect of the Scheme’s assets.

The Trustee can confirm that all policies in the SIP on engagement in relation to the Scheme’s assets have been followed during the Scheme Year.

Section 2

Statement of Investment Principles

2.1 Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set. The objectives for the Scheme specified in the SIP are as follows:

- The Trustee's primary objective is to meet its obligations to the beneficiaries of the Scheme. Consistent with this, the Trustee has purchased a bulk annuity policy with a regulated insurance company, namely Legal & General Assurance Society ("LGAS")¹, which pays the Scheme regular income which is designed to match the expected pension payments to members. In undertaking this transaction, known as a 'buy-in', the Trustee has transferred a number of the key risks associated with providing pensions – including the associated longevity risks – to the insurer, in exchange for a premium payment.
- The Trustee has secondary objectives of maintaining sufficient liquidity for any short-term cashflow requirements that are not met from the annuity; as well as closely monitoring the proceeds, asset valuations and timely redemptions from remaining illiquid assets to ensure that the deferred element of the insurance premium, and Company financial support, are repaid by 2029 (or as otherwise agreed).

In order to assist with the discussion of investment matters, an Investment & Covenant Committee (the "ICC") has been established by the Trustee Board and is responsible for considering matters relating to the Scheme's investments. The ICC is supported by Mercer Limited's investment advisory team ("Mercer"), Mercer Global Investments Europe Limited ("MGIE") for support services, and Mercer

¹ LGAS have confirmed they follow Legal & General Group Plc's "Group Environment Policy Statement" which can be found here:
<https://group.legalandgeneral.com/asset/49331e/globalassets/group/reporting-hub/policies/2025/group-environment-policy-statement-2025.pdf/>

Limited (“ML”) as the appointed Fiduciary Investment Manager². Note that Mercer will be known as Marsh with effect from 1 September 2026. This does not impact the services provided to the Trustee by the investment advisor.

At each Trustee meeting, the ICC is required to formally report back to the Trustee on any decisions they have taken, or any proposals that they are recommending to the Trustee. For the avoidance of doubt, all strategic investment decisions remain the responsibility of the Trustee.

The investment objectives were updated during the Scheme Year to reflect the completion of the buy-in transaction with a regulated insurance company, in June 2025, which significantly changed the nature and risk profile of the Scheme's assets. The residual investment portfolio is now managed on a run-off basis.

This statement refers to the activity of the Trustee in respect of the remaining illiquid assets only as all investment activities underlying the buy-in policy are delegated to L&G and the asset is the insurance policy that wraps around the underlying assets. The Trustee notes that it undertook significant due diligence when selecting the insurer, and this included understanding the insurer's commitment to sustainability. Further information on L&G's approach to sustainability can be found on their website: <https://group.legalandgeneral.com/sustainability/>.

2.2 Review of the SIP

During the year, the Trustee reviewed and amended the Scheme's SIP, taking formal advice from its Investment Consultant (Mercer). A revised SIP was signed in November 2025 to reflect the completion of the buy-in transaction with a regulated insurance company in June 2025. The updated SIP reflects the Trustee's focus on the efficient run-off of the remaining illiquid assets - including MIF20 holdings - and the repayment of the deferred premium and Company financial support by 2029 (or as otherwise agreed).

² The majority of the Scheme's assets were transferred to the fiduciary management solution, namely Mercer Investment Fund (“MIF20”), with the final assets transitioned on 1 October 2021. In June 2025, the majority of MIF20's assets were subsequently transferred to a regulated insurance company as part of the premium payment for the Scheme's bulk annuity policy. The remaining assets within MIF20 are held on a run-off basis, along with a minority of the Scheme's assets held outside of MIF20, and are taken into account for the purposes of cashflow management, liquidity monitoring and the repayment of the Company loan and deferred premium.

Section 3

Environmental, Social and Governance (“ESG”)

Policy

The Scheme’s Engagement Policy outlines the Trustee’s beliefs on ESG factors (including climate change). The Trustee believes that environmental, social, and corporate governance factors have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration. Further details are included in Section 7 of the SIP. This policy was established by the Trustee in 2019, however the Trustee keeps the policies under regular review with the SIP subject to review at least annually. There were no changes to this policy in the last review of the SIP which took place in November 2025.

How has this policy been met over the Scheme Year?

The Pension Schemes Act 2021 introduced legislation requiring specified pension schemes to ensure there is effective governance with respect to the effects of climate change. Occupational pension schemes with £5 billion or more in assets are required to have in place effective governance, strategy, risk management, and accompanying metrics and targets for the assessment and management of climate risks and opportunities from 1 October 2021, aligned with the Task Force on Climate-related Disclosures (“TCFD”) framework. This legislation was also enforced the following year for occupational pension schemes with £1 billion or more of assets. During the Scheme Year (October 2025) the Trustee published its third TCFD report for the Scheme which can be found at the following website: <https://pensioninformation.aon.com/honda>. This was the final statutory report required of the Scheme. Following the completion of the buy-in transaction, the bulk annuity contract does not constitute a ‘relevant asset’ for the purposes of the £1bn asset threshold test, and the Scheme is therefore no longer subject to the statutory requirement to produce a TCFD report.

The Investment Consultant periodically reports any change in its assessments of the ESG credentials of the underlying investment managers to the Trustee on an ongoing basis and makes recommendations to the Trustee, as appropriate.



The Trustee has delegated responsibility for the selection, retention, and realisation of investments to their investment managers and accordingly, the Trustee seeks to manage the risks and opportunities associated with these ESG factors by selecting industry leaders in investment management who are committed to the Principles for Responsible Investment (“UNPRI”) (as they apply to the sector in which the manager invests or the strategy pursued by the manager) and against criteria which include ESG considerations. ESG and the level of integration will differ across asset classes and by investment manager.

The Trustee does not require the Scheme’s investment managers to take non-financial matters into account in their selection, retention and realisation of investments.

Section 4

Engagement Activity by the Scheme's Investment Managers

Over the Scheme Year to 31 March 2026, the Trustee reviewed the investment manager mandates in relation to ESG factors including climate change.

The Trustee has agreed not to appoint any manager rated by Mercer with the lowest ESG assessment. In practice, given the purchase of the bulk annuity policy, the Trustee does not expect to make any new investments, with the focus being on the run-off of the remaining illiquid investments.

The Trustee requested that the investment managers confirm compliance with the principles of the UK Stewardship Code. M&G, PGIM and Partners Group are signatories of the UK Stewardship Code 2026. Knighthead and Ares are not signatories of the UK Stewardship Code. However, Ares has adopted a UK Stewardship Code Disclosure Statement.

It is the Trustee's policy that the third-party investment managers appointed by Mercer as fiduciary manager, report and manage assets in line with established best practice, such as the UK Stewardship Code, where possible.

The Scheme's investment performance report is reviewed by the Trustee on a quarterly basis. This report includes ongoing assessments around ESG integration. Among the mandates with a rating, all of the investment managers, with the exception of the PGIM UK Ground Lease Fund, remained generally highly-rated during the Scheme Year. The PGIM UK Ground Lease Fund was downgraded by Mercer in early 2025. This downgrade was highlighted to the ICC at the time, noting the Trustee's existing instruction for Mercer to place a full redemption, which is currently being processed by the investment manager. Where investment managers may not be highly-rated from an ESG perspective, the Trustee continues to monitor and may engage appropriately with those investment managers. The investment performance report includes how each investment manager is delivering against their specific mandates.

The following are examples of engagement activity undertaken by the Scheme's investment managers, where relevant. Examples were provided by the investment managers.

See Section 5 for more details on how the Trustee's policies on engagement have been implemented, as well as its policies on the exercise of investment rights (including voting).

M&G engages with IFCO Management GmbH to improve the circularity of its core product and minimise its environmental impact

M&G's Sustainability and Impact specialists had a call with IFCO's Head of ESG and Senior ESG Manager to request details on IFCO's strategy for ensuring and improving the circularity of its reusable packaging containers ("RPCs"), and to suggest actions the company could take to grow its impact in future.

IFCO designs, but does not manufacture, the RPCs it distributes. M&G requested information on the proportion of recycled versus virgin plastic in each RPC. IFCO explained that this is determined by their suppliers. They noted efforts to reduce virgin material use, though availability of food-grade polypropylene - the primary material - remains limited. M&G also asked the company to share how they manage potential food contamination from nano and microplastics. IFCO responded that there is currently no evidence of such contamination in their RPCs and reiterated their commitment to the highest food safety standards. M&G further requested insight into the typical lifecycle of an RPC. IFCO estimated each unit can be reused 50-60 times before degradation. While they do not currently have a target for recycled content - citing limited influence over suppliers - they emphasised their focus on replacing single-use packaging with reusable alternatives. M&G encouraged them to consider setting a target, highlighting it as best practice and a useful tool for investors to monitor impact.

M&G also asked how IFCO is working to optimise the circularity of its transportation system. They explained that logistics are outsourced, primarily using diesel trucks, but they are gradually incorporating more sustainable options, including trains in the US and vehicles powered by biodiesel or electricity. IFCO confirmed they are in the process of defining their 2030 ESG strategy and intend to share it with M&G for feedback prior to publication.



PGIM (firm-wide engagements not specific to the Scheme's UK Ground Lease Fund holding)

Climate risk remained a stewardship priority across investment groups. PGIM engaged on the credibility of emissions disclosure and transition planning and sought to share insights, promote best practices, and support improvements in disclosures and market standards. In real estate, PGIM focused on asset-level energy efficiency, on-site renewables and resilience to physical and transition risks. PGIM also engaged with data providers and ratings agencies to improve the accuracy of climate-related data and supported the development of climate and transition data as a Research Funding Partner of the Transition Pathway Initiative.

PGIM enhanced their risk-based framework for assessing human rights & modern slavery risks across real estate funds. Coverage was extended to all UK and European vendor engagements, aligned with the UK Modern Slavery Act 2015 and the EU Taxonomy's Minimum Social Safeguards. This improved oversight of social risks across the real estate portfolio.

Section 5

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee's would monitor and engage with relevant persons about relevant matters).

Policy

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote".

The Trustee has set the following key themes that they believe constitute a "significant vote":

- Climate Change
- Modern Slavery
- Governance and Financial outcomes

The Trustee will also use these key themes to focus on specific areas when considering manager engagements.

The Scheme no longer has exposure to mandates where any meaningful proportion of the holdings have voting rights.

Section 6

Additional Voluntary Contributions

From 6 April 2006, the Trustee ceased accepting additional contributions into the Scheme, but the Trustee still remains responsible for the AVC funds in respect of AVCs paid into the Scheme prior to this date. However, the Trustee does not consider the AVC section to hold a material amount of assets in voting rights holding investments to include them in this disclosure.