Horizon Housing Group Pension Scheme

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31 March 2025

Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles (SIP) produced by the Trustee has been followed during the year to 31 March 2025. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

Trustee's Investment Objectives

The Trustee believes it is important to consider the stewardship policy in place in the context of the investment objectives it has set.

The Trustee's primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustee aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustee also ensures that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

Investment Strategy

In March 2024, the Trustee carried out a review of the liability hedging strategy, in order to mitigate any fundling level volatility due to changes in interest rates and inflation. The Trustees implemented a new hedging strategy in May 2024, allowing the Scheme to move from an under-hedged position on interest rates and inflation, on the Technical Provisions basis, to an overhedged position. The overhedging on the Technical Provisions basis resulted in a c.93% and c.96% hedge ratios on interest rates and inflation, on a Gilts Flat basis.

Review of the SIP

The SIP was updated in September r 2024

Policy on ESG, Stewardship and Climate Change

The Trustee understands that it must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustee's policies on ESG factors, stewardship and climate change. These policies were last reviewed as part of a SIP update in November 2023. The Trustee keeps its policies under regular review, with the SIP subject to review at least triennially.

The Trustee can confirm that it has acted in accordance with the SIP in relation to voting and engagement activities over the year under review.

Investment Structure

The Scheme's main investment is a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. The Trustee has no direct relationship with the Scheme's underlying investments managers, but the Trustee has the responsibility of monitoring the pooled funds, in conjunction with advice received from its investment advisor, Mercer.

Engagement

In the year to 31 March 2025, the Trustee has not directly engaged with the pooled investment managers on matters pertaining to ESG, stewardship or climate change.

However, the performance monitoring reports produced by Mercer include ESG specific ratings of the funds held (with ratings derived by Mercer) and this helps to determine whether further action should be taken. The Trustee is also working with Mercer to consider actions that can be taken to engage with the investment managers going forward. However, due to the nature of the Scheme's investments (no equity holdings), this will relate to investment manager's general engagement activities with portfolio companies, rather than specific votes.

Voting Activity

The Scheme no longer holds any voting rights via its pooled fund investments. As such, there were no key votes on which to report over the year. The Trustee has delegated any engagement activities with invested companies to the investment manager.

The Trustee notes that best practice in developing a statement on voting and engagement activity is evolving and will take on board industry activity in this area before the production of next year's statement.