

# Engagement Policy Implementation Statement

## HPC Pension Plan (“the Scheme”)

Defined Benefit (“DB”) Section October 2020 Introduction Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustees are required to produce an annual Implementation Statement, setting out how the stewardship, voting and engagement policies described in the Statement of Investment Principles (“SIP”) have been followed.

This statement is produced by the Scheme’s Trustees, and it is intended to meet the updated regulations and will be included in the Scheme’s Annual Report & Accounts and made public online. This Statement only relates to the DB Scheme (there are no DC elements to the DB Scheme).

This Implementation Statement covers the Scheme’s accounting year to 5 April 2025 and should be read in conjunction with the SIP valid from 5 May 2025, these documents can be accessed here:

<https://www.hpccompressors.co.uk/about-hpc/accreditations-policies-terms-statements/hpc-plc-statements/>

## Summary of how investment decisions are taken.

The investment strategy is set with the aim of ensuring that the Scheme can meet its obligations to the beneficiaries when they fall due. The Trustees attempt to minimise the risk of not meeting this objective through the agreed contributions schedule and the level of expected return on the assets.

The Trustees will seek guidance and written advice from its investment adviser as appropriate when undertaking these activities and where appropriate supported with legal advice to ensure decisions made are in-line with the scheme rules. The Trustees manage the Scheme’s investment strategy in accordance with the policies set out in the SIP.

In the year of review the Trustees obtained both investment and legal advice to ensure changes made were inline with the scheme objectives and rules.

## Changes to the SIP over the period

It is intended that the SIP investment strategy will be reviewed at least every three years following actuarial valuations of the Scheme. In reviewing strategy, the Trustees will seek written advice as required.

The SIP was reviewed during the scheme year 2024/25 and was updated in April 2024 with a further update in May 2025 to comply with investment regulations applying to occupational pension schemes that require inclusion of specific policies on:

- Financially material considerations, including (but not limited to) those arising from Environmental, Social and Governance (“ESG”) considerations, including climate change.
- The extent to which non-financial matters are considered when making decisions regarding the selection, retention and realisation of investments.
- The undertaking of engagement activities in respect of investments held. There were also clarifications and updates to existing investment strategy policy.

The SIP states: “The Trustees recognise that environmental, social and governance (ESG) considerations are among the many factors that can have an impact on the performance of its investments. The Trustees recognise the importance of the ethical management of ESG risks, particularly for a portfolio-wide issue like climate change, can add value to its portfolio.”

The Trustee’s investment managers provide quarterly updates on the performance of investments. Over the period the Trustees did not factor non-financial decisions (such as ethical or moral beliefs) into their investment decision-making, in line with the SIP.

In terms of stewardship, the SIP confirmed that direct engagement with underlying companies is carried out by the Scheme's investment managers as appropriate, and when required the investment adviser assesses the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments. Engagement is factored into the decision-making process to the appropriate level for the specific asset class in question. No other changes were made to the SIP since May 2025.

#### **Investment Governance:**

There were two changes to the Scheme's governance structure relating to the DB Scheme over the year to 5 April 2025:

- the scheme was closed to future accrual at 31 Aug 2024 and,
- entered into a buy-in insurance contract with Utmost Life & Pensions in December 2024

The Trustees are satisfied that the investment governance of the Scheme is consistent with the Statement of Investment Principles and is appropriate for the circumstances of the Scheme.

#### **Investment Strategy and Risk Management:**

The Trustees keep the investment strategy under review and in-line with the long-term funding of the scheme. During the period of review, to 5 April 2025, the Trustees in line with the investment strategy divested all investment bonds and LDI hedging funds to purchase a buy-in insured policy contract. As a result of the buy-in insured policy contract, the Plan now only holds two assets, namely: the Policies, and cash, which is in turn invested in sterling money market funds that focus on capital preservation and daily liquidity.

The Trustees monitor several investment risks including those outlined in the SIP, when required, with the help of its investment adviser. The adviser provides reports incorporating information obtained from the investment managers. The Trustees are satisfied that the implementation of the investment strategy and risk management for the Scheme is consistent with the Statement of Investment Principles and is appropriate for the circumstances of the Scheme.

The total Pension Plan investment return in the year was -6.07% (2024: 3.07%).

The investment return reflects the market conditions at the time of selling assets, which was directly timed with the purchase of the insured policy contract. The Trustees are satisfied the sale of assets allowed for a sufficient surplus of funds to cover operating costs going forwards.

#### **Stewardship, engagement and voting behaviour**

No voting rights in relation to the Scheme's investments have been exercised by trustees during the year.

The Trustees have delegated the exercise of voting rights to investment managers on the basis that voting power will be exercised by them with the objectives of preserving and enhancing long term shareholder value, whilst taking into consideration their organisations ESG guidelines and policies across all asset classes and markets which it invests.

#### **Concluding remarks**

The Trustees are comfortable that the policies in the SIP have been followed over the year to 5 April 2025.

The Trustee will disclose additional information, as appropriate, in next year's Engagement Policy Implementation Statement, to cover the policy changes reflected in the most recent SIP update.

Date: 24 October 2025