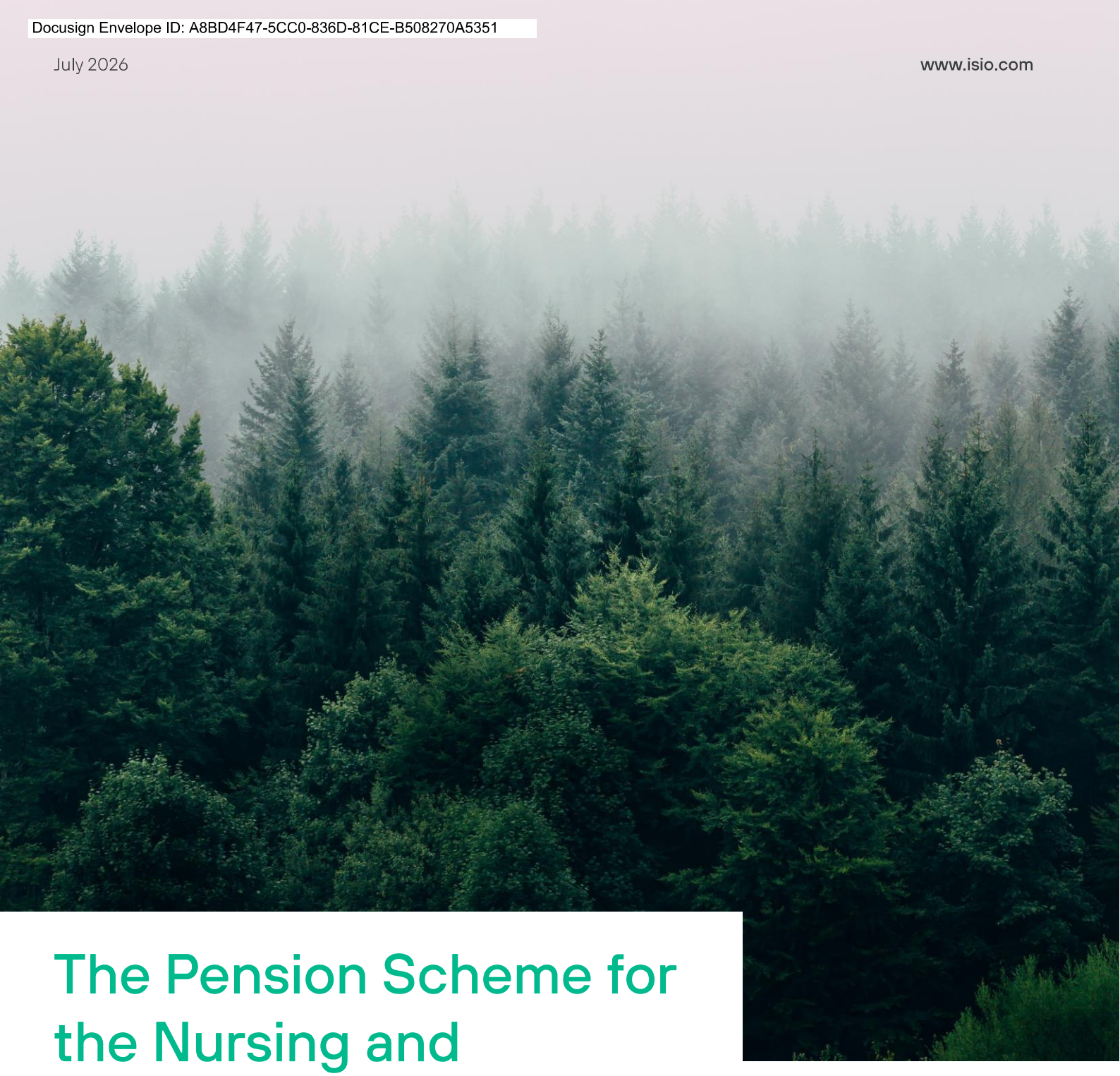
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The Pension Scheme for the Nursing and Midwifery Council and Associated Employers

31 March 2026

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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 is to provide evidence that The Pension Scheme for the Nursing and Midwifery Council and Associated Employers ("the Scheme") continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address https://www.nmc.org.uk/globalassets/sitedocuments/pensions/pension-scheme-statement-of-investment-principles.pdf

Any changes to the SIP are detailed on the following page.

The Implementation Report details:

- actions the Scheme 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 Scheme 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 covering the reporting year up to 31 March 2026 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

Summary of key actions undertaken over the Scheme reporting year

Over the year, the Trustees implemented an updated Investment Management Agreement (IMA) with Insight, amending the LDI's strategy's hedging objective from self-sufficiency to solvency and targeting 95% hedging of both interest rate and inflation risks. To support the revised strategy, c.£9.1m was transferred from the Scheme's Buy and Maintain portfolio to the LDI portfolio to provide additional collateral.

The Scheme continued to meet Cashflow requirements over the year through Buy and Maintain mandates and the Insight Liquidity Fund, with disinvestments made as required to meet liquidity needs.

The Trustees continued to monitor the Scheme's investment managers and underlying holdings on a quarterly basis with ongoing engagement with Bridges Sustainable Growth Fund regarding drawdowns. The Trustees also reviewed Scheme's indirect exposure to Nestle, noting that exposure remained limited at

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c.0.02% (as at 31 March 2026). The Trustees will continue to look for opportunities to derisk the Scheme, including full buyout.

Implementation Statement

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

Signed

Position Trustee

Date 9/9/2026

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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 Scheme's assets and present value of liabilities from changes in interest rates and inflation expectations.	To invest in an increasing amount in assets that move in line with the present value of the Scheme's liabilities.	The Scheme invests in LDI funds targeting 95% interest rate and inflation hedges on a solvency basis.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain 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 provide collateral to the LDI manager.	Although there have been large disinvestments from the Buy and Maintain Funds over the year, sufficient liquidity needs are met through allocations to credit, cash and daily traded funds.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away from any unrewarded risks, where practicable.	Market exposure has remained reduced through high allocations of liability matching assets.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors where possible	The Scheme invested in well diversified credit funds, which invest across a variety of sectors, diversifying the underlying credit risk.
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 Scheme's investments.	The Trustees have a strong ESG policy which they expect their growth fund managers to adhere to and their bond managers to consider. Fund managers are expected to integrate ESG into their investment process, utilise their right to vote and have good reporting on ESG matters.	As part of the investment management of the Scheme's assets, the Trustees expect the investment managers to make decisions on: • The selection, retention and realisation of investments taking into account all financially material considerations. • The exercise of rights (including voting rights) attached to these investments

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			• Undertaking engagement activities with investee companies and other stakeholders where appropriate. The Trustees have undertaken training on ESG and Stewardship and is considering priorities.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	To invest in GBP denominated share classes as far as possible	The Scheme invests in GBP denominated share classes.

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Changes to the SIP

In August 2025, a Sixth edition of the Statement of Investment Principles (SIP) was produced to reflect the Trustee's continued progression towards buyout. As part of this update, the liability hedge was changed from a Technical Provisions basis to a solvency (buyout) basis targeting a 95% hedge against interest rate and inflation risks.

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Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regards to ESG as a financially material risk. The Scheme has agreed a more detailed ESG policy which describes how it monitors and engages with the investment managers regarding the ESG polices. This page details the Scheme's ESG policy. The next page details our view of the managers and an evaluation of the engagement activity.

Risk Management	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee
Approach / Framework	3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training as required to develop their knowledge. 8. The role of the Scheme'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.
Voting & Engagement	9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 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.

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Engagement

As the Scheme 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 March 2026.

Fund name	Policies	Commentary
Bridges Sustainable Growth	This is a private equity holding investing across impact themes. The Fund has investments across green energy, children's nutrition and social housing maintenance.	Bridges have not provided information on the number of engagements made, or a breakdown by sector. However, as an active investor, Bridges have confirmed that they have engaged with all portfolio companies over the reporting period. Examples of significant engagements include: **Nkuku** – Bridges have engaged with Nkuku on supply chain transparency and labour rights, identified as a key material issue prior to investment. Through ongoing dialogue, due diligence and collaboration, Bridges supported improvements to supply chain governance, including supplier mapping, enhanced monitoring processes, adoption of the Sedex platform, and implementation of a formal supply chain policy. The company has strengthened supplier oversight and transparency, while continuing to enhance risk management and reporting across its supply chain. Bridges remains actively engaged as Nkuku progresses further improvements and B Corp recertification.
Insight LDI	Documents are available on their website covering RI policies. Responsible investment | Insight Investment	Insight have not provided engagement breakdown for this reporting year as Insight LDI mandates are primarily invested in government bonds and derivatives. Insight instead runs a bespoke Counterparty Engagement Programme, covering core trading counterparties that account for around 95% of trading activity, to assess and monitor their sustainability performance. Since launching in 2022, the programme has delivered strong engagement outcomes, with 15 counterparty banks implementing recommended ESG-related improvements.

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Insight Maturing Buy and Maintain Fund 2026-2030	Documents are available on their website covering RI policies. Responsible investment | Insight Investment	**Engagements:** Total: 148 Environmental: 98 Social: 68 Governance: 37 Strategy: 338 Other: 16 *Please note engagement may not sum to total as some engagements may be relevant to more than one sub-category. Insight did not provide fund-level engagements. The following is an example of a firm-level engagement: **Societe Generale:** Insight engaged with Societe Generale, a France-based global financial services group on climate strategy, financed emissions and transition plan assessments as part of sustained engagements over several years. Insights reviewed prior objectives while noting the challenging backdrop of high regulatory pressures and geopolitical divergences, alongside imperfect data. Societe Generale reported a shift toward deeper integration of ESG factors into risk management and the implementation of sector-specific decarbonisation targets for carbon-intensive activities. While ahead of trajectory in some sectors, the engagement highlighted constraints on overall progress including policy dependency, technological maturity and data limitations.
Insight Maturing Buy and Maintain Fund 2031-2035	Documents are available on their website covering RI policies. Responsible investment | Insight Investment	**Engagements:** Total: 1 Environmental: 85 Social: 61 Governance: 33 Strategy: 298 Other: 21 *Please note engagement may not sum to total as some engagements may be relevant to more than one sub-category. Insight did not provide fund-level engagements. Refer to Insight Maturing Buy and Maintain Fund 2026-2030 for firm-level engagement examples.
Insight Bonds Plus	Documents are available on their website covering RI policies. Responsible investment | Insight Investment	**Engagements:** Total: 42 Environmental: 14 Social: 4 Governance: 3 Strategy: 132 Other: 2

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		*Please note engagement may not sum to total as some engagements may be relevant to more than one sub-category. Insight did not provide fund-level engagements. Refer to Insight Maturing Buy and Maintain Fund 2026-2030 for firm-level engagement examples.
Insight Liquidity Fund Plus	Documents are available on their website covering RI policies. Responsible investment | Insight Investment	**Engagements:** Total:17 Environmental: 10 Social: 2 Governance: 1 Strategy: 30 Other: 2 *Please note engagement may not sum to total as some engagements may be relevant to more than one sub-category. Insight did not provide fund-level engagements for the Insight Bonds Plus Fund. Please see the Insight LDI section for examples of firm-level engagements.
M&G Total Return Credit Investment Fund	Documents are available on their website covering RI policies. Responsible Investing at M&G Investments – M&G plc	Engagements: Total: 27 Environmental: 16 Social: 4 Governance: 7 **Example of significant engagements include:** ØRSTED A/S – M&G engaged with Ørsted, a Danish offshore wind specialist, given the potential negative biodiversity impacts of offshore wind and to ensure the company was progressing in line with its nature positive by 2030 target. M&G held a virtual meeting with the company's Sustainability Director. The discussion focused on Ørsted's progress in implementing its biodiversity framework at a project level, including piloting the early stages of its eight-step framework. M&G will meet with Ørsted for further discussions, and while biodiversity metrics are not yet standardised, further development is expected around 2027.
TwentyFour Monument Bond Fund	Documents are available on their website covering RI policies. Responsible Investment Policy | TwentyFour Asset Management	**Engagements:** Total: 212 Environmental: 14 Social: 9 Governance: 15 Other: 174 Example of significant engagements include: **Together Financial Services Limited –** TwentyFour engaged with Together Financial Services Limited, an issuer of

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residential mortgage-backed securities, regarding a higher-than-peer swap rate applied by a newly launched RMBS transaction. Together attributed the elevated rate to heightened interest rate volatility following the Middle East conflict.

Following the engagement, Together agreed to reduce the swap rate by 20 basis points which supported the economics of the transactions for debt investors.

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Voting (for equity/multi asset funds only)

The Scheme does not hold voting power in any of its investments.

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