



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

31 March 2025

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 2025 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 Scheme fully redeemed from their holdings with Amundi, using the proceeds to fund investment into two new mandates; the TwentyFour Monument Bond Fund and the M&G Total Return Credit Investment Fund.

A refresh of the Scheme's LDI solution is currently ongoing as the hedging basis is amended from self-sufficiency to buyout, targeting 95% hedging on both interest rates and inflation.

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 **6/11/2025**

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 low dependency 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. | Buy and Maintain funds were added to provide cashflow now that contributions have ceased. Liquidity is maintained in credit, cash and daily traded funds in the main. |
| 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 been reduced, and further reductions are being made post year end. |
| 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: <ul style="list-style-type: none"> • 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 • 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. |

Changes to the SIP

Over the period to 31 March 2025, the Trustee has not made any changes to the SIP. However, the SIP was updated shortly after Scheme year-end to update the liability hedge to the Solvency basis.

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 policies. 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 | <ol style="list-style-type: none">1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee |
| Approach / Framework | <ol style="list-style-type: none">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 | <ol style="list-style-type: none">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 | <ol style="list-style-type: none">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 | <ol style="list-style-type: none">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. |

Engagement

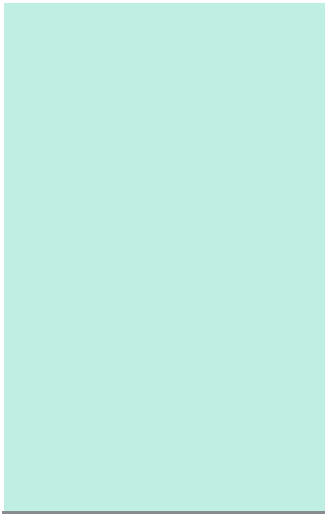
As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 March 2025.

| 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. | <p>Bridges have not provided information on the number of engagements made, or a breakdown by sector. However, as an active investor, Bridges have flagged that they have engaged with all portfolio companies over the reporting period.</p> <p>Examples of significant engagements include:</p> <p>Nkuku – Bridges have engaged with the company over several years to enable better supply chain transparency. Since then, Nkuku have successfully created a supplier code of conduct, and now collect information on whether suppliers hold an external certification. Additionally, Bridges supported Nkuku to select SEDEX (supply chain governance platform) where all suppliers have now been onboarded, assessed, and provided with Corrective Action plans where necessary,</p> |
| Insight LDI | <p>Documents are available on their website covering RI policies.</p> <p>Responsible investment Insight Investment</p> | <p>Engagements: Total: 126 Environmental: 64 Social: 26 Governance: 0 Strategy: 329 Other: 16</p> <p>*Please note engagement may not sum to total as some engagements may be relevant to more than one sub-category.</p> <p>Example of significant engagements include:</p> |

| | | |
|--|--|--|
| | | <p>Duke Energy – As one of the U.S.’ largest energy holding companies, the issuer is planning to achieve net zero methane emissions by 2030, and net zero carbon emissions from electricity generation by 2050.</p> <p>Insight have engaged with with Duke as they recently reduced their allocation of renewable energy from 8% to 3%. This contradicts their 18% renewables target by 2030 and makes their overall emissions targets more challenging.</p> <p>The issuer has been receptive to engagement, and keen to understand Insight’s recommendations relating to ongoing disclosure and monitoring against targets,</p> |
| Insight Maturing Buy and Maintain Fund 2026-2030 | <p>Documents are available on their website covering RI policies. Responsible investment Insight Investment</p> | <p>Engagements: Total: 125 Environmental: 85 Social: 39 Governance: 23 Strategy: 309 Other: 14</p> <p>*Please note engagement may not sum to total as some engagements may be relevant to more than one sub-category.</p> <p>Example of significant engagements include:</p> <p>Ford Motor Co. – Insight engaged with Ford on environmental priorities, covering the issuer’s emissions intensity, their plans to encourage sales of battery electric vehicles (BEVs), and the absence of formal electric vehicle sales targets.</p> <p>In comparison with peers, Ford appears relatively weak in terms of supply chain targets compared with peers., although have made several emission-related targets including net zero by 2050. However, this does not include an SBTI-approved target as of yet.</p> <p>Insight have stressed to the issuer that they would like to see a target for 100% of vehicle sales to be electric vehicle in markets beyond Europe.</p> |
| Insight Maturing Buy and Maintain Fund 2031-2035 | <p>Documents are available on their website covering RI policies. Responsible investment Insight Investment</p> | <p>Engagements: Total: 76 Environmental: 46 Social: 25 Governance: 16 Strategy: 207 Other: 10</p> |

| | | |
|--------------------|--|---|
| | | <p>*Please note engagement may not sum to total as some engagements may be relevant to more than one sub-category.</p> <p>Example of significant engagements include:</p> <p>Union Pacific Corp – Insight engaged the issuer after it was flagged for health and safety and social controversies tight to litigation over accidents or employment issues</p> <p>Insight enquired as to the issuers reporting processes, and how management performance and compensation are linked with safety. The issuer confirmed it reports monthly to the relevant federal bodies. Insight also asked the issuer to break down its plans to reduce carbon emissions. Insight found that the issuers metrics on emissions and sustainability were better than its industry peers. Insight intends to follow up on their previous engagements.</p> |
| Insight Bonds Plus | <p>Documents are available on their website covering RI policies. Responsible investment Insight Investment</p> | <p>Engagements: Total: 98 Environmental: 50 Social: 24 Governance: 16 Strategy: 269 Other: 7</p> <p>*Please note engagement may not sum to total as some engagements may be relevant to more than one sub-category.</p> <p>Electricite de France (“EDF”) – Insight engaged with the issuer on its split of energy sources, highlighting the fact the 35% of the issuer’s operations occur in high water stress areas.</p> <p>EDF confirmed they have a commitment to remove any coal exposure by 3040, and that their one remaining coal plant will shut down in 2027. The issuer also confirmed their plans to expand their portfolio of nuclear and renewable sources. EDF also acknowledged that their water intensity is high and is making a conscious effort to reduce this. For example, for its open cycle nuclear reactors, it is looking at the possibility of collecting and reusing the steam that occurs as a byproduct, though this is costly.</p> <p>Despite EDF’s increased risk in terms of health, safety, and waste issues given their larger nuclear portfolio, Insight believes that EDF are still best in class around nuclear security. Additionally, nuclear energy requires significant water input, which could</p> |

| | | |
|---|---|--|
| | | be severely impacted by drought. Insight will monitor these issues going forward. |
| Insight Liquidity Fund Plus | Documents are available on their website covering RI policies. Responsible investment Insight Investment | <p>Engagements: Total: 19 Environmental: 8 Social: 5 Governance: 0 Strategy: 42 Other: 3</p> <p>*Please note engagement may not sum to total as some engagements may be relevant to more than one sub-category.</p> <p>The Toronto-Dominion Bank – Over 2024, the issuer faced several AML controversies opened by the US Department of Justice relating to laundering and bribery issues. Since then, the issuer has overhauled its AML programme’s leadership and talent, including appointment of a new US Head of Financial Crime Risk Management and a new AML officer.</p> <p>Insight plan to monitor this issue as an ongoing concern, as actions taken by US regulators are likely to have lasting impacts. Insight have escalated this issue and downgraded the issuer’s impact bond framework.</p> |
| 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 | <p>Engagements: Total: 15 Environmental: 13 Social: 1 Governance: 1</p> <p>Example of significant engagements include:</p> <p>Eramet – M&G encouraged the company to make a public commitment to adhere to globally accepted standards in its treatment of indigenous people and implement a Free Prior Informed Consent (FPIC) process in all jurisdictions, and to demonstrate mitigation of environmental impacts on their operations in Indonesia.</p> <p>The company has since made such a public commitment and carried out internal self-assessments to ensure adherence. An independent third-party audit is scheduled to start in 2026.</p> |
| TwentyFour Monument Bond Fund | Documents are available on their website covering RI policies. Responsible Investment Policy TwentyFour Asset Management | <p>Engagements: Total: 230 Environmental: 18 Social: 13 Governance: 12 Other: 187</p> |



Example of significant engagements include:

Principality Building Society – The company launched their residential mortgage backed security (RMBS) transaction, which lacked EPC data despite a previous commitment to a Net Zero target for Scope 3 emissions.

TwentyFour reached out to the company's ESG team to address the data omissions, and the company subsequently improved their EPC coverage significantly (from 46% to 76%). TwentyFour will continue to monitor progress against data coverage and the company's overarching Net Zero target.

Voting (for equity/multi asset funds only)

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

The information contained herein, and views expressed by Isio are based solely on information provided by the investment managers. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.