

# The Pension Scheme for the Royal College of Midwives

## Engagement Policy Implementation Statement Financial Year Ending 31<sup>st</sup> March 2024

### **Introduction**

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles ('SIP') produced by the Trustees have been followed during the 1-year period ending on 31 March 2024. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018/2019 and the guidance published by the Pensions Regulator.

### **Investment Objectives of the Scheme**

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. As set out in the SIP the Trustees' 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.

With that in mind, the Trustees have set specific investment objectives regarding the manner in which the primary objective of meeting their obligations to the members is to be achieved:

- To return the Scheme funding level to 100% of the projected past service liabilities and then to maintain this funding level;
- To provide suitable investment returns subject to the agreed level of risk, and by doing so, to minimise the level of contributions required of the employer; and
- To pay due regard to the interests of the sponsoring employer in relation to the funding of the Scheme.

### **Investment Strategy**

During the course of the financial year, the Trustees did not make any changes to the Scheme's investment strategy.

### **Statement of Investment Principles**

The Scheme's Statement of Investment Principles ("SIP") was updated in September 2023. The changes made to the Statement reflect new legislation around additional information on the Trustees policy in relation to arrangements with their investment Managers.

### **Policy on ESG, Stewardship and Climate Change**

The Trustees understand that they must consider all factors that have the ability to impact 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 Trustees' policy on ESG factors, Stewardship and Climate Change. The policies were last reviewed in September 2023. The Trustees keep its policies under regular review with the SIP subject to review at least triennially.

### **Engagement**

In the relevant year the Trustees have not engaged with either Mobius, or the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, the Trustees review the stewardship and ESG policies of the underlying pooled fund managers periodically.

### **Voting Activity**

The Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustees have therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

The Trustees have not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e. all funds which include equity holdings) in which the Scheme's assets are ultimately invested.

The Trustees note that best practice in developing a statement on voting and engagement activity is evolving and the Trustees will consider industry developments in this area before the production of next year's statement.

### **Significant Votes**

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 Trustees define a significant vote as one that is linked to the Scheme's stewardship priorities/themes. A vote could also be significant for other reasons, e.g. due to the size of holding. Given the nature of the Scheme's holdings, this is unlikely to be a material consideration for the Trustees.

In determining significant votes, The Trustees consider a significant vote as any vote relating to:

- Climate Change: including low-carbon transition and physical damages resilience;
- Human Rights: including modern slavery, pay & safety in the workforce and supply chains and abuses in conflict zones;
- Diversity, Equity and Inclusion: including inclusive & diverse decision-making;

The table on the following page sets out a summary of the key voting activity over the financial year:

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
<b>Nordea 1 - GBP Diversified Return Fund</b>	ISS – for execution and recommendations only.	Eligible for 2,069 (c.99.86 % cast)	c.12.44% of votes cast	c.2.47% of votes cast  (0.53% Abstain, 1.94% Withhold)	Significant votes are those that are severely against Nordea’s principles, and where they feel the need to enact change in the company. The process stems from first identifying the most important holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason. From there, Nordea benchmark the proposals versus their policy.	<p><b>Theme:</b> Climate Change  <b>Company:</b> Comcast Corporation  <b>Date of vote:</b> 07/06/2023  <b>Summary of resolution:</b> Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal  <b>Manager vote:</b> For  <b>Rationale:</b> Nordea believe that additional information on the company’s efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change-related risks.  <b>Outcome of vote:</b> The resolution did not pass.</p> <p><b>Theme:</b> Modern Slavery  <b>Company:</b> The TJX Companies  <b>Date of vote:</b> 06/06/2023  <b>Summary of resolution:</b> Report on assessing due diligence on human rights in supply chain.  <b>Manager vote:</b> For  <b>Rationale:</b> Nordea believed additional information regarding the processes the company uses to assess human rights impacts in its operations and supply chain would allow shareholders to better gauge how well TJX is managing human rights related risks.  <b>Outcome of vote:</b> The resolution did not pass.</p>

<b>LGIM Global Equity Fixed Weights (50:50) Index Fund</b>	<b>ISS's 'ProxyExchange' electronic voting platform is used for voting execution</b>	<b>Eligible for 39,303 (c.99.82 % cast)</b>	<b>c.18.14% of votes cast</b>	<b>c.0.11% of votes cast</b>	<b>LGIM does not maintain a specific definition for a significant vote, however it takes into account the criteria provided by the Pensions &amp; Lifetime Savings Association (PLSA) guidance.</b>	<b>Theme: Climate Change Company: Shell Plc Date of vote: 23/05/2023 Summary of resolution: Approve the Shell Energy Transition Progress Manager vote: Against Rationale: LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory. Outcome of vote: The resolution passed.</b>
	<b>All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions</b>					<b>Theme: Diversity, Equity and Inclusion Company: Amazon.com Inc. Date of vote: 24/05/2023 Summary of resolution: Report on Median and Adjusted Gender/Racial Pay Gaps Manager vote: For Rationale: LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM believe this is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society. Outcome of vote: The resolution did not pass.</b>

Notes: ISS = Institutional Shareholder Services Inc.