

# ROM Group Pension and Life Assurance Scheme

## ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31<sup>st</sup> October 2024

### Introduction

This statement sets out how, and the extent to which, the Scheme's Engagement Policy in the Statement of Investment Principles ("SIP") produced by the Trustees has been followed during the year running from 1 November 2023 to 31 October 2024 (the "Scheme Year"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 and the guidance published by the Pensions Regulator.

The statement is based on, and should be read in conjunction with, the version of the SIP that was in place for the Scheme Year.

The Trustees can confirm that all policies in the SIP on engagement in relation to the Scheme's DB assets have been followed during the Scheme Year.

### Investment Objectives of the Scheme

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.

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

The Trustees also ensure that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

## Review of the SIP

During the year to 31 October 2024, no changes were made to the Scheme's SIP. The Scheme's SIP was updated in November 2024 (post Scheme year-end) to reflect the new investment strategy in place for the Scheme. The Scheme moved from a 47% 'Growth' and 53% 'Stabilising' portfolio split to being 100% invested in a 'Stabilising' portfolio, comprising assets such as liability driven investments ("LDI"), absolute return bonds, multi-asset credit, index-linked gilts and corporate bonds.

A copy of the latest SIP is available at the following link: [https://www.rom.co.uk/downloads/dl/file/id/182/product/0/statement\\_of\\_investment\\_principles.pdf](https://www.rom.co.uk/downloads/dl/file/id/182/product/0/statement_of_investment_principles.pdf)

## Policy on ESG, Stewardship and Climate Change

The Trustees understand that they 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 Trustees' policies on ESG factors, stewardship and climate change.

The Investment Consultant periodically reports any change in its ESG ratings to the Trustees on an ongoing basis and makes recommendations to the Trustees, as appropriate.

The Trustees have delegated responsibility for the selection, retention, and realisation of investments to their investment managers and accordingly, the Trustees seek to manage the risks and opportunities associated with these ESG factors by selecting industry leaders in investment management who are committed to the Principles for Responsible Investment ("UNPRI") (as they apply to the sector in which the manager invests or the strategy pursued by the manager) and against criteria which include ESG considerations. ESG and the level of integration will differ across asset classes and by investment manager.

The Trustees do not require the Scheme's investment managers to take non-financial matters into account in their selection, retention and realisation of investments.

## Scheme's Investment Structure

The Scheme's investments are held in 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. As such, the Trustees have no direct relationship with the Scheme's underlying investments managers held on the Mobius Platform.

## Engagement

In the relevant year, as the Trustees have no direct relationship with the Scheme's underlying investment managers, they have not engaged with the underlying pooled fund managers on matters pertaining to ESG, Stewardship or Climate change.

However, Mercer's quarterly performance reporting includes Mercer's ESG scores for the funds in which the Scheme is invested. The ESG information provided by Mercer helps the Trustees to determine whether further action should be taken in respect of specific funds.

The Trustees are satisfied that the ESG scores are satisfactory in the context of the mandates of the funds.

Further information on the investment managers' approach to responsible investment, voting and engagement with the investee companies is available at the following websites:

Nordea: <https://www.nordeaassetmanagement.com/responsible-investment>

Columbia Threadneedle: <https://www.columbiathreadneedle.co.uk/en/inst/about-us/responsible-investment/>

Payden & Rygel: <https://www.payden.com/ESG.aspx>

Ninety One: <https://ninetyone.com/en/sustainability>

The information available through the above websites helps to provide reassurance to the Trustees that the Responsible Investment is central to the investment managers' approaches to investing.

## 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 delegated their voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

Further details are set out in Section 4.6 of the SIP. In addition, it is the Trustees' policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

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.

This includes information on what the investment managers have determined to be a significant vote. The Trustees have no influence on the investment managers' definitions but have noted these and are satisfied that they are reasonable and appropriate.

The table below sets out a summary of the key voting activity over the financial year:

Manager / Fund	Proxy voter used?	Votes cast			Significant votes (Investment Manager definition)
		Votes in total	Votes against management endorsement	abstentions	
<b>Columbia Threadneedle Multi Asset Fund</b>	<p><b>ISS</b> – Threadneedle take recommendations and vote via ISS.</p> <p><b>Glass Lewis &amp; Co.</b> – recommendations only.</p> <p><b>IVIS</b> – recommendations only.</p>	5,791 eligible for (c.99.1% cast)	c. 7.8% of votes cast (452 votes)	c. 1.2% of votes cast (72 votes)	A significant vote is deemed one to be any dissenting vote which is cast against (either abstaining or withholding from voting) a management tabled proposal or one which has been tabled by shareholders and not endorsed by management.
<b>Nordea Diversified Return Fund</b>	<p><b>ISS</b> – for recommendations only.</p> <p><b>NIS</b> – for recommendations only.</p> <p>Nordea makes its own voting decisions.</p>	2,417 eligible for (c. 95.5% cast)	c. 11.9% of votes cast (288 votes)	c. 1.0% of votes cast (24 votes)	Significant votes are those that are severely against Nordea's principles, and where they feel they 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, they benchmark the proposals versus their policy.

**Notes:** ISS = Institutional Shareholder Services Inc, IVIS = Institutional Voting Information Service, NIS = Nordic Investor Services. Source: Investment Managers

### **Columbia Threadneedle - LDI**

Due to the LDI Nominal Dynamic LDI Fund and LDI Real Dynamic LDI Fund not having any underlying equity holdings, they are not eligible to vote at company meetings.

### **Payden - Absolute Return Bond Fund**

Due to the Absolute Return Bond Fund not having any underlying equity holdings, they are not eligible to vote at company meetings.

### **Ninety One - Global Total Return Credit Fund**

Due to the Global Total Return Credit Fund not having any underlying equity holdings, they are not eligible to vote at company meetings.

### **LGIM - Managed Property**

Due to Managed Property not having any underlying equity holdings, they are not eligible to vote at company meetings.

### **Significant Vote Definition**

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 stewardship priorities/themes outlined below. The Trustees have applied a size threshold on grounds of materiality and only considered votes to be significant if they relate to the top 10 holdings of the underlying pooled funds. Additional detail is provided on these votes.

- Environmental (E) – Climate change (e.g. vote on a company's carbon disclosures)
- Social (S) – Human rights (e.g. worker conditions, safety and pay)
- Governance (G) – Corporate Governance (e.g. Board quality, diversity, remuneration and inclusion)

The Trustees have set out their criteria for significant votes and are satisfied that these are also captured as high areas of focus in the Columbia Threadneedle and Nordea Stewardship Policies.

The tables below set out a summary of the significant votes\*, as per the Trustee definition, over the financial year:

Fund	Company and Size of Holding	Summary of Resolution and Date	Relevance to the Trustee	Vote cast	If against management, was intention communicated?	Rationale for voting decision	Outcome and Next steps
Columbia Threadneedle Multi Asset Fund	Amazon.com, Inc. 1.2% fund weighting	<b>Report on Median and Adjusted Gender/Racial Pay Gaps</b> 22-May-24	Vote on one of the top 10 holdings with regards to governance issues (G factor in ESG).	For	No	The rationale behind the vote was that the proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	 Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.
	Amazon.com, Inc. 1.2% fund weighting	<b>Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining</b> 22-May-24	Vote on one of the top 10 holdings with regards to social issues (S factor in ESG).	For	No	The rationale behind the vote was that the proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	 Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.
	Amazon.com, Inc. 1.2% fund weighting	<b>Report on Customer Due Diligence</b> 22-May-24	Vote on one of the top 10 holdings with regards to social issues (S factor in ESG).	For	No	The rationale behind the vote was that the shareholders increased disclosure on the company's approach to customer due diligence. The company faces risks related to human rights in its global operation. Good practices include developing a clear process and narrative on how impacts are monitored and effectively mitigated.	 Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.

	Company and Size of Holding	Summary of Resolution and Date	Relevance to the Trustee	Vote cast	If against management, was intention communicated?	Rationale for voting decision	Outcome and Next steps
<b>Columbia Threadneedle Multi Asset Fund</b>	<b>Alphabet</b> 1.1% fund weighting	<b>Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies</b> 07-June-24	Vote on one of the top 10 holdings with regards to social issues (S factor in ESG).	For	No	The rationale behind the vote was that Shareholders would benefit from further information on how the company plans to mitigate human rights risks related to its targeted advertising practices given the company faces several investigations regarding its practices and with rising regulatory risks particularly in the EU.	 Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.
	<b>Apple Inc.</b> 0.9% fund weighting	<b>Report on Median and Adjusted Gender/Racial Pay Gaps</b> 28-February-24	Vote on one of the top 10 holdings with regards to governance issues (G factor in ESG).	For	No	The rationale behind the vote was that the proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	 Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.

\*Most significant votes relating to ten largest holdings of underlying pooled fund. Fund weightings show value of holding within subject pooled fund. Information as at 31 October 2024. Source: Columbia Threadneedle

Fund	Company and Size of Holding	Summary of Resolution and Date	Relevance to the Trustee	Vote cast	If against management, was intention communicated?	Rationale for voting decision	Outcome and Next steps
Nordea Diversified Return Fund	Alphabet 4.5% fund weighting	<b>Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies</b> 07-June-24	Vote on one of the top 10 holdings with regards to social issues (S factor in ESG).	For	No	The rationale behind the vote was that at the Alphabet AGM, Nordea supported an independent human rights assessment on the impacts would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.	 Nordea will continue to support shareholder proposals on these issues as long as the company is not showing substantial improvements. .
	Microsoft Corporation 4.1% fund weighting	<b>Report on tax transparency (shareholder proposal)</b> 07-December-23	Vote on one of the top 10 holdings with regards to governance issues (G factor in ESG).	For	No	The rationale behind the vote proposed was that GRI Tax Standard would enhance the company's transparency in communicating its tax practices to investors globally.	 Nordea will continue to support shareholder proposals on these issues as long as it is needed.
	Microsoft Corporation 4.1% fund weighting	<b>Report on Risks of Operating in Countries with Significant Human Rights Concerns</b> 07-December-23	Vote on one of the top 10 holdings with regards to social issues (S factor in ESG).	For	No	The rationale behind the vote proposed was that increased disclosure regarding how the company is managing human rights-related risks in high-risk countries helps investors in their assessment of the company.	 Nordea will continue to support shareholder proposals on these issues as long as it is needed.
	Mastercard Inc. 1.7% fund weighting	<b>Report on Gender-Based Compensation and Benefit Inequities</b> 18-June-24	Vote on one of the top 10 holdings with regards to governance issues (G factor in ESG).	For	No	Nordea supported the proposal based on factors related to a material controversy or thematic issue that have not been adequately addressed.	 Nordea will continue to support shareholder proposals on these issues as long as it is needed.

\*Most significant votes relating to ten largest holdings of underlying pooled fund. Fund weightings show value of holding within subject pooled fund. Information as at 31 October 2024. Source: Nordea