



The Retirement Benefit Scheme
of the National Farmers Union
Mutual Insurance Society Limited
(DB Section)

Implementation Statement

**For year ending 31
December 2024**

March 2025

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Section 1: Introduction

This document is the Annual Implementation Statement ('the Statement') prepared by the Trustee ('the Trustee') of the Retirement Benefit Scheme of the National Farmers Union Mutual Insurance Society Limited ('the Scheme') covering the 'Scheme Year' from 1 January 2024 to 31 December 2024 in relation to the Statement of Investment Principles ('SIP').

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the Scheme's SIP required under section 35 of the Pensions Act 1995 has been followed during the year
- detail any reviews of the SIP the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review
- describe the voting behaviour by, or on behalf of, the Trustee over the year.

The SIP dated January 2024 is referenced in the following Sections of this document, where we set out how the applicable principles have been implemented.

A copy of this implementation statement will be made available on the following website
<https://www.nfumstaffpensions.co.uk/>

Section 2: SIP reviews/changes over the year

The Trustee reviewed and amended the SIP in January 2024 to reflect the following changes, this replaced the June 2023 SIP that had been in place at the start of the Scheme Year:

January 2024 amendments:

- Updates to Appendix C, i.e. the Scheme's Strategic Allocation, to reflect the final reduction in allocation to the Scheme's property portfolio, which was gradually sold down over time, and derisking of the portfolio by reducing the exposure to equities with the proceeds from the sale allocated to gilts and credit. The dynamic benchmark allocation and acceptable ranges were also updated.

Section 3: Adherence to the SIP

The Trustee believes the policies outlined in the SIP have been followed during the Scheme year, more detail on the adherence to the SIP policies is set out in this section.

Scheme's Objectives and long-term policy

As outlined in section 3 of the SIP the Trustee has identified aims and objectives for the Scheme and aims to achieve these through investing in a suitable mixture of return seeking and liability matching assets. The Trustee regularly reviews the Scheme's funding position in relation to achieving the aims and objectives, including monitoring the balance of return seeking and liability matching assets.

As detailed in section 6 of the SIP the Trustee recognises that the Scheme is exposed to a number of risks. These risks are mitigated and considered by the Trustee when setting the Scheme's investment policies and are monitored periodically through a risk-dashboard which is produced on a quarterly basis. The Trustee recognises the need to continually review investment policy in light of changing scheme position and market conditions.

Investment managers

Area	Approach and actions taken over the Scheme Year
Section 4.1	
Active management	<p>The Trustee continues to monitor the Scheme's investment managers and the policy around active management.</p> <p>During the year the Trustee has discussed various presentations from the NFU Mutual Investment Services Limited ("MISCO") to aide with monitoring the effectiveness of the investment managers. The Trustee noted no concerns and made no changes to this policy.</p>
Section 4.2	
Rights Attaching to Shares	<p>The Trustee looks to review the voting activities in respect of the investments held with MISCO and confirm the compliance with the UK Stewardship code of MISCO, as "investment manager" of the Scheme.</p> <p>As part of producing this statement the Trustee reviewed the annual 2024 voting report and noted no further actions resulting from the report. Details of the voting activity is set out in Section 4 of this statement.</p>
Section 4.3	
Financially material considerations including ESG Factors	<p>The Trustee looks to regularly review the investment managers integration of financial and non-financial factors within their investment process and also looks to receive training and advice from its advisors to discuss and consider these factors within the Scheme's overall risk management framework.</p> <p>The Trustee noted no concerns around the current ESG approach from the MISCO team.</p>
Section 4.5 to 4.9	

Diversification, pooled funds, matching, currency risk and investment management fees

The Trustee reviewed these policies as part of the review of the Scheme's SIP. During the year the Trustee has continued to monitor the investment managers in respect of these policies and have noted no concerns.

Section 5 and Appendix D

Investment restrictions

The Trustee looks to review the restrictions placed on the investment managers and monitors compliance with these restrictions as part of regular meetings with MISCO.

During the year no concerns were raised.

Section 7 and 7.1

Monitoring and Appointment of Investment Manager

The Trustee's approach is to assess investment manager performance over an appropriate time frame and considers this in the context of the criteria as set out in the SIP as well as the Scheme's overall policies.

During the year the investment management team provided regular written reports included within the Trustee meeting papers. These reports are augmented by presentations from MISCO on a periodic basis. The Trustee noted drivers of investment performance and engaged with the investment managers. The Trustee did not formally review the appointments of the Scheme's investment managers during the Scheme year.

Section 8

Governance

The Trustee reviews these policies as part of the review of the Scheme's SIP.

During the year the Trustee retained the governance arrangements outlined and no concerns were noted.

The Trustee undertakes periodic effectiveness reviews. Over the year a review was undertaken in January 2024, with a further review undertaken in January 2025. The Trustee noted no changes to the policies over the year as a result of the review.

Section 10.1

Assessing the appropriateness of the portfolio turnover costs

The Trustee reviews the level of portfolio turnover based on information provided by the Investment manager relative to expected turnover ranges.

As part of producing this statement the Trustee has reviewed the actual turnover and noted that mandates were broadly in line with expected turnover ranges.

Overall the Trustee noted no concerns.

Section 4: Voting and engagement

The Trustee has delegated the day-to-day ESG integration and stewardship activities (including voting and engagement) to the investment managers of the Scheme. Due to the investments being held in pooled and internal funds the Trustee has limited scope to directly influence the voting approach taken by the investment managers but looks to regularly engage and understand their approach.

MISCO uses Institutional Shareholder Services (ISS) to facilitate voting on internally managed equity holdings. The default instruction gives implied consent for ISS to vote on the investment managers' behalf in line with their recommendation, but the investment manager does retain the option of entering its own vote as it sees fit. Checks are made by the investment manager to ensure that they are comfortable with how ISS are voting on its behalf by monitoring their website and the research they publish.

Responsibility for voting activity on externally managed equities is delegated to the sub-investment managers held within the respective funds, who execute votes in line with each of their respective voting policies. MISCO keeps oversight over the externally managed assets and their respective sub-investment managers. It collates the information available from sub-investment managers on these assets and once a year updates the Trustee on voting and stewardship policies.

As part of monitoring the stewardship of the Scheme's investments, the tables below set out a brief analysis of the MISCO's voting for the DB scheme in 2024 and the 10 most significant voting activities.

1. The table below reflects the analysis of voting for the DB scheme (internally managed assets) in 2024 (2023 figures in brackets):

	UK Equities	Overseas Equities	Total Equities
Size of fund mandate	£92.3m (£121.2m)	£105.8m (£127.2m)	£198.1m (£248.4m)
Number of equity holdings	122 (127)	345 (342)	467 (469)
Number of meetings voted	124 (133)	324 (305)	448 (438)
Number of resolutions voted	2,275 (2,529)	5,342 (5,151)	7,617 (7,680)
Times voted against management	14 (32)	414 (402)	428 (434)

2. The table below reflects the analysis of voting for the DB scheme (externally managed assets) in 2024 (2023 figures in brackets):

	Overseas Equities
Size of fund mandate (DB)	£ 81.8m (£104.4m)
Number of equity holdings	3,859 (3,909)
Number of meetings voted	6,123 (6,029)
Number of resolutions voted	57,124 (56,949)
Times voted against management	10,279 (10,517)

Mercer Regional Core Fund – Legal & General Investment Management (LGIM) manage this fund which provides passive index tracking exposure to Japan, Asia Pacific ex-Japan and Emerging Markets. They voted at 4,775 meetings with 39,607 resolutions and voted against management 7,421 times. The main topics of dissension were board related (2,612), compensation (878) and changes to company status (1,335).

Mercer Strategic Fund – LGIM also manage this fund which tracks a multi-factor index. They voted at 477 meetings with 6,496 resolutions and voted against management 1,537 times. The main topics of dissension were board related (820) and compensation (425).

Mercer Global Alpha Fund – this fund comprised up to 9 regional active mandates during the year across all international regions. The different sub-investment managers voted at 871 meetings with 11,021 resolutions and voted against management 1,321 times. The main topics of dissension were board related (540) and compensation (313).

3. The table below reflects the voting data for 10 most significant votes as provided by MISCO.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to directly held shares to MISCO. MISCO updates the Trustee with detailed information on most significant votes. The criteria have been set by MISCO. The details of the significant votes were shared with the Trustee who remain comfortable with the approach taken and chose to include all the significant votes that were shared given these covered a range of ESG topics.

Company Name	Description	Date	Votes against management communicated	Outcome of the vote	Intention to escalate stewardship efforts
Ashtead Group (UK)	Remuneration Policy We voted against the remuneration policy as the Company was proposing to significantly increase the opportunity under the Long-term Incentive Plan (LTIP) in addition to introducing new awards, primarily in order to offer higher pay packages to US-based executives. The proposed changes to remuneration represent a significant deviation from UK market practice and a fundamental shift from the current framework	04/09/2024	No	36.8% voted against	We will continue to monitor the company's remuneration practices.
AstraZeneca (UK)	Remuneration Policy We voted against the introduction of a new remuneration policy and amendments to the performance share plan. The proposed policy looked to increase variable pay to a level much higher than FTSE 100 peers.	11/04/2024	No	35.57% voted against	We will continue to monitor the company's remuneration practices.
Hargreaves Lansdown (UK)	Approve Acquisition We voted against the acquisition of Hargreaves Lansdown in October 2024. The offer was cash plus an option to continue to hold some equity in HL via an unlisted vehicle. Firstly, we felt the cash offer was low, citing the fact that similarly listed rivals traded at a premium to the offer. Second, as a large institutional investor, we would be unable to apply for the private offering as would a large majority of their current investor base.	10/10/2024	Yes	13.36% voted against	NA – acquisition has taken place.
Mercia Asset Management (UK)	Remuneration Report We voted to support the company's remuneration report. Despite concerns raised by proxy advisors around extending the performance period of the long term incentive	26/09/2024	Yes	All votes on the ballot passed	We will continue to monitor remuneration practices.

	plans however no additional awards had been granted during the year. Company management assured us that extending the scheme was more effective than having to engage external advisers to create a new plan.				
National Grid (UK)	Approve Climate Transition Plan We voted to support the company's climate transition plan. We engaged with the company when they announced the new plan and believed that their aims were appropriate in respect to reducing their own emissions as well as contributing to the wider energy transition.	10/07/2024	Voted in support of management	99% voted in favour	We will continue to monitor the company's transition strategy.
Pearson (UK)	Remuneration Report In April 2024 we voted against the re-election of a director at Pearson as well as the remuneration report. Remuneration at the company has been an issue for several years and has caused us to vote against management in 2020, 2021 and 2023. Dissent surrounding this policy regarded concerns of the increases in opportunities available to executives through both the annual bonus and the LTIP.	26/04/2024	No	30.17% voted against	We will continue to monitor the company's remuneration practices.
Shell (UK)	Energy Transition Strategy We voted against the Energy Transition Strategy along with 22% of shareholders, due to several key concerns. Some believe the targets for reducing greenhouse gas (GHG) emissions might not be ambitious enough to meet the Paris Agreement goals. The strategy lacked clear, binding short- and medium-term targets. The plan relied heavily on carbon capture and storage (CCS) and offsetting measures rather than reducing fossil fuel production and consumption.	21/05/2024	No	22% voted against	We will continue to monitor the company's transition strategy.
Smith & Nephew (UK)	Remuneration Policy We voted against the introduction of the company's new remuneration report and restricted share plan. The proposals adopted significant increases in pay quantum whilst introducing further guaranteed pay elements for the company's US based executives.	01/05/2024	No	43% votes against	We will continue to monitor remuneration practices against the backdrop of new Investment Association (IA) guidance.
Tesla (US)	Ratify Performance Based Stock Options to Elon Musk In June 2024 we voted against a proposal intended to reassess the alignment of Tesla CEO Elon Musk's remuneration with shareholders' interests and the board's objectives. This high-profile pay package, which garnered significant media attention due to its unprecedented size and scope, raised concerns when it was initially put to a vote in 2018 that were not sufficiently addressed during the interim period. Despite the grant's performance hurdles contributing to the company's financial growth, the total award value remains excessively high. The grant did not align the CEO's financial interests with those of shareholders. While it contributed to the company's market cap growth and positive earnings, the award was excessive at the time and remains so six years later. Additionally, the CEO's focus has been spread across multiple ventures, detracting from the original objective of concentrating on the organisation and aligning financial interests with shareholders.	13/06/2024	No	Approx. 28% voted against	No.

The Walt Disney Company (US)	Elect Dissident Nominee Director We voted for the election of a dissident nominee director based on several key considerations related to our stewardship responsibilities. The nominee was known for advocating for changes in corporate strategy, operational changes, and cost-cutting measures, which we believe could realign the company's long-term strategic vision and address potential issues in its operations and creative culture.	03/04/2024	No	Unsuccessful – the dissident received approx. 50% of the number of votes that the incumbent did.	No.
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