

Retirement Benefit Scheme of the National Farmers Union Mutual Insurance Society Limited – Implementation Statement for the year ending 31 December 2024

Introduction

The Trustee has prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the Pensions Regulator's General Code of Practice. It sets out how the Trustee has complied with the Retirement Benefit Scheme of the National Farmers Union Mutual Insurance Society Limited ("the Scheme") Stewardship Policy and Statement of Investment Principles ([SIP](#)) during the period 1 January 2024 to 31 December 2024.

Overall, the Trustee is satisfied that:

- The Scheme's investments have been managed in accordance with the Scheme's Stewardship Policy during the period;
- The Scheme's investments have been managed in accordance with the remainder of the Scheme's Statement of Investment Principles; and
- The provisions of the Statement of Investment Principles, including the default arrangement and other investment options, remain suitable for the Scheme's members.

Statement of Investment Principles

The Statement of Investment Principles sets out the principles and practices the Trustee follows when governing the Scheme's investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used, as well as the Trustee's approach to responsible investing (including climate change).

The Trustee reviewed and updated the Statement of Investment Principles during the period. The last review (within the year to 31 December 2024) was completed on 14 June 2024, which incorporated a further update to reflect the Trustee's policy on illiquid investments and inclusion of an additional self-select investment fund.

The Statement is scheduled for review no later than 31 December 2025.

The Trustee has prepared this Implementation Statement on the basis of the Statement of Investment Principles in force as at 14 June 2024, with reporting within this document in line with the Statement of Investment Principles applicable at the relevant time.

The Scheme's Statement of Investment Principles can be consulted online at <https://www.nfumstaffpensions.co.uk/dc-section/library>.

Investment governance

The primary objective of the Scheme is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined

contribution basis (sometimes called money purchase benefits). This means that the size of benefits will depend on how much the funds in which savings were invested have grown over the years.

The Trustee has overall responsibility for how the Scheme's investments are governed and managed, in accordance with the Scheme's Trust Deed and Rules, as well as Trust Law, Pensions Law and Pension Regulations.

At 31 December 2024, the Trustee Directors of the Scheme were:

- John Deane (Chair, employer nominated)
- Jonathan Priestley (employer nominated)
- Dan Bailey (employer nominated)
- Andrew Spriggs (member nominated)
- Helen Jones (member nominated)

There has been one change to the Trustee Board during the year to 31 December 2024 with Helen Jones replacing Kevin Davies as a member nominated trustee.

The Trustee monitors how well the Scheme's investment adviser meets the objectives agreed with them, which are designed to align with the Trustee's own objectives and investment strategy set out in the Statement of Investment Principles. The Trustee has set the following objectives for the adviser:

- Assist the Trustee in the preparation and annual review of the SIP in consultation with the Principal Employer.
- Provide advice to the Trustee on default strategy, alternative lifestyle strategies and the self-select fund range.
- Undertake project work including reviews of investment strategy, investment performance and manager structure as required by the Trustee.
- Provide general advice on the Scheme's investment activities in respect of the DC Section.
- Provide views on the investment managers used by the DC Section of the Scheme and assist the Trustee in the selection and appointment of appropriate investment managers where necessary.
- Provide training or education on any investment-related matter as and when the Trustee sees fit.

The Trustee has carried out an evidence-based review of the investment adviser's performance against these objectives. This involved rating the adviser against the different objectives. The Trustee was satisfied that the objectives had been achieved for the year.

The Trustee Directors have undertaken training during the last year to ensure that their knowledge of investment matters remains up to date.

The Trustee has developed a set of Investment Beliefs which it uses as a guide when making investment decisions. These beliefs are set out in the Statement of Investment Principles (pages 6-8). They were considered and used to help inform decision making with respect to the Scheme's investments over the reporting period.

The investment risks relating to the Scheme are described in the Statement of Investment Principles (pages 9-11), and the expected return is also set out (page 13).

The Trustee believes that the main investment risks affecting the Scheme have not changed during the year. Further, the Trustee's views on the expected return of specific asset classes have not changed during the scheme year.

The Trustee made no changes to the Scheme's strategic asset allocation during the year.

Conflicts of interest

The Scheme has conflicts of interest policies in place. These policies apply to the Scheme's service providers, including the platform provider, fund managers, and the investment adviser.

The Trustee formally asks service providers to confirm any conflicts of interest when the Trustee Directors meet with them. In addition, as the funds used by the Scheme are held at arms-length from the Trustee via an investment platform, the Trustee has asked the platform provider to report on its investment governance of the funds, including conflicts of interest.

The Scheme's service providers have not disclosed any actual or potential conflict over the period.

Default arrangement and other investment options

The objectives and rationale for the Scheme's default arrangement are set out in the Statement of Investment Principles (pages 3-4) and for the other investment options (pages 5-6).

The Trustee has carried out an annual high-level review of the default arrangement and other investment options to ensure they remain suitable for most members. This involved:

- Ensuring that the default arrangement complies with the charge cap;
- Monitoring the investment performance of each fund;
- Monitoring the turnover of assets in which each fund is invested;
- Considering whether the funds still meet the investment objectives the Trustee has set for the default arrangement and other investment options; and
- Checking whether there have been any significant changes in the demographic profile of the Scheme's membership, members' choices of investment options, and members' choices of benefits as they retire.

Other default arrangements

The Scheme has no legacy default arrangements.

Platform provider and fund managers

The funds used by the Scheme are held at arms-length from the Trustee via an investment platform.

The Trustee monitors the performance of the funds used by the DC section of the Scheme by:

- Reviewing quarterly reports on fund performance from their fund managers;
- Annually assessing the value for members provided by the funds by considering the funds compared to other peer group funds; and
- Considering performance as a part of the triennial review of the investment strategy.

There have been no changes to the fund managers or funds available to members during the last year.

Value for money

The Trustee reports publicly on fees and charges in relation to the Scheme's investments, in line with its duties under the law. This information can be found in the Scheme's Chair's Statement (see Appendix 2). The Scheme's Chair's Statement can be found at <https://www.nfumstaffpensions.co.uk/dc-section/library>.

The Trustee seeks to ensure that fund managers are suitably incentivised to deliver investment performance in keeping with the fund's objectives. The Trustee believes it is in the platform provider's best commercial interest to ensure fund managers are suitably incentivised to meet their fund's investment objectives.

The Trustee monitors the fees and charges levied by the Scheme's service providers on a regular basis. A review is scheduled to be performed again as part of the forthcoming triennial default strategy review in Q1 2026.

Scheme year investments

The Scheme's Chair's Statement contains information on the nature and geographical location of the Scheme's assets, the security and liquidity of these assets and the performance of the Scheme's investments (See Appendix B). The Scheme's Chair's Statement can be found at <https://www.nfumstaffpensions.co.uk/dc-section/library>.

Portfolio duration

The Trustee recognises the long-term nature of defined contribution pension investments and chooses funds which are expected to deliver sustainable returns over the Scheme members' investment horizon. The Trustee will carry out necessary due diligence on the underlying investment decision making process, to ensure the manager makes investment decisions over an appropriate time horizon aligned with the objectives for the related investment option.

The Trustee expects that each fund will be used for at least three years, this being the period over which performance of the fund can be appropriately evaluated and the costs of change amortised, although all funds are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy.

Realisation of investments

The Trustee aims to ensure that members' contributions are invested promptly in the Scheme's default arrangement or other investment options, and that savings can be taken out from the funds used by the Scheme without delay.

Funds need to be sold to make payments of benefits and to undertake fund switches either in accordance with the Lifestyle Strategies or as requested by individual members. The Trustee normally expects the investment manager to be able to realise the Scheme's funds within a reasonable timescale. The Trustee recognises that the investment managers may at times need to impose restrictions on the timing of purchases and sales of funds (most notably investing in property) in some market conditions to protect the interests of all investors in a fund.

Nevertheless, the Trustee recognises that most members' pension funds have a long investment timeframe, during which assets which are less easily traded (such as property or infrastructure) can be managed to deliver good long-term returns while avoiding the impact of liquidity issues at retirement.

Stewardship Policy

The Trustee’s Stewardship Policy sets out how the Trustee will behave as an active owner of the Scheme’s assets. It includes the Trustee’s approach to:

- The exercise of voting rights attached to assets; and
- Undertaking engagement activity, including how the Trustee monitors and engages with their investment managers and other stakeholders.

The Scheme’s Stewardship Policy can be found within the Scheme’s Statement of Investment Principles (page 19). The Scheme’s Stewardship Policy is being reviewed in line with the Scheme’s Statement of Investment Principles, which was last updated on 14 June 2024.

No changes were made to the Stewardship Policy during the scheme year.

As the Scheme’s investments are held at arms-length from the Trustee via an investment platform, the Trustee is not able to instruct fund managers how they should vote on shareholder issues.

Nevertheless, the Trustee believes it is important that fund managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with management on issues which affect a company’s financial performance, and by extension the value of the Scheme’s investments.

The Trustee receives reports on fund managers’ voting and engagement activity from the fund managers themselves on an annual basis, as a minimum.

The Trustee’s own engagement activity is focused on meeting with fund managers on a regular basis to discuss stewardship issues in further detail, as well as periodically reviewing the platform provider’s and fund managers’ approach to stewardship, including their engagement and voting policies.

The Trustee also monitors compliance with the Scheme’s Stewardship Policy on a regular basis and is satisfied that it has complied with that Policy over the scheme year.

Voting activity

The Trustee seeks to ensure that fund managers are exercising voting rights and, where appropriate, monitors managers’ voting patterns. The Trustee/s also monitors votes cast by managers on particular companies or issues that affect more than one company.

The Scheme’s fund managers have reported on how votes were cast over the past year as set out below.

NFU Mutual Investments Team

NFU Mutual are responsible for voting shares for equity funds (UK and International) held in the NFU Mutual Mixed Portfolio Max 100% Shares Fund which is used in the default arrangement. Voting statistics on their activity within these funds are shared below.

	UK Equity	International
Size of fund mandate (at year end)	£92.0m	£105.8m
Number of equity holdings	122	324

Number of meetings voted	124	324
Number of resolutions voted	2,275	5,342
Times voted against management	14	414

LGIM

LGIM are responsible for voting shares for the UK Equity Index Fund, the Global Equity 50:50 Index Fund and the World (ex UK) Equity Index Fund. Voting statistics on their activity within these funds is shared below.

	Legal & General UK Equity Index	Legal & General Global Equity 50:50 Index	World (ex UK) Equity Index Fund
No. of resolutions eligible to vote	10,346	38,270	33,597
% resolutions voted	99.8%	99.7%	99.7%
% votes with management	94.0%	82.0%	78.1%
% votes against management	6.0%	17.7%	21.6%
% votes abstained	0.0%	0.3%	0.3%

The Trustee also considers how the fund managers voted on specific issues. The Trustee considers 'significant votes' to be either companies with relatively large weightings in the funds members invest in, where there were shareholder issues that members are expected to have an interest or where the impact of the resolution could be significant in terms of impacting shareholder value. The significant votes reported on in the implementation statement each year is guided by views from the investment managers but ultimately agreed by the Trustee.

The most significant shareholder votes and details of how LGIM and NFU Mutual voted during the last year were:

NFU Mutual Investments Team

Company	Meeting date	Resolution	For/ Against	Commentary
Ashtead Group (UK)	04/09/2024	Remuneration Policy	36.8% voted against	NFU Mutual voted against the remuneration policy as the Company was proposing to significantly increase the opportunity under the 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.
AstraZeneca (UK)	11/04/2024	Remuneration Policy	35.6% voted against	NFU Mutual 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.
Hargreaves Lansdown (UK)	10/10/2024	Approve Acquisition	13.4% voted against	NFU Mutual 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.
Mercia Asset Management (UK)	26/09/2024	Remuneration Report	100.0% voted for	NFU Mutual voted to support the company's remuneration report. Despite concerns raised by proxy advisors around extending the performance period of the long-term incentive 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)	10/07/2024	Approve Climate Transition Plan	99.0% voted for	NFU Mutual 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.
Pearson (UK)	26/04/2024	Remuneration Report	30.2% voted against	In April 2024 NFU Mutual 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.
Shell (UK)	21/05/2024	Energy Transition Strategy	22.0% voted against	NFU Mutual 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.
Smith & Nephew (UK)	01/05/2024	Remuneration Policy	43.0% votes against	NFU Mutual 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.
Tesla (US)	13/06/2024	Ratify Performance Based Stock Options to Elon Musk	28.0% voted against	In June 2024 NFU Mutual 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.

The Walt Disney Company (US)	03/04/2024	Elect Dissident Nominee Director	Against - the dissident received approx. 50% of the number of votes that the incumbent did.	NFU Mutual 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.
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Source: NFU Mutual

LGIM

Company	Meeting date	Resolution	For/ Against	Commentary
Shell Plc	21/05/2024	Approve the Shell Energy Transition Strategy	Against	Climate change: A vote against is applied. LGIM acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050.
Unilever Plc	01/05/2024	Approve Climate Transition Action Plan	For	Climate change: A vote FOR the CTAP is applied to meet LGIM's minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, LGIM note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.
Glencore Plc	29/05/2024	Approve 2024-2026 Climate Action Transition Plan	Against	Climate Change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While LGIM note the progress the company has made in terms of disclosure, they remain concerned over the company's thermal coal activities, as it remains unclear how the planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario.
Microsoft Corporation	07/12/2023	Elect Director Satya Nadella	Against	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.
Apple Inc.	28/02/2024	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Against	Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.
Amazon.com, Inc.	22/05/2024	Report on Customer Due Diligence	For	Shareholder Resolution - Human Rights: A vote in favour is applied as enhanced transparency over material risks to human rights is key to

				understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.
London Stock Exchange Group plc	25/04/2024	Approve Remuneration Policy	For	Remuneration - Quantum: A vote FOR is applied as an exception to LGIM's policy. This follows productive consultation with the company that resulted in improvements to the proposals initially discussed. LGIM's support of the remuneration policy and the adoption of the EIP is in recognition of Mr Schwimmer's leadership in driving the company's performance, as well as acknowledging the competitive talent market in which the company operates. LGIM will review Mr Schwimmer's pay package on an annual basis under the resolution for approval of the remuneration report and may apply a negative vote in the future should it consider his pay no longer reflects company performance or evolving market norms. LGIM would not expect any significant changes to the executive directors' pay policy within this three-year policy term. It is worth highlighting that, LGIM expect a successor to Mr Schwimmer to not be awarded the same remuneration package as standard if he or she does not bring the same amount of experience, calibre and performance.
National Grid Plc	10/07/2024	Approve Climate Transition Plan	For	Climate Change: LGIM is voting in favour of the National Grid Climate Transition plan. LGIM commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science-based targets. LGIM also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.

Source: LGIM

Voting activity

The managers often make use of proxy voting to inform their decision making. The managers use the following organisations as proxies for their voting activity:

Manager	Comment on approach
NFU Mutual	NFU Mutual uses the service provided by the Institutional Shareholder Services (ISS) to facilitate voting on internally managed equity holdings. The NFU Mutual Investment team votes on all eligible stock at every meeting, with a few exceptions if there are blocking policies or legal approvals required. ISS provide recommendations on how to vote on each resolution and NFU Mutual ensure they are happy with how ISS vote or can enter their own votes if desired.
LGIM	LGIM uses ISS to facilitate electronic voting via the ProxyExchange platform. LGIM has implemented a customised voting policy to ensure alignment with their ESG beliefs and stewardship objectives.

The Trustee is satisfied that the fund managers' voting record on the companies in which their funds invest was aligned with the Stewardship policy described in the SIP.

Engagement activity

Over the course of the year, the Trustee met with NFU Mutual in its capacity as investment manager to the Scheme to discuss stewardship and engagement practices. In addition, the Trustee received annual reporting from NFU Mutual on its broader engagement activity over the reporting period.

NFU Mutual's stewardship efforts continue to be primarily focused on governance matters, but there is growing emphasis on environmental and social issues, particularly in the context of climate change. In 2024, NFU Mutual noted a backlash in some markets, particularly the US, against perceived overreach in ESG policies. Despite this, NFU Mutual remains committed to using stewardship, including voting, to enhance and protect long-term shareholder value. They maintain that strong corporate governance supports sustainable returns and continue to vote in favour of environmental and social proposals where these are considered likely to mitigate risks or enhance long-term value.

For internally managed UK equity assets, NFU Mutual engages proactively with companies on governance matters. Engagement is often initiated either through regular research contact or by companies themselves, particularly where a resolution is expected to be contentious. NFU Mutual reports that it is increasingly common for company directors to reach out directly or via advisers, especially where NFU Mutual holds a meaningful stake.

Key themes identified across NFU Mutual's internally managed portfolios during the 2024 proxy season included:

- Director Elections – The most frequent reason for voting against management in 2024. Key issues included lack of board independence, director overboarding ((directors sitting on an excessive number of boards), and insufficient board diversity.
- Executive Remuneration – Continued focus, with NFU Mutual voting against excessive or poorly structured pay proposals 10 times.
- Social Issues – A growing area of engagement, with NFU Mutual voting in support of 65 shareholder resolutions on issues including human rights risk assessments, racial equity audits, and political lobbying disclosures.

For UK equities, the number of holdings and resolutions voted on remained stable year-on-year. However, votes against management fell from 32 in 2023 to 14 in 2024, with the dissent rate declining from 1.3% to 0.6%.

In the internally managed North America and Developed Europe portfolios, NFU Mutual voted on 5,342 resolutions, broadly consistent with 2023. Votes against management increased slightly to 414, maintaining a dissent rate of 7.7%. In these portfolios, NFU Mutual supported 33% of the 418 shareholder proposals it voted on, particularly those concerning board composition, environmental risk, and social responsibility.

The Trustee has committed to reviewing the Responsible Investment (RI) policies of the Scheme's platform provider and fund managers on a regular basis. The most recent review was undertaken in Q4 2024 as part of the Trustee's annual governance programme. This review considered the overall RI approach, any updates to their stewardship activities, and alignment of their voting policies with the Scheme's objectives.

Following this review, the Trustee and its investment adviser remain satisfied that the platform provider's and fund managers' Responsible Investment and voting policies remain appropriate and suitable for the Scheme.

Ethical investing

The Trustee recognises that some members will have strong views on where their pension savings should be invested. This is set out in Section 4 (from page 7) of the SIP. The Scheme offers members a choice of funds which includes:

- Self-select funds that members can utilise to build their own strategy; and
- Two alternative lifestyle strategies targeting cash at retirement and annuity purchase, respectively.

Nevertheless, the Trustee recognises that it is not possible to cater for everyone's views on non-financial/ethical matters.

The Trustee also monitors developments in ethical investing funds which could be appropriate to the Scheme's members.

The Trustee intends to hold member focus groups in order to better understand members' views around ethical investing.

The Trustee's approach to ethical investing has not changed. The Trustee is satisfied that the Scheme offers suitable investment options for members in accordance with the SIP and will continually revisit the appropriateness of the wider fund range to reflect feedback from members.

Members' views

Communication is set out within the Governance section on page 22 of the SIP. The Trustee published the Implementation Statement as at 31 December 2023 on the Scheme website.

The Trustee plans to issue a member survey in 2025 and will consider whether to seek members' views on investment options, retirement pathways and responsible investment preferences. Any findings would inform the Trustee's ongoing review of the fund range and communications strategy.

The Trustee believes that they have appropriate avenues to receive member feedback.

Over the last year the Trustee followed the policies and practices described in the SIP.

Prepared by:

Trustee of the National Farmers Union Mutual Insurance Society Limited

May 2025