

STEWARDSHIP AND ENGAGEMENT IMPLEMENTATION STATEMENT:

1 July 2024 to 30 June 2025



Introduction

On 6 June 2019, the UK Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (the "Regulations"). The Regulations require that the Directors of the NFU Staff Pension Trust Limited (the "Trustee") Trustee of the NFU Staff Pension Scheme outline how the stewardship, voting and engagement policies set out in their Statement of Investment Principles ("SIP") have been followed over the course of the year under review.

This Statement has been prepared by the Trustee with the assistance of their appointed Fiduciary Manager and is for the year ending 30 June 2025.

The Trustee's Stewardship and Engagement policies are included in the SIP which is available [online](#).

Last review of the key policies regarding stewardship and engagement

Policies regarding stewardship, voting and engagement were last reviewed as part of a wider review of the SIP in November 2024. The Trustee confirmed that the policies remained suitable and in the best interests of members. No material changes were made.

During the year, the Trustee has received presentations from their appointed Fiduciary Manager in relation to how the votes are carried out on their behalf and more generally on how Environmental, Social and Governance ("ESG") factors are integrated into the Fiduciary Manager's investment philosophy and by association the underlying specialist managers used in the portfolio.

Voting behavior

Under the Fiduciary Management arrangement in place the Trustee has delegated proxy voting and engagement decisions to the Fiduciary Manager. The Fiduciary Manager has a robust and well-established set of guidelines to follow when voting on the Trustee's behalf which are reviewed and updated on an annual basis. It has provided the Trustee with both a copy of the Proxy Voting Guidelines and the most recent Active Ownership Report. The Fiduciary Manager instructs Glass Lewis, a specialist proxy voting firm, to execute the votes in-line with the agreed guidelines and where Glass Lewis cannot apply this policy the votes are referred to Russell Investments Active Ownership Committee.

A total of 12,904 votes were placed on securities held in the Scheme's Growth portfolio over the period under review. A summary of the voting activity carried out on behalf of the Trustee is set out below.

Key statistics

	Management Proposals	Shareholder Proposals	Total Proposals
With Management	11,656	376	12,032
Against Management	647	174	821
Votes without Management Recommendation	23	28	51
Take No Action	553	1	554
Unvoted	0	0	0
Totals	12,879	579	13,458

The decision to "Take No Action" was driven by:

- Shareblocking markets: As per the Fiduciary Managers standing instructions, if a meeting belongs to a Shareblocking market such as Switzerland, then the ballots are automatically set to Take No Action.
- This rule is applicable at the meeting and the ballot level as well. Sometimes if a meeting or a ballot is share-blocked then either the entire meeting or a ballot gets automatic "Take No Action".
- And lastly, for the contested meetings, one of the two voting cards is set to "Take No Action" (the card which is not voted).

Votes broken out by category

Topic	Number of Votes
Environmental	123 (includes climate risk issues)
Social	153
Governance	12,628

Note: This table excludes "Take No Action" votes.

Most significant votes

The Fiduciary Manager defines significant votes as ones that meet, at least, one of the following criteria:

- Votes against management proposals where the level of dissent from shareholders is 20% or higher, in line with the UK Corporate Governance Code.
- Votes supporting shareholder proposals when management is recommending against, and the level of support is 40% or higher, suggesting that the proposal nearly passed.
- Votes that directly affect shareholder equity holding or value. For example, merger and acquisitions.

In addition, the Fiduciary Manager will consider votes that are aligned with the its stewardship priorities with regards to environmental, social and governance matters, as defined by the [voting policy](#).

To ensure a wide variety of the placed votes is reflected, the summary of the most significant votes below has been split into Environmental, Social or Corporate Governance categories Furthermore, the votes are selected on the basis of having high weight in the Scheme. Any reference to we and/or us in the following examples refers to the Fiduciary Manager's views and / or approach followed when voting on behalf of the Trustee.

As at 30 June 2025, the NFU Staff Pension Scheme was 8.2% invested in the Multi Asset Growth Strategy Fund (MAGS), which in turn held 56.0% in equities. At the same date, the NFU Staff Pension Scheme was 1.6% of the total MAGS Fund.

This statement does not include the fixed income funds, as the voting only covers equity engagements. The following size of holdings are references to the approximate weight of the company as a proportion of the MAGS Fund.

Environmental votes

Cintas Corporation

Shareholder Proposal Regarding GHG Targets and Alignment with the Paris Agreement

Date	29/10/24
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.06%
Mgmt. Rec.	Against
How the vote was cast	For
Vote Outcome	Rejected
Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Environmental Shareholder Proposal

Rationale

Russell Investments voted to support this proposal, along with just over 25% of the vote. This proposal requests the Company set science-based GHG reduction targets as the company announced its plans to achieve net zero emissions by 2050. Management is reporting Scope 1, 2, and 3 GHG only, without any specific GHG emission reduction targets, which lags peers. This proposal would allow management adequate independence in setting these targets, and shareholders would benefit from additional insight into the Company's mitigation of climate-risks.

Fedex Corp.

Shareholder Proposal Regarding Just Transition Reporting

Date	23/09/24
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.03%
Mgmt. Rec.	Against
How the vote was cast	For
Vote Outcome	Rejected
Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Environmental Shareholder Proposal

Rationale

This proposal was referred to the Active Ownership Committee for further review, per our guidelines. The Committee voted to support the proposal, along with 20% of the vote.

The Company's existing disclosure regarding a just transition for its employees is rather limited. Specifically, the Company provides only vague information on anticipated employment impacts, which may be considerable as it pursues a streamlined delivery network and autonomous delivery technology. The reporting requested by this resolution could be beneficial to the Company, its shareholders, and its stakeholders by allowing them to more fully understand the Company's considerations with respect to its workforce.

Nike, Inc.

Shareholder Proposal Regarding Report on Sustainability Targets and Strategy

Date	10/09/24
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Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.40%
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Mgmt. Rec.	Against
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How the vote was cast	Against
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Vote Outcome	Rejected
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Criteria for selection as significant vote:	Top Holding, Controversial Outcome, Environmental Proposal
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Rationale

This proposal was referred to the Active Ownership Committee for further review, per our guidelines. The Committee voted against this proposal, along with ~72% of vote.

The proposal requested a report containing an analysis of the Company's failure to meet its self-imposed quantitative sustainability targets for FY15-20, now discontinued, and whether reinstating them is advisable. The Committee opposed the proposal on the basis that The Company already provided new targets and goals for the current FY20-FY25 period, and it makes little sense to attempt to relitigate changes made four years ago, particularly ahead of the publication of a new set of targets for the FY25-FY30 period. If shareholders wish to hold the board accountable for its failure to meet its 2020 targets, they should escalate via the board member election process.

Social votes

Microchip Technology, Inc.

Shareholder Proposal Regarding Report on Customer Due Diligence

Date	20/08/24
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.01%
Mgmt. Rec.	Against
How the vote was cast	For
Vote Outcome	Rejected
Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Social Shareholder Proposal

Rationale

Voted in support of the proposal, along with ~17% of the vote. The Company faces significant human rights-related risks, particularly those involving the use of its dual-use products. Although there is no reason to suspect wrongdoing on behalf of the Company, we believe that the Company could reasonably enhance its disclosure regarding how it is mitigating the risks of human rights with regard to the matters addressed by this resolution. In light of the potential legal and regulatory risks associated with the use of the Company's products in conflict-afflicted and high-risk areas, support for this precatory proposal is warranted at this time and that production of the requested review would provide shareholders with assurance regarding the efficacy of the Company's due diligence processes.

Cintas Corporation

Shareholder Proposal Regarding Political Contributions and Expenditures Report

Date	29/10/24
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.06%
Mgmt. Rec.	Against
How the vote was cast	For
Vote Outcome	Rejected
Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Social Shareholder Proposal

Rationale

This proposal was referred to the Active Ownership Committee for further review, per our guidelines. The Committee voted to support this proposal, along with over 39% of the vote.

The Company provides little meaningful disclosure regarding its political contributions and could reasonably provide further detail in a political spending policy, as well as disclose information regarding specific contributions. As there can be potential negative repercussions from even small grants, such as those made by an association to which the Company has paid membership dues, improved disclosure would benefit shareholders by allowing them to weigh the risks of such donations.

Microsoft Corporation

Shareholder Proposal Regarding Report on Risks of AI Data Sourcing

Date	10/12/2024
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Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.54%
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Mgmt. Rec.	Against
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How the vote was cast	For
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Vote Outcome	Rejected
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Criteria for selection as significant vote:	Top Holding, Vote Against Management, Controversial Outcome, Social Shareholder Proposal
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Rationale

This item was referred to the Active Ownership Committee for case-by-case review, per our guidelines. The Committee voted to support this proposal, along with ~35% of shareholders. In response to this proposal, the Company stated that beginning in 2025 it will publish a detailed summary about the content used for training its general-purpose AI models to provide evidence of how the Company is complying with the reservation of rights granted to copyright holders under the EU's copyright laws. The committee voted to support this proposal as a means to encourage the Company to ensure that the forthcoming disclosures are thorough and provide sufficient context for shareholders to assess the risks associated with the Company's use of external data in the development of its AI technologies.

Corporate governance votes

Snowflake Inc.

Shareholder Proposal Regarding Board Declassification

Date	02/07/24
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.01%
Mgmt. Rec.	Against
How the vote was cast	For
Vote Outcome	Rejected
Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Governance Shareholder Proposal

Rationale

We believe, on the Trustee's behalf, that hat classified boards (staggered boards) do not serve the best interests of shareholders. Empirical studies have shown that: (i) companies with classified boards may show a reduction in the firm's value; (ii) in the context of hostile takeovers, classified boards operate as a takeover defence, which entrenches management, discourages potential acquirers and delivers less return to shareholders; and (iii) companies with classified boards are less likely to receive takeover bids than those with single class boards. Additionally, director accountability is significantly compromised, and the annual election of directors provides maximum accountability of directors to shareholders and requires directors to focus on the interests of shareholders.

Russell Investments voted for this proposal, along with 22% of shareholders.

Mckesson Corporation

Shareholder Proposal Regarding Independent Chair

Date	31/07/24
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.01%
Mgmt. Rec.	Against
How the vote was cast	For
Vote Outcome	Rejected
Criteria for selection as significant vote:	Controversial Outcome, Governance Shareholder Proposal

Rationale

We believe, on the Trustee's behalf, that in most cases, it is best practice to require the positions of Chairman and CEO to be held by different persons. Russell Investments, along with approximately 25% of shareholders, supported this proposal. Our guidelines functioned as intended and the rationale was sound.

Autozone Inc.

Shareholder Proposal Regarding Right to Call Special Meeting

Date	18/12/24
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Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.03%
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Mgmt. Rec.	Against
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How the vote was cast	For
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Vote Outcome	Rejected
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Criteria for selection as significant vote:	Vote Against Management, Controversial Outcome, Governance Shareholder Proposal
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Rationale

We believe, on the Trustee's behalf, that shareholders should have the right to call special meetings, although, in order to prevent possible abuse which might waste company resources, it is good practice to require that a shareholder possess a sizeable minority of shares in order to exercise this right. The appropriate thresholds for share ownership requirements to call a special meeting should be reflective of the company's unique characteristics, including but not limited to: company size, the characteristics of its shareholder base (including both percentage of ownership and type of shareholder), board responsiveness to shareholder concerns, company performance, and any existing opportunities for shareholder action.

In this case, while the Company has in place certain best practice corporate governance provisions, Management's proposed 25% ownership threshold is prohibitive, and lowering that threshold would be appropriate. Approximately 42% of shareholders supported this proposal.

Engagement activities

Not all investments have voting rights attached to them, however asset owners can engage with the issuers of equity and debt to influence positive change. The Trustee is supportive of engagement with investee companies in this way and has delegated this activity to the Fiduciary Manager.

The Fiduciary Manager aims to engage with companies on overall business strategy, capital allocation, and ESG practices while encouraging appropriate levels of risk mitigation. The Fiduciary Manager's engagement policy is available [here](#) and examples of engagement activity are provided below.

Any reference to we, our and/or us in the following examples refers to the Fiduciary Manager's policy, views and activity.

Direct Engagement on Board Composition & Accountability

Engagement action: Russell Investments engaged with globally operating pharmaceuticals company on the company's approach to board succession and adherence to its Director Retirement policy.

Engagement objective: Specifically, we sought greater clarity around the repeated waivers granted to two directors who have exceeded the policy's age limit and encouraged the company to establish or disclose a clear succession plan.

Engagement summary: The company acknowledged that board refreshment has been an ongoing process since its formation in 2020. Management noted that shareholders have consistently called for improved board independence and that new directors are being added to enhance diversity and expertise. However, rather than replacing legacy directors, these appointments have expanded the board, leaving the overall composition largely unchanged.

The company reported no new developments regarding succession planning for the two directors exceeding the age limit and indicated that it intends to continue waiving the retirement policy for them. This stance appears inconsistent with the company's stated goal of refreshing the board and enhancing independence.

Engagement outcome: We will continue to engage with the company to encourage the development and disclosure of a clear succession strategy. Should the company again waive its retirement policy for these directors, we may consider escalating to a vote against the chair of the nominations committee, who is responsible for overseeing board composition and succession planning, at the next AGM.

Direct Engagement on Climate Change Strategy

Engagement action: Russell Investments engaged with a German utilities' provider on climate change resilience strategy and decarbonisation targets.

Engagement objective: Russell Investments engaged the company to understand how it plans to deliver on its net-zero ambition, given that over 95% of its emissions are Scope 3 and largely outside its direct control. We also sought clarity on its decision not to pursue SBTi-validated long-term targets.

Engagement summary: The Company reported that Scope 1, 2, and 3 emissions have been reduced by 50%, 24%, and 46% respectively since 2019. Its decarbonisation strategy includes measures such as grid modernisation, electrification solutions, and green energy procurement. However, these initiatives are described qualitatively, without clear disclosure of their expected contribution to emission reductions, related CapEx, or timelines. The company's €43 billion investment plan through 2028 focuses primarily on grid infrastructure, and it does not currently apply a uniform internal carbon price.

The company outlined a decentralised approach, with each business unit responsible for its own carbon plan feeding into group targets. Most capital spending supports grid readiness for renewable energy integration, though near-term impacts on Scope 3 emissions remain limited.

Engagement outcome: Russell Investments will continue to engage with the Company as it realizes its decarbonization goals. Future engagement will focus on encouraging the company to provide greater transparency on the drivers of Scope 3 reductions, associated investments, and how it engages customers and policymakers to accelerate progress toward its net-zero goal.

Direct Engagement on AI and responsible digitalisation

Engagement action: Russell Investments engaged for the first time with a United States healthcare provider. The company serves the healthcare market as a provider of health benefits for individuals, employers, governments and care providers, as well as those without the benefit of employer sponsored health benefits coverage.

Engagement objective: The objective of the engagement is to promote stronger oversight of AI risks, including unintended bias, patient harm, and algorithmic opacity, through transparent governance structures.

Engagement summary: The company has established a Responsible AI (RAI) program, supported by a multidisciplinary AI Review Board that provides oversight across business functions. Both internally developed and externally sourced AI tools are subject to the same review standards, reflecting a consistent approach to governance and risk management. Following reforms introduced in 2023, the company implemented enhanced ethical frameworks and instituted continuous performance reviews to monitor AI outcomes over time.

The company highlighted its focus on explainability, fairness, and oversight through the work of its Machine Learning Review Board. However, details regarding specific interventions—such as equity audits, stakeholder engagement, or consultation processes—were not disclosed.

Engagement outcome: While the Company demonstrated awareness of various risks relating to its use of AI, it faces ongoing challenges. Russell Investments will continue this engagement, and going forward, we will encourage the company to increase transparency around high-risk AI applications, external stakeholder engagement, and the outcomes of model interventions to further demonstrate responsible digital leadership.

Industry participation

The Trustees encourage the Scheme's Fiduciary Manager to leverage its position through collaborative efforts and partnerships with other industry participants. To this end, the Fiduciary Manager is a signatory to the UK Stewardship Code 2020 and Principles for Responsible Investment ("PRI"). Following a comprehensive review, the Fiduciary Manager made the strategic decision to exit three investor-led collective engagement initiatives—Climate Action 100+ (CA100+), Net Zero Engagement Initiative (NZEI), and Nature Action 100 (NA100)—at the end of 2024. This decision reflects the Fiduciary Manager's commitment to aligning more closely with its clients' evolving priorities by bringing climate and nature risk assessments in-house.

The Fiduciary Manager is committed to delivering effective, high-impact stewardship that drives meaningful sustainability outcomes. As part of its ongoing strategy evolution, the Fiduciary Manager continuously assesses the most efficient ways to engage with investee companies, ensuring alignment with its clients' sustainability priorities and regulatory expectations. A strategic evaluation in 2024 led to increased support for its programme to strengthen in-house resources and capabilities. The sustainable investing landscape has evolved, and it is the Fiduciary Manager's belief that a more independent approach enables it to better serve its clients by aligning with their specific priorities and delivering more targeted outcomes. While the Fiduciary Manager is stepping away from some initiatives, its commitment to collaborative engagement remains robust, with a strategic shift toward more flexible, high-impact collaborations. The Fiduciary Manager maintains membership in other industry initiatives that align more closely with its engagement philosophy, including targeted engagement frameworks such as PRI. Additionally, it continues to engage directly with issuers, through sub-adviser partnerships, and via third-party research firms, ensuring rigorous oversight of sustainability risks.

PRI is a globally recognised proponent of responsible investment, which provides resources and best practices for investors incorporating ESG factors into their investment and ownership decisions. As a signatory to the PRI since 2009, the Fiduciary Manager has a long-standing relationship with the organisation and has completed the annual PRI assessment every year since 2013. The Principles are a set of global best practices that provide a framework for integrating ESG issues into financial analysis, investment decision-making and ownership practices. The Fiduciary Manager is actively involved with the PRI, attending annual conferences and global seminars, and engaging on discussions of interest.

In 2021, the Fiduciary Manager joined the Net Zero Asset Managers Initiative, a group of international asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. The Fiduciary Manager has committed to a range of actions that are the key components required to accelerate the transition to net zero and achieve emissions reductions in the real economy: Engaging with clients, setting targets for assets managed in line with net zero pathways, corporate engagement and stewardship, and policy advocacy.

Compliance with the policy over the period

As a holder of assets with attached voting rights, the Trustee can exercise these voting rights on behalf of members of the Scheme and believe that the best approach is to delegate the execution of their policy to the Fiduciary Manager. The Trustee has received information on the voting activity that has been carried out on their behalf on an annual basis and are comfortable with the decisions taken.

Over the period, the Trustee is pleased to report that they have, in their opinion, adhered to the policies set out in their SIP.

The Trustee is pleased with the progress the Fiduciary Manager has made in this area and will continue to work with them to develop their policies in the future.