

STATEMENT OF INVESTMENT PRINCIPLES

The effective date of this Statement is October 2022.

1. Introduction

The purpose of this Statement of Investment Principles (**Statement**) is to document the investment principles governing decisions by the NFU Staff Pension Trust Company Limited (the **Trustee** investments for the purposes of the NFU Staff **Scheme**

Regulations require trustees and managers to exercise their investment powers in a manner to ensure the security, quality, liquidity and profitability of a This includes investing in a manner which considers, and is appropriate to, the nature and duration of the expected future retirement benefits of the scheme; having regard to the need for diversification in the choice of investments for the scheme, making sure that the scheme assets are invested mainly in regulated markets and limiting any investments in the emplo

The Trustee is responsible for setting the investment strategy of the Scheme and has delegated the day

ESG Factor Integration

the underlying managers used to implement investment or provide ideas receive an ESG rating

considered and monitored as part of the wider manager research process.

ESG Reporting On an annual basis the Fiduciary Manager provides the Trustees with an ESG report which provides further information on how ESG factors are monitored within the portfolio.

commitment to ESG issues, it has been a signatory of the UN Principles for Responsible Investment ("UN PRI" or the "Principles") since 2009. The Principles are a voluntary set of global best practices that aim to provide a framework for integrating environmental, social and corporate governance issues into financial analysis, investment decision-making and ownership practices. The Principles are voluntary and aspirational and are listed below:

1. The Fiduciary Manager will incorporate environmental, social and corporate governance issues into investment analysis and decision-making processes.
2. The Fiduciary Manager will be an active asset owner, incorporating environmental, social and corporate governance issues into its ownership policies and practices.
3. **The Fiduciary Manager** will seek appropriate disclosure on environmental, social and corporate governance issues from the entities in which it invests.
4. The Fiduciary Manager promotes acceptance and implementation of the Principles within

12.a Proxy voting, engagement and monitoring investee company capital structures

The Fiduciary Manager uses voting rights as an essential part of the value creation process. The Fiduciary Manager has a Proxy Voting Committee (PVC) which oversees the proxy voting policies, procedures, guidelines and voting decisions. The Fiduciary Manager has provided the Trustee with a copy of its UK Stewardship Code Statement and the 2021 Proxy and Engagement report, and provides the Trustee with an annual report on the votes which have been cast on their behalf.

preferred approach to engagement is to use an integrated and inclusive approach to promote changes that protect and enhance shareholder value and shareholder rights.

When engaging with a company, the Fiduciary Manager makes a concerted effort to focus on the issues that it believes will have the most impact on shareholder value. The Fiduciary Manager also applies a collaborative approach to Engagement with the underlying investment managers which are appointed. The report provided to the Trustee on an annual basis includes examples of how the Fiduciary Manager s behalf over the prior 12-month period.

The Fiduciary Manager monitors the underlying assets to ensure they are performing in-line with expectations. The Trustees may engage with the Fiduciary Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made. Where a significant concern is identified, the Trustees will consider, on a case by case basis, a range of methods by which it would monitor and engage so as to bring about the best long-term outcomes for the Scheme.

12.b UK Stewardship Code

The Fiduciary Manager has confirmed to the Trustee that it is a signatory to the UK Stewardship Code 2020.

12.c Conflicts of interest

The Trustee is aware that actual and potential conflicts of interest can exist across all aspects of the investment arrangements and maintain a conflicts of interest register.

The Fiduciary Manager has provided the Trustee with their Conflicts of Interest policy. The Trustee are satisfied that the conflicts that exist are managed in accordance with the regulatory requirements, a culture of integrity, and independent oversight and monitoring. The Trustee may engage with the Fiduciary Manager on matters concerning the management of actual or potential conflict of interests between the Fiduciary Manager, or the underlying managers, and the underlying investments being made. Should the Trustee identify a situation where conflict of interest is an issue, the Trustee will monitor and engage to achieve the best long-term outcome for the Scheme and its beneficiaries. Russell Investments Limited is regulated by the FCA.

14.c Portfolio turnover costs

The Fiduciary Manager provides the Trustee with an annual breakdown of the portfolio turnover costs which have been incurred in-line with the Cost Transparency Initiative (CTI). The Trustee do not have a

Investment Policy: Appendix to Statement of Investment Principles

This Appendix sets out further detail on the investment policies and is supplementary to the

The Trustee has information contained within this Appendix provides further detail on the services provided and the policies, which have been developed in conjunction with the Fiduciary Manager.

Fiduciary Management Arrangement

The Trustee and Employer have agreed that the -term funding objective is to gradually de-risk and thereby reduce reliance on the Employer, ultimately targeting a self-sufficiency position. (Self-sufficiency is defined as a position where the Scheme can be run with a modest level of investment risk and the expectation that there will be no further reliance on Employer contributions).

The investment strategy to achieve this has been developed by placing greatest focus on fixed income investment, whilst still investing in a well-diversified and dynamically managed, return-seeking portfolio. The strategy also seeks to significantly reduce the variability in the funding level of the Scheme over se of

The allocation between the assets will vary over time to meet the objective. The Fiduciary Manager will be accountable for managing the allocation to and within growth and matching assets in order to meet the objective, within the guidelines set by the Trustee.

Summary of fee arrangements

The Trustee employs Fiduciary Management services. These are paid for as a set percentage of the assets under management.

These fees cover a range of services including asset management, fiduciary management and investment consultancy advice that the Scheme requires in connection with funding. The list of services included within the fees is provided in the IMA.

Cash balances

In addition to the assets managed by the Fiduciary Manager, the Trustee will run a bank account which holds a working balance of cash, held for imminent payment of benefits, expenses, etc. Under normal circumstances intention to hold a significant cash balance and this is carefully monitored

Additional Voluntary Contributions (AVCs)

The Trustee holds assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions.

AVCs are invested with NFU Mutual Investment Services Ltd, Friends Provident, Prudential and Equitable Life.

However, this option is closed to new members and future contributions, effective from 30 June 2008.