

## **Schedule of Matters Reserved for the Board**

### **1. Strategy and Management**

- 1.1 Responsibility for the overall management of the group.
- 1.2 Approval of the group's long term objectives and commercial strategy, including the Mission, Vision and Values Statement.
- 1.3 Approval of the group's annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Approval of the group's five-year strategic plan.
- 1.5 Control of the activities of the major subsidiaries and joint ventures.
- 1.6 Oversight of the group's operations ensuring:
  - competent and prudent management
  - sound planning
  - an adequate system of internal control
  - adequate accounting and other records
  - compliance with statutory and regulatory obligations.
- 1.7 Review of performance in the light of the group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.8 Extension of the group's activities into new business or geographic areas.
- 1.9 Any decision to cease to operate all or any material part of the group's business.

### **2. Structure and capital**

- 2.1 Major changes to the group's corporate structure.
- 2.2 Changes to the group's management and control structure.
- 2.3 Any changes to the company's status as a mutual.
- 2.4 Any acquisition or disposal of a controlling interest in any company.

### **3. Financial reporting and controls**

- 3.1 Review of the monthly management results reports.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 3.3 Approval of the Report to With Profits policyholders, PPFM and CFPPFM on recommendation from the With Profits Committee.

- 3.4 Approval of the Mutual Bonus policy.
- 3.5 Approval of all bonus rates for Life and Pensions business, on recommendation from the With Profits Committee.
- 3.6 Ratification of the decisions of the Group Investment Committee on investment policy, and review of the investment performance of the Group.
- 3.7 Approval of any significant changes in accounting policies or practices.
- 3.8 Approval of the Life Fund valuation basis assumptions and results.
- 3.9 Approval of the group's ICAS basis assumptions and results.

#### **4. Internal controls**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - receiving reports on, and reviewing the effectiveness of, the group's risk and control processes to support its strategy and objectives, through the Audit Committee and the Group Issues & Risk Committee and a quarterly report from the Group Compliance Manager and a biannual Group Risk Report
  - undertaking an annual assessment of these processes
  - approving an appropriate statement for inclusion in the annual report.

#### **5. Contracts**

- 5.1 Major capital projects.
- 5.2 Setting the limits of authority for the Chief Executive as recommended by the Audit Committee.
- 5.3 Transactions above the Chief Executive's limits of authority for capital expenditure and revenue expenditure and major contracts and transactions.
- 5.4 Pension scheme funding,
- 5.5 The giving of security over any of the Group's assets (other than security given in respect of development funding over Salmon Harvester Properties' (SHP) sites entered into in SHP's ordinary course of business, which shall be delegated to the decision of the SHP Board).

#### **6. Communication**

- 6.1 Approval of resolutions and corresponding documentation to be put forward to members at a general meeting.

## **7. Board membership and other appointments**

- 7.1 Changes to the structure, size and composition of the board, following recommendations from the Nomination Committee.
- 7.2 Ensuring adequate succession planning for the board and senior management.
- 7.3 Appointments to the board, following recommendations by the Nomination Committee.
- 7.4 Selection of the Chairman and Vice Chairman of the board and the Chief Executive.
- 7.5 Membership and Chairmanship of board committees (Audit Committee, Remuneration Committee, Nomination Committee and With-Profits Committee).
- 7.6 Continuation in office of directors at the end of their term of office, when they are due to be re-elected by members at the AGM and otherwise as appropriate.
- 7.7 Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the company, subject to the law and their service contract.
- 7.8 Appointment or removal of the Company Secretary.
- 7.9 Appointment of General Managers and the Chief Actuary.
- 7.10 Appointment, reappointment or removal of the external auditor to be put to members for approval, following the recommendation of the Audit Committee.
- 7.11 Appointments to the boards of major subsidiaries: NFU Mutual Management Company Ltd and Avon Insurance plc.
- 7.12 Authorisation of potential conflicts of interest of the directors, following recommendations by the Nomination Committee.
- 7.13 Authorisation of potential conflicts of interest of the directors of the group's subsidiary companies.

## **8. Remuneration**

- 8.1 Determining the remuneration policy for the executive directors, General Managers and the company secretary, (including salaries, benefits and Management Incentive Schemes).
- 8.2 Determining the remuneration (executive directors only) of the non-executive directors, for recommendation to the AGM.

## **9. Delegation of Authority**

- 9.1 The division of responsibilities between the Chairman and the Chief Executive which should be in writing.
- 9.2 Approval of terms of reference of board committees.
- 9.3 Receiving reports from board committees on their activities.

## **10. Corporate governance matters**

- 10.1 Annually undertaking a formal and rigorous review of its own performance, that of its committees and individual directors.
- 10.2 Determining the independence of directors.
- 10.3 Considering the balance of interests between members, employees, customers and the community.
- 10.4 Review of the group's overall corporate governance arrangements.
- 10.5 Receiving reports on the views of the company's members.

## **11. Policies**

- 11.1 Approval of policies, including:
  - Code of Conduct
  - The Group Occupational Health and Safety General Statement of Intent
  - Environmental policy
  - Corporate social responsibility policy
  - Charitable donations policy
  - The Society's Principles and Practices of Financial Management, through the With Profits Committee.

## **12. Other**

- 12.1 The making of political donations.
- 12.2 Approval of support payments to the Farming Unions.
- 12.3 Approval of donations to NFU Mutual Charitable Trust.
- 12.4 Approval, by the executive directors only, of the payment of any ex-gratia pensions to retired non-executive directors and their widows.
- 12.5 Prosecution, defence or settlement of litigation other than litigation in the normal course of handling claims involving above £1 million or being otherwise material to the interests of the group.
- 12.6 Matters likely to have an impact on the Group's reputation.

- 12.7 Avoidance of fraudulent and wrongful trading.
- 12.8 Review of the overall levels of insurance for the group including Directors' & Officers' liability insurance and indemnification of directors.
- 12.9 Major changes to the rules of the group's pension scheme, or changes of company nominated trustees or changes in the fund management arrangements.
- 12.10 This schedule of matters reserved for board decisions.

**13. Regional Advisory Boards**

- 13.1 Any changes to the structure of the Regional Advisory Boards.
- 13.2 Appointment of Local Directors and Chairmen of the Regional Advisory Boards.
- 13.3 The retirement/re-election process of the Local Directors and Chairmen of the Regional Advisory Boards.
- 13.4 Approval of the fees to be paid to Local Directors and Chairmen of the Regional Advisory Boards.