

# LET'S TALK ABOUT OUR BUSINESS



See what we achieved in 2017



**NFU Mutual**



“When our 13th century pub was devastated by fire, the whole community rallied round, including our local NFU Mutual Agent. He acted quickly to put a roof over our heads, and did everything possible to ensure we could keep the business running from temporary premises, just across the road. Thankfully our pub is well on the way to being rebuilt. It’s such an integral part of our community, everyone is so relieved.”

Michael Sanders, Landlord of The Bell Inn, Devon  
- insured through our Bideford Agency

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# INTRODUCTION

Today at NFU Mutual, we insure a wide variety of people and businesses in rural and suburban areas across the British Isles. We cover commercial sectors such as food and drink, retail, hospitality and estates, in addition to our heartland of farming and those living in the countryside. And thanks to our Life business, our products and services extend further to investments, pensions and protection.

Driving everything we do is a belief that it truly matters how we do business. We pride ourselves on our personal, local service and our ability to act for the good of our members. This is just one of the reasons we continue to be present on the high streets of the towns and villages where our members live and work.

Throughout this booklet you'll discover more of what's important to us, and what we've done to benefit our diverse membership and our communities over the last 12 months.



For a full review of our 2017 activity, download our complete annual report and accounts at [nfumutual.co.uk/agm](http://nfumutual.co.uk/agm)



Our AGM will be held on 20 June and the results will be posted on our website on 21 June at [nfumutual.co.uk/agm](http://nfumutual.co.uk/agm)

“In 2017 we have delivered another strong performance across all parts of the business. Once again investment performance has been outstanding. The joy of being a mutual is that it allows us to focus our efforts and our profits on looking after you, our members. In 2017 we continued to invest heavily in the business to make us more efficient and attentive and at the same time we returned £168.3m to members through Mutual Bonus.”

Richard Percy, Chairman



# OUR FINANCIAL PERFORMANCE

Throughout 2017 we delivered a consistently strong performance, with our business continuing to grow against a marketplace full of uncertainty and challenge.

We put this success down to our continued commitment to invest in products and services that respond to the evolving needs of our members, as well as tight management of our costs, assets and strong governance.

Our business philosophy has always been to provide our members with the insurance cover they need, at a fair price and with a first-class, personal service. That's true, whether they're an individual or a business, living in a city or the countryside. This, along with our mutual approach, is attracting new members who share our values, and convincing more members to renew with us than ever before.



## £540M OVERALL PROFIT

In 2017 we achieved an overall profit after tax of £540m. Our strong financial performance and capital position means that we are able to maintain current levels of Mutual Bonus for a further year.



## £669M INVESTMENT GROWTH

Over the year our investments achieved a pre tax return of £669m, which contributes to our long-term financial security.



## 94.8% PERSISTENCY

In 2016 we saw our highest level of persistency - or in other words, the proportion of members renewing their policies with us - in recent years. In 2017 this went up again, reaching 94.8%.

“2017 was another very successful year. The General Insurance and Life sides of our business delivered solid results, and record numbers of our members chose to renew their policies with us. We believe this is in no small part down to the quality of our products, our financial strength and the exceptional service we're able to offer through our unique agency network.”

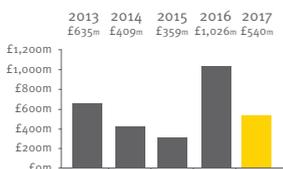
Lindsay Sinclair, Group Chief Executive



# BUSINESS REVIEW

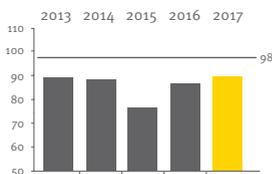
In all respects, 2017 has been another positive year for our business. Our General Insurance (GI) premium has grown by approximately 6.5% and our Pensions and Investments (Life) business has grown rapidly.

## GROUP



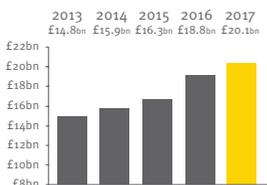
## PROFIT FOR THE FINANCIAL YEAR<sup>1</sup>

Our total profit after tax was £540m. The result is a reflection of solid results from our General Business complemented by strong investment and property returns which were lower than 2016 reflecting market volatility.



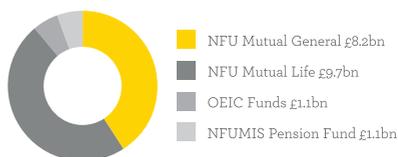
## COMBINED OPERATING RATIO (COR)<sup>2</sup> (GENERAL BUSINESS)

COR measures our overall business profitability. At 92.5% (2016: 88.3%) this is a very pleasing result and remains significantly better than our long-term target of 98%, despite higher claims costs, our investment in change capability and an increase in statutory reserves to reflect the increase in Mutual Bonus discount.

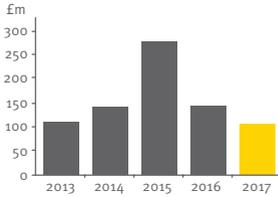


## FUNDS UNDER MANAGEMENT<sup>3</sup>

The year ended with a strong set of investment and property returns benefiting from our diversified portfolio mix. Our funds under management increased by £1.3bn to £20.1bn over the year.

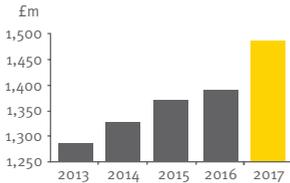


## GENERAL BUSINESS



## UNDERWRITING PROFIT AND LOSS<sup>4</sup>

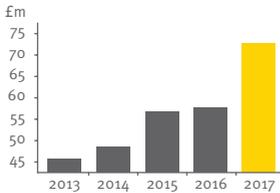
Our underwriting profit and loss result reflects higher claims costs, our investment in change capability and an increase in statutory reserves. This led to an underwriting profit of £102m in the year.



## GROSS WRITTEN PREMIUM INCOME (GWPI)<sup>5</sup>

Record levels of persistency and new business growth across both farming and non-farming accounts grew our GWPI to £1,484m (2016: £1,397m).

## LIFE BUSINESS



## ANNUAL PREMIUM EQUIVALENT (APE)<sup>6</sup>

Our APE from new life insurance and investment-related premiums increased significantly to reach £71.4m (2016: £56.7m), indicating strong investor confidence in both the market and our products.

<sup>1</sup> Balance on the Non-Technical Account. <sup>2</sup> Proportion of Total Technical Charges as a percentage of earned premiums before earned Mutual Bonus and after allowing for reinsurance. Earned Mutual Bonus takes into account the net movement of unearned Mutual Bonus which amounts to a decrease of £57m (2016: £12m decrease) in the year. <sup>3</sup> Value of assets covering Life and General business funds. Funds under Management represents the value of investment on the Balance Sheet made up of General Insurance Business of £8.2bn and Life Business of £9.6bn plus policyholder investment OEICS of £1.1bn and the assets of the Company's Retirement Benefit Scheme of £1.1bn. <sup>4</sup> The balance on the Technical Account adjusted for earned Mutual Bonus, allocated investment return and other income. <sup>5</sup> Overall total premium income underwritten in the year. <sup>6</sup> Industry measure equal to new regular annualised premium plus 10% of new single premium.

“We continue to invest in our staff, our products, our network of local agents and in building our financial strength, so that our members can be certain we’ll be here when they need us. And in times like these, certainty is more important than ever.”

Kim Arif, Finance Director





# YOUR MUTUAL BONUS RECOGNITION

This year we're maintaining our discount of up to 18.5% on your annual General Insurance premium when you renew your policy.

Your loyalty matters to us, and so naturally we want you to share in our success. For our General Insurance members, we achieve this through our Mutual Bonus scheme.

Mutual Bonus is a discount applied to your annual General Insurance premium when you renew. In recognition of our strong financial performance in 2016, last year we increased the Mutual Bonus discount by ten percentage points. Our original intention was to phase this back to previous levels over subsequent years.

However thanks to another strong performance in 2017, we'll be maintaining the Mutual Bonus discounts at the current level shown in the table below for a further year.

Renewal Year	2016 Mutual Bonus Rate	2017 Mutual Bonus Rate	2018 Mutual Bonus Rate
1st year of renewal	3.5%	13.5%	13.5%
2nd year of renewal	4.5%	14.5%	14.5%
3rd year of renewal	4.5%	14.5%	14.5%
4th year of renewal	5.5%	15.5%	15.5%
5th year of renewal	8.5%	18.5%	18.5%

“Last year we were able to give back more than £168m to our members through the Mutual Bonus discount. That was a substantial increase on the already considerable £79m of the year before. By maintaining our Mutual Bonus at the current levels, this year we expect to return some £235m, depending on the number and types of policies that are renewed with us.”

Lindsay Sinclair, Group Chief Executive





“It’s great to see the success of NFU Mutual being shared with its members.”

Member of our Mutual Voice online community



### LISTENING TO OUR MEMBERS

Understanding your views and concerns is an important part of how we operate. One of the many ways our Board maintains close links with members is through a network of Regional Advisory Boards and Member Forums. These regular meetings provide valuable feedback on our performance and help shape our business.



### MUTUAL VOICE

Another way we listen to the ideas of our members is through Mutual Voice. Mutual Voice is our online customer community that allows you to share your views and participate in polls, surveys and discussions. If you’re interested in taking part, or would just like to learn more, visit [nfumutual.co.uk/mutualvoice](https://nfumutual.co.uk/mutualvoice)

# PROVIDING VALUE FOR OUR MEMBERS

We know that success isn't only measured in numbers. As a mutual, we exist for the benefit of our members. So while our financial success is important to all of us, meeting your needs and serving your interests is just as high on our list of priorities.

It's why we invest so much time and effort into developing practical and helpful products, providing great value for money, and being there for you when you need us. These are the things that we hope you find most valuable, and that make us a company you're proud to do business with.



## IMPROVING OUR MEMBERS' RESILIENCE TO FLOODING

Being flooded can cause significant damage and disruption. To help protect members who have been flooded from the consequences of it happening again, last year we introduced Flood Resilience – the option for individual members to repair their flood-damaged homes with flood resilient materials without having to fund all the extra cost themselves. If the cost of repair exceeds £10,000 using traditional materials, we can offer up to an additional £5,000 to make resilient repairs.



## COVERING MORE HOME EMERGENCIES

In 2017 we launched a new Home Emergency insurance product in the UK for our home insurance customers that provides excellent value for money and covers a wide range of emergencies. For example, our cover provides up to £1,000 per claim to pay for emergencies such as roof damage, vermin infestation and even repairs to boilers that are over 15 years old or fuelled by oil or LPG. So our members can get help when immediate action is required.



## LOOKING AFTER YOUR HEALTH AND SAFETY

NFU Mutual's Risk Management Services has been helping our farming and non-farming customers to identify risk and operate safely since 1992. Last year we began expanding our business to offer a range of digital services, including online articles, templates and action plans, that will ensure we can help members increase their knowledge and make their businesses safer.



“We have been using NFU Mutual for our health and safety checks for quite a number of years now. We receive really practical advice on the best ways to ensure we understand all legal requirements and that our staff are well looked after – it’s not just to tick boxes, it’s really useful advice tailored to our estate.”

NFU Mutual Risk Management Services customer



## YOUR FAVOURITE HOME AND CAR INSURER

In 2017 we were named Best Car Insurer for the tenth year by Auto Express. In their annual Driver Power survey of 20,000 motor insurance customers, we scored highest in every major category, and 96% of those surveyed said they would renew with us.

For the fifth year in a row Moneywise gave us their award for Most Trusted Home Insurer, and we were named a Which? Recommended Provider for both car and home insurance for the 16th time.

# PART OF THE RURAL COMMUNITY

NFU Mutual has been a farming insurer for over 100 years and no one will ever be more important to us than farmers and the rural community.

From thatched cottages to listed manor houses, working dogs to competition horses, we have a unique understanding of the needs of those living in the countryside, and supporting them is still a crucial part of who we are.

In fact, it's because community is so important to us that we continue to invest in our network of local offices in towns and villages across the UK. It means you can easily pay us a visit, or call us up and have a real conversation with someone about your insurance.



“NFU Mutual has a personal touch that's extremely rare in the modern world. There is usually an office locally, and they pay out quickly and fairly at the time you most need that reassurance and support.”

Alison, Wirral Peninsula, insured through our Chorley Agency



### TACKLING RURAL CRIME

Rural crime causes deep anxiety for those living and working in the countryside. Since 2010 we've invested over £1m in schemes to enable police and farmers to successfully tackle rural crime, including funding for the police agricultural vehicle crime unit, provision of secure housing for stolen livestock and training to help police detect rural offences.



### SUPPORTING SMALLHOLDERS

Smallholdings play an essential role in countryside communities and the wider farming sector, and we want to see them thrive. In 2017 we launched a new Smallholder extension that can be added to our home insurance policies, giving peace of mind to non-commercial farmers and growers with smallholdings of up to 25 acres.



### REWARDING UNION MEMBERSHIP

For over 100 years we've enjoyed a special relationship with the farming unions. In 2017 we relaunched our Union Advantage scheme, providing exclusive benefits and discounts to current members of the NFU, NFU Cymru, NFU Scotland, the Ulster Farmers' Union and the Manx Farmers' Union.



### CHAMPIONING FARM SAFETY

Our Farm Safety Foundation delivers national campaigns and education programmes dedicated to making farming safer. Since 2014 we've trained over 4,500 future farmers at 38 land-based colleges and universities and 68 Young Farmers' Clubs. This year we're working with UK educational authorities to ensure health and safety is a mandatory part of the new five-year curriculum.



### EDUCATING YOUNG DRIVERS

Young drivers in rural areas are nearly 60% more likely to be involved in an accident than those driving on urban roads. Our Young Drivers Scheme provides advanced skills training to 17 to 21-year-olds from farming households. Participants in the scheme make almost a quarter fewer insurance claims than other drivers of the same age.

# THE NFU MUTUAL CHARITABLE TRUST

As part of our commitment to the countryside, in 1998 we set up the NFU Mutual Charitable Trust. The Trust is an independent charity that provides donations to other agricultural charities and causes across the country.

Through the Trust's contributions we help to support farming in three different ways: by educating young people about the importance of British farming, by helping farming families who may be struggling, and by providing opportunities for the next generation of farmers.

In the last ten years the Trust has given almost £2.9m to causes that are making a difference in the communities where our members live.

## WE'RE FUNDING THE AGRICULTURAL LEADERS OF THE FUTURE

The Centenary Award, presented by our Charitable Trust, was launched in 2010 to celebrate our 100th anniversary. The scheme provides bursaries to passionate and high-performing agricultural post-graduate students who we feel will shape the future of the industry.



“It is a privilege to be involved with NFU Mutual and the Centenary Award. I’m excited to be part of their mission to create a strong sustainable legacy for the future and experience first-hand their impressive commitment to young people and education within the agricultural industry.”

Emma Caudwell, 2017 Centenary Award Recipient

## WHO BENEFITS FROM THE NFU MUTUAL CHARITABLE TRUST

In 2017 the Trust donated over £270,000 to support farming and rural communities all across the country. These are some of the causes the money is helping.

### OPPORTUNITY

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#### ■ Young Farmers' Clubs

The Trust awarded £54,000 to support the YFCs' efforts to advance the education and welfare of young farmers in England, Scotland, Wales and Northern Ireland.

#### ■ Emma Caudwell, Lincolnshire

2017 Centenary Award Recipient. MSc Rural Land and Business Management, University of Reading.

#### ■ Callum Weir, Cambridgeshire

2017 Centenary Award Recipient. MSc Agricultural Economics, SOAS University of London.

#### ■ Joe Collins, Shropshire

2017 Centenary Award Recipient. MSc Sustainable Crop Production, University of Warwick.

#### ■ Ella Forrest, West Yorkshire

2017 Centenary Award Recipient. MSc Ruminant Nutrition, Harper Adams University.

### EDUCATION

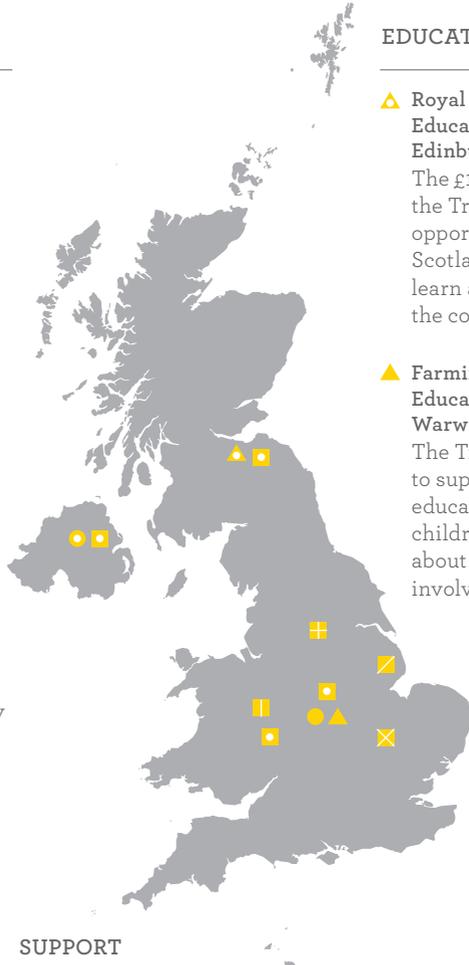
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#### ▲ Royal Highland Education Trust, Edinburgh

The £17,500 awarded by the Trust will help provide opportunities for all of Scotland's young people to learn about agriculture and the countryside.

#### ▲ Farming and Countryside Education (FACE), Warwickshire

The Trust gave £60,000 to support FACE's work educating secondary school children across the country about how farming is involved in their daily lives.



### SUPPORT

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#### ● Rural Support, Cookstown

The Trust gave £20,000 to help relieve poverty and social exclusion in rural areas of Northern Ireland.

#### ● Farming Help, Warwickshire

The £40,000 donation will be split between the Partnership's four charities to support struggling rural families across England, Wales and Scotland.

# DOING BUSINESS RESPONSIBLY

In 2017 we supported over

**85** local causes

Our commitment to making a difference isn't limited to the farming community. At NFU Mutual we believe in doing the right thing whenever and wherever we can.

Acting responsibly and supporting our communities isn't a bonus or an afterthought, it's central to the way we run our business. And it's not just our members who benefit. We're always trying our best to do our bit to improve things for our neighbours, our industry and for the environment.



“Involve Kent’s Friendship Circles scheme helps older, isolated people get out of the house and make new friends. We pick them up and bring them together. It’s a real community”.

Involve Kent, Community Giving Fund Recipient



### **RECYCLING TO SAVE LIVES**

Our unique partnership with the British Heart Foundation and ServiceMaster Clean means we can give some of the furniture we replace in insurance claims a new home. By donating it to BHF shops, we're helping to recycle and reduce waste whilst supporting life-saving heart research.



### **REDUCING ENERGY CONSUMPTION**

We want to help our members reduce their energy consumption. When we replace selected white goods as part of an insurance claim, we will offer up to an additional £250 per item (up to a maximum of £500 per claim) to upgrade it to a more energy efficient same-brand appliance, when using our preferred supplier.



### **INVESTING IN DEMENTIA RESEARCH**

We are part of a movement of insurance businesses called Insurance United Against Dementia which aims to raise £10m over five years to deliver better care, improve treatment and find a cure for Britain's biggest killer.



### **REPLACING LIKE FOR ETHICAL**

We ensure any diamonds or precious metals we replace as part of an insurance claim are ethically sourced from suppliers who deal only in fair trade and conflict-free resources.



### **ENABLING CHANGE THROUGH STATIONERY**

To date, we've helped over 2,200 people around the world work their way out of poverty, just through our choice of stationery supplier. WildHearts Office is a social enterprise that reinvests its profits to fund global microfinance, allowing people to set up a business, feed their family, and send their children to school.



### **SUPPORTING FUNDRAISING EFFORTS**

Our Community Giving Fund provides grants to support local initiatives in our communities. In 2017 we donated £16,000 to support more than 85 groups and charities around the UK.



### **EMPOWERING OUR STAFF TO DO GOOD**

We enabled our staff to volunteer in their local community. Last year 116 employees gave 812 hours to projects such as renovating school playgrounds, or helping at local foodbanks.

# A CLOSER LOOK AT OUR BOARD

Our AGM will be held on

**20** June  
2018

For our AGM on 20 June, we're asking you to vote to elect and re-elect the Directors on our Board.

In this section we'll introduce you to our Board members and explain a little more about what they do and how they contribute to our success. Details of how to vote are fully explained in the accompanying letter and proxy form.

## THE ROLE OF OUR BOARD OF DIRECTORS

Our Board of Directors is responsible for the leadership and overall direction of NFU Mutual. They have a clear overview of the whole business, and we look to them to set our strategic aims and appetite for risk, review and approve our strategy, oversee our conduct and continuously monitor our performance.

Our Directors must also make sure we're adequately resourced and have the financial controls and risk management systems in place to operate responsibly. Ultimately, it's their role to ensure the long-term success of NFU Mutual for the benefit of you, our members.

All of our Directors adhere to the Senior Insurance Managers Regime (SIMR), which includes a regulatory code of conduct. Observance of these conduct standards forms part of an ongoing assessment that ensures senior personnel in our industry are fit to hold their positions and carry out their roles appropriately.

## DIRECTORS' COMMITMENTS

Our Directors come together throughout the year for regular Board and Committee meetings and strategy sessions. Their individual commitments also include Continuing Professional Development and attending regulatory briefings, as well as taking frequent opportunities to meet members, staff and agents at shows and events, farming union conferences and Regional Advisory Board meetings, both locally and nationally.



“Running a business as complex and technical as ours requires a Board of Directors with a diverse mix of skills and experience.”

Richard Percy, Chairman



## OUR STRUCTURE

We've chosen to structure our Board with four Executive and eight Non-Executive Directors. Together they bring with them a diverse range of skills and knowledge. Some come from farming backgrounds, while others have wider financial services experience from fields such as investment management and insurance. We believe this provides the balance that allows us to operate successfully and effectively across all business areas while remaining connected to our farming roots.

## THE EXECUTIVE COMMITTEE

The Executive Committee, led by our Group Chief Executive, Lindsay Sinclair, has the responsibility of managing the Group's operations and executing plans in pursuit of our long-term objectives:

- To be a great company to do business with
- To deliver sustainable, profitable growth
- To be a great place to work

The Committee prepares proposals and presents them to the Board who, under the guidance of Chairman Richard Percy, then review and discuss the plans. This rigorous discussion and debate is essential to ensuring the decisions we make are effective, and that we remain on the correct path.

Our Executive Committee is made up of:

Lindsay Sinclair – Group Chief Executive  
Kim Arif – Finance Director  
Iain Baker – Chief Risk Officer and Group Actuary  
Steve Bower – Customer Services Director  
Gina Fusco – Strategy & Marketing Director  
Trisha Jones – HR Director  
Tim Mann – IT Director  
Nick Turner – Sales & Agency Director

# OUR BOARD OF DIRECTORS



## **RICHARD PERCY** **CHAIRMAN**

Richard was appointed to the Board in 2003 and appointed Chairman in 2012. A farmer for more than 30 years, he has contributed to a number of DEFRA working groups, including those tackling farming regulation and farm business resilience. He was an NFU Council Delegate for 10 years, and for six years was a member of the Board of the Environment Agency. He is also a Director of Apsley Developments Limited.



## **LINDSAY SINCLAIR** **GROUP CHIEF EXECUTIVE**

Lindsay was appointed Group Chief Executive in 2008 and is responsible for managing the conduct of the Group's business. During his career he has run retail businesses around the world for Barclays, ING and Standard Chartered. He is a Board member of the International Cooperative and Mutual Insurance Federation (ICMIF) and sits on the General Insurance Committee of the Association of British Insurers. He also sits on the steering group of The Prince's Farm Resilience Programme.



## **KIM ARIF** **FINANCE DIRECTOR**

Kim has been a Director since 2007. He has responsibility for a number of areas including Group Finance, Investments, Properties, Actuarial Functions, Procurement, Risk and Compliance. Kim has been with the Group since 1990, having joined the Life side of the business as an Actuary. He is a Fellow of the Institute of Actuaries, and whilst at NFU Mutual has attended the Harvard Advanced Management Programme.



**STEVE BOWER**  
**CUSTOMER SERVICES DIRECTOR**

Steve became a Director in July 2010 and is responsible for General Insurance Customer Services, which includes Underwriting, Claims and Re-insurance, at our Head Office and our seven regional centres. Steve's career at NFU Mutual spans three decades and during that time he has held a variety of roles including Sales Manager, Regional Manager and Chief Manager Life Services.



**BRIAN DUFFIN**  
**NON-EXECUTIVE DIRECTOR**

Brian was appointed to the Board in 2014. He is an Actuary with extensive financial services experience. Brian was previously Group Chief Executive of Scottish Life and an Executive Director of Royal London Group. He is a Non-Executive Director of the Debt Management Office, Chairman of Scottish Equitable Policyholder's Trust, Chairman of the Aviva With Profits Committee and Chairman of the GEC 1972 Pension Plan. Brian is also the Deputy Chairman of the Church of Scotland Investors Trust.



**CHRISTINE KENNEDY**  
**NON-EXECUTIVE DIRECTOR**

Christine was appointed to the Board in 2014. A partner in her family's County Down beef farm for nearly 30 years, Christine was previously the Director of Commodities and Food for the Ulster Farmers' Union and a co-opted member of the UFU Board. She has been an Independent Panel Member for the Department of Agriculture and Rural Development, and is a Director of Countryside Services Ltd, a member of the NI Food Advisory Committee for the FSA, and also a Trustee of Donaghadee YFC.



**EILEEN MCCUSKER**  
**NON-EXECUTIVE DIRECTOR**

Eileen was appointed to the Board in 2012. She has over 30 years' domestic and international insurance industry experience across underwriting, regional and operational management and sales. Previously the CEO of XL International Property and Casualty, she has also worked with Commercial Union and Winterthur International. Eileen is a Non-Executive Director of Allied World Syndicate 2232 which is a Lloyds syndicate.



**JIM MCLAREN**  
**NON-EXECUTIVE DIRECTOR**

Jim was appointed to the Board in 2012. He served as President of NFU Scotland from 2007 to 2011, having served previously as the organisation's Milk Committee Chairman before becoming Vice President in 2006. Since 2011 Jim has been Chairman of Quality Meat Scotland Limited and is a former Director of Scotland's Rural College (SRUC). Jim is a mixed beef and arable farmer from Perthshire in Central Scotland.



**CHRISTOPHER STOOKE**  
**NON-EXECUTIVE DIRECTOR**

Chris was appointed to the Board in 2011 and appointed Senior Independent Director in 2014. A Chartered Accountant, Chris has extensive insurance experience, having held a number of practice and management positions at PwC and been Chief Financial Officer of Catlin Group. He is Chairman of Chaucer Syndicates and Miles Smith and a Non-Executive Director at both King's College Hospital and South London Theatre Centre.

**ADAM QUINNEY.** Adam Quinney retired from the NFU Mutual Board in 2017. He served as a Non-Executive Director for one year and was a member of the Audit Committee.



**NICK TURNER**  
**SALES & AGENCY DIRECTOR**

Nick was appointed to the Board in 2013 as the Sales and Agency Director. He is responsible for the growth of the General Insurance and Life sides of the business. Nick joined NFU Mutual from AXA where he was Managing Director, Intermediary & Partnerships – Personal Lines. His career spans more than 25 years, largely in the fields of Life and Wealth Management.



**JON BAILIE**  
**NON-EXECUTIVE DIRECTOR**

Jon was appointed to the Board in March 2018. He has extensive investment management experience, having held senior positions at Pioneer Investments, AXA Investment Managers and Russell Investments. He is a Non-Executive Director of Openwork Wealth Management and a Board member of the Pensions Infrastructure Platform. He was previously Chairman of the Management Committee of Pantheon Ventures, a global private equity business.



**ALI CAPPER**  
**NON-EXECUTIVE DIRECTOR**

Ali was appointed to the Board in April 2018. She worked in advertising for 16 years where she progressed to Client Services Director before becoming a farmer. Ali is Chair of the NFU National Horticulture Board, a director of the British Hop Association, Wye Hops Limited and Wye Fruit Limited, Executive Chair of English Apples & Pears and a Trustee of Nuffield Farming Scholarship Trust. She is a previous Board member of Cargill Growers Association.

**SALLY-ANN HIBBERD.** Sally-Ann retired from the NFU Mutual Board in 2018. She served as a Non-Executive Director for four years and was a member of the Audit and Board Risk Committees.

# DIRECTOR REMUNERATION

In 2017 we delivered another strong set of business results despite the backdrop of market uncertainty. Our Directors and management teams have played a significant part in this performance. We value their knowledge and experience, and we recognise the importance of rewarding and retaining their skills with market-competitive pay.

Approval will be sought at the AGM for Non-Executive Directors' fees, relating to a 12 month period ending 31 May 2019, not exceeding £702,950. These fees are to be allocated, at the Board's discretion, between the Non-Executive Directors serving during the 12 month period ending 31 May 2019.



Further details of our remuneration policy are set out in the Directors' Remuneration Report contained in our annual report. Download your copy at [nfumutual.co.uk/agm](http://nfumutual.co.uk/agm)



From 2018, all UK companies with over 250 employees are required to report on their Gender Pay Gap, which measures the difference between the average pay of all men and women in a company. Download our full Gender Pay Report at [nfumutual.co.uk/about-us](http://nfumutual.co.uk/about-us)

“NFU Mutual has delivered a set of strong results in 2017, hitting or exceeding all our key performance indicators, and this is reflected in bonus payments across all staff.”

Jim McLaren, Remuneration Committee Chair



Executive Directors	2017 (£)						2016 (£)	
	Base Pay	Benefits	Company Pension Contribution <sup>4</sup>	STIP <sup>2</sup>	2015-2017 LTIP	2017 Total	Base Pay	2016 Total
Lindsay Sinclair	558,497	69,119	83,775	693,025	718,695	<b>2,123,111</b>	540,915	<b>1,809,745</b>
Kim Arif <sup>1,3</sup>	334,677	13,116	48,271	286,776	306,504	<b>989,344</b>	323,544	<b>852,477</b>
Steve Bower <sup>3</sup>	225,773	13,476	33,866	200,309	219,150	<b>692,574</b>	220,978	<b>602,634</b>
Nick Turner	229,787	16,116	34,468	203,477	214,553	<b>698,451</b>	223,725	<b>601,766</b>

<sup>1</sup> Base pay figure includes an annual allowance calculated as 4% of base pay.

<sup>2</sup> 1/3 of STIP payment will be deferred for 3 years.

<sup>3</sup> Benefits figure includes car allowance.

<sup>4</sup> Cash allowance in lieu of company pension contribution.

Non-Executive Directors	Responsibilities	2017 Total Fees (£)	Taxable expenses 2017*	2016 Total Fees (£)
Richard Percy	Chairman Nomination Committee Chair	181,250	4,464	158,333
Brian Duffin	With-Profits Committee Chair Chair of the Company's Pension Scheme Trustee	72,500	5,578	65,000
Sally-Ann Hibberd		48,750	879	45,000
Christine Kennedy		48,750	2,870	45,000
Eileen McCusker	Board Risk Committee Chair	62,562	3,684	55,250
Jim McLaren	Remuneration Committee Chair	58,750	5,503	47,500
Adam Quinney <sup>1</sup>		32,083	-	11,250
Chris Stooke	Senior Independent Director, Audit Committee Chair	65,188	1,660	59,752

<sup>1</sup> Resigned from Board 31 August 2017.

\* The expenses quoted are those which the Non-Executive Directors have incurred for travel or accommodation whilst on NED duties at Head Office. HMRC consider these to be taxable so the figure disclosed is the grossed up value of these expenses (other expenses incurred on NED duty which are not in respect of Head Office are not taxable and have therefore not been disclosed).

# NOTICE OF MEETING

Our AGM will be held on

**20** June  
2018

Notice is hereby given that the Annual General Meeting of The National Farmers Union Mutual Insurance Society Limited (NFU Mutual) will be held at the National Conference Centre, part of the National Motorcycle Museum, Coventry Road, Bickenhill, Solihull, West Midlands, B92 0EJ at 2.30pm on Wednesday 20 June 2018 for the following purposes:

1. To receive the annual accounts and the reports of the Directors and the Auditors for the year ended 31 December 2017
2. To re-elect Kim Arif as a Director
3. To re-elect Steve Bower as a Director
4. To re-elect Brian Duffin as a Director
5. To re-elect Christine Kennedy as a Director
6. To re-elect Eileen McCusker as a Director
7. To re-elect Jim McLaren as a Director
8. To re-elect Richard Percy as a Director
9. To re-elect Lindsay Sinclair as a Director
10. To re-elect Chris Stooke as a Director
11. To re-elect Nick Turner as a Director
12. To elect Jon Bailie as a Director
13. To elect Ali Capper as a Director
14. To fix the remuneration of the Directors
15. To approve the Directors' Remuneration Report, as set out in the Annual Report and Accounts, for the year ended 31 December 2017
16. To appoint Deloitte LLP as auditors for the financial year ending 31 December 2018
17. To authorise the Directors to fix the auditors' remuneration and for the purposes of any other business which may properly come before the meeting.

**By Order of the Board, JD Creechan, Company Secretary 15 March 2018**

## Notes

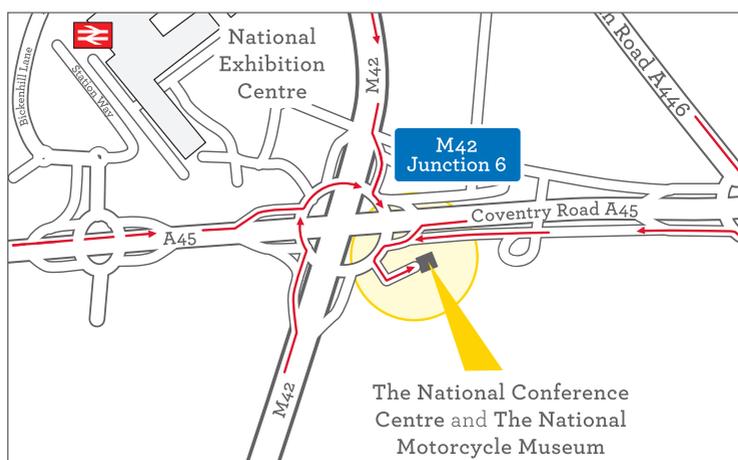
1. A copy of the annual accounts and the reports of the Directors and the Auditors for the year ended 31 December 2017 is available on NFU Mutual's website at [nfumutual.co.uk/agm](http://nfumutual.co.uk/agm), or can be obtained by a member by ringing 0800 072 1065 or by writing to the Company Secretary, NFU Mutual, Tiddington Road, Stratford-upon-Avon, Warwickshire, CV37 7BJ.
2. A member entitled to attend, speak and vote at this meeting may appoint any person as his/her proxy to attend, speak and to vote on his/her behalf at the meeting.

The National Farmers Union Mutual Insurance Society Limited (No.111982). Registered in England. Registered Office: Tiddington Road, Stratford-upon-Avon, Warwickshire CV37 7BJ.

# HOW TO GET THERE

Our 2018 AGM will be held at The National Conference Centre. The NCC is part of The National Motorcycle Museum in Solihull in the West Midlands.

The Museum is located just off the island at J6 of the M42, on the opposite side to the NEC.



## ADDRESS

The National Conference Centre,  
Coventry Road, Bickenhill, Solihull,  
West Midlands. B92 0EJ.



## USING YOUR SATNAV

Some systems incorrectly place the conference centre postcode miles from its actual location. If your SatNav doesn't show the NCC or National Motorcycle Museum as a destination, you may prefer to **use nearby postcode B92 0ED**. Once on the A45 and in the vicinity of the NEC and Airport, The National Motorcycle Museum is clearly signposted.

If you would like this document in large print,  
braille or audio, please contact us on **0800 072 1065**.



**NFU Mutual**

[nfumutual.co.uk](http://nfumutual.co.uk)  
Follow us on twitter [@nfum](https://twitter.com/nfum)

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