

NEW ARTICLES OF ASSOCIATION

At this year's AGM we are proposing a number of changes to NFU Mutual's Articles of Association. Many of these changes are to bring NFU Mutual into line with other widely held companies. The principal changes are summarised below.

DIRECTORS

We are proposing changes:

- to reflect NFU Mutual's current practice of all Directors standing for re-election at each AGM and to address the consequent possibility of no Directors being re-elected;
- to introduce more detailed provisions regarding delegation by the Directors and regarding Board Committees, including allowing such Committees to have some members who are not Directors;
- to remove the existing long list of specific powers granted to Directors which are no longer required given the wide general powers granted to Directors; instead the articles will include only those specific powers which are commonly set out explicitly in the articles of widely held companies (for example concerning the exercise of borrowing powers, the use of NFU Mutual's seal and the provision of retirement, death or similar benefits to Directors and their families); in addition, the articles will contain specific power to allow the Directors to make provision for the benefit of employees of NFU Mutual, and its subsidiaries, in connection with the cessation or transfer of the whole or part of the undertaking of NFU Mutual, or its subsidiaries, since under the Companies Act 2006 ("CA 2006") such power is not exercisable unless it is included in the articles;
- to amend the provision which enables members to nominate a candidate as Director so as to set the level of support required for the notice of such a nomination at 500 or more members representing at least 1% of total voting rights; to extend the time period (in advance of the relevant general meeting) required for such notice; and to allow the Directors to set a record date which will be used to calculate voting rights and whether the required level of support has been obtained;



- to reduce the minimum number of Directors specified in the articles from eight to six; and to provide that, if the number of Directors falls below that minimum, the remaining Directors may act only for the purpose of appointing additional Directors, or convening a meeting to appoint additional Directors, to increase the number of Directors to the minimum; and
- to remove a provision that if some or all of the retiring Directors are not re-elected they may remain in office if their places are not filled at a general meeting.

GENERAL MEETINGS

We are also proposing changes to the provisions which enable members to requisition a general meeting, and to requisition a resolution to be put to the AGM, including changes:

- to set the level of support required to exercise these powers at 500 or more members representing at least 1% of total voting rights;
- to extend the time periods to convene and hold a requisitioned general meeting and to introduce a cut-off date for the receipt of a requisition for a resolution to be put to an AGM; and
- to allow the Directors to set a record date which will be used to calculate voting rights and determine whether the required level of support has been obtained.

Under section 303 of the CA 2006, members have a separate power to requisition a general meeting; the threshold to exercise this power is 5% of total voting rights.

Other changes in relation to general meetings include:

- enabling the holding of general meetings in which members would be able to participate by electronic means as well as by being physically present (should the Directors wish to hold general meetings in this manner);
- giving the Directors flexibility to re-arrange a general meeting in the event of, for example, threatened disruption or other circumstances affecting the comfort, health, safety, or wellbeing of attendees;

- aligning the quorum for AGMs and all other general meetings (save for those convened upon member requisition) at 13 persons present in person and entitled to vote, being members or duly authorised representatives of corporate members;
- adopting the provisions in the CA 2006 regarding notice periods for general meetings, although a longer notice period of at least 21 days is included for an AGM;
- removing the historic distinction between ordinary and special business at a general meeting;
- providing that no poll is to be taken on the question of an adjournment of a general meeting, in order to allow a prompt decision to be taken on such a question;
- allowing, should Directors wish, all votes at a general meeting to be taken on a poll without a vote on a show of hands first being taken;
- introducing more detailed provision in relation to amendments to resolutions, including to the effect that at least 48 hours' notice is to be given to NFU Mutual of any proposed amendment to an ordinary resolution.

COMMUNICATIONS

We are proposing updates to the provisions concerning communications between NFU Mutual and its members, in order to contemplate more explicitly communication by electronic means and to refer in most respects to the relevant provisions of the CA 2006. The proposals do, however, retain the provisions relating to NFU Mutual giving notices to members by advertisement. In addition, if NFU Mutual sends more than one document to a member during any 24 month period, and each document is returned undelivered, NFU Mutual will not be required to send or supply documents or information to that member until he or she provides a new address for that purpose.



A copy of the Articles of Association setting out the changes in full, can be found at nfumutual.co.uk/agm