

# REMUNERATION POLICY TABLE

Type of remuneration	Its purpose and how it links to the strategy	How it operates	What is its maximum potential value?	Are there performance metrics?	Were there any changes to this policy in 2019?
<b>Executive Directors' Remuneration</b>					
Base salary	To recruit and retain individuals with skills and experience relevant to the role and appropriate to contribute to the success of the Company.	Base salaries take account of: <ul style="list-style-type: none"> <li>• skills and experience</li> <li>• salaries across the Group</li> <li>• salaries paid by companies we compete with in the employment market.</li> </ul> Salaries are usually reviewed annually, with changes implemented at 1 May each year.	No specific cap on salaries. In determining any increases, the rate of increase for other employees is considered.	Personal and Company performance and levels of increase throughout the Company are considered when deciding whether a salary increase should be awarded.	No changes to policy. Details of how the Company's policy on base salaries has been implemented in 2019 are on page 81 and 85 of the Annual Report and Accounts .
Benefits. Typical benefits for Executives include Private Medical Insurance (Family Cover) and company cars	To recruit and retain individuals with skills and experience relevant to the role and appropriate to contribute to the success of the Company.	Benefits vary dependent on the requirements of the role and the individual.	No pre-determined maximum. Each benefit is reviewed against the market.	No performance metrics.	No changes to policy. Details of benefits provided to Executives in 2019 are on page 84 of the Annual Report and Accounts 2019.
Annual Bonus (Group Bonus Scheme and Short Term Incentive Plan)	Variable pay at NFU Mutual is designed to enable managers and staff to share in the success of the Company and is payable upon achievement of a set of defined business performance targets.	The bonus is based on business performance against our balanced scorecard of business measures. Targets are set by the Remuneration Committee at the start of each year and achievements reviewed after the year end. The Remuneration Committee can use its discretion to award or adjust bonuses. Awards can be subject to clawback if performance is mis-stated, in the event of misconduct or if there has been a major failure of management resulting in substantial damage to the business or reputation of NFU Mutual. Since 2014, one third of the annual bonus award (Group Bonus Scheme and Short Term Incentive Plan) has been deferred for 3 years post award for CEO and Executive Directors.	Reviewed and determined by the Committee annually, based on market bonus levels. The maximum bonus opportunity is 123% of base salary for the CEO and 88% of base salary for Executive Directors.	Yes. Performance measured against Company key performance indicators.	No changes to policy. Details of annual bonus levels of Executive Directors are provided on page 84 to 85 of the Annual Report and Accounts 2019.



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Long Term Incentive Plan (LTIP)	To recognise the contribution of senior leaders to business growth, ensure a long term view of business success and encourage the retention of senior business leaders.	An LTIP grant is made each year with performance conditions covering a three year period. At the end of the three year period the grant vests dependent on the degree to which performance conditions have been met. Awards are subject to clawback or scale back if performance is mis-stated, in the event of misconduct or if there has been a major failure of management resulting in substantial damage to the business or reputation of NFU Mutual. Levels are reviewed and determined by the Committee annually based on market LTIP levels.	The maximum grant for the CEO is 166% of base pay and 108% for Executive Directors.	Yes. Awards subject to performance metrics determined by the Remuneration Committee. See page xx of the Annual Report and Accounts 2019 for the performance metrics in 2019 - 2021.	No changes to policy. Details of LTIP opportunities for Executive Directors are provided on page 86 and 87 of the Annual Report and Accounts 2019.
Pension	To help recruit and retain individuals with skills and experience relevant to the role and appropriate to contribute to the success of the Company.	The Final Salary section of the Company's scheme was closed to new entrants in 2002 and closed to future accrual at the end of 2016. Executives who joined since 2002 can take: (i) money purchase benefits (ii) pension cash supplement (iii) a mix of (i) and (ii). Pension entitlements are not included as salary for the purpose of bonus calculations.	A flat amount of 15% of base salary. Company contribution levels take account of market practice for Executives. Executives who were members of the Defined Benefit section of the pension scheme will have accrued service and pension in the scheme on 1/60ths basis up to the Pension Scheme specific cap.	No.	No changes to policy. Details of the pension arrangements in place for 2019 are on page 88 of the Annual Report and Accounts 2019.

### Non-Executive Directors' Remuneration

Fees	To recruit and retain individuals with skills and experience relevant to the role and appropriate to the success of the Company, without compromising their independence.	Annual fee for Chairman. Annual fee for Non-Executive Directors. Additional fees paid to the Chairmen of the Board Committees. Additional Fees paid to Non-Executive Directors for membership of Board Committees. Fees reviewed annually, with the Chairman fee reviewed by the Remuneration Committee and the Non-Executive Directors' fees reviewed by the Executive Directors to avoid any conflict.	The Company does not prescribe a cap on fees or operate a standard percentage increase. However, fee levels are benchmarked against market levels.	No.	No changes to policy. For details of the total fees paid in 2019, see page 90 of the Annual Report and Accounts 2019.
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