

# 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 2021?
<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.	<p>Base salaries take account of:</p> <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> <p>Salaries are usually reviewed annually, with changes implemented at 1 May each year.</p>	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 2021 are on page 101 of 2021 report and accounts.
Benefits	To recruit and retain individuals with skills and experience relevant to the role and appropriate to contribute to the success of the Company.	<p>Benefits vary dependent on the requirements of the role and the individual.</p> <p>Typical benefits for Executives include Private Medical Insurance (Family Cover) and company cars or car allowances.</p>	No pre-determined maximum. Each benefit is reviewed relative to market practice.	No performance metrics.	No changes to policy. Details of benefits provided to Executives in 2021 are on page 101 of 2021 report and accounts.
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.	<p>The bonus is based on business performance using 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. Awards are also subject to satisfactory personal performance.</p> <p>The Remuneration Committee can use its discretion to award or to adjust bonuses.</p> <p>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.</p> <p>One third of the annual bonus award (Group Bonus Scheme and Short Term Incentive Plan) is deferred for 3 years post award for CEO and Executive Directors.</p>	<p>The Maximum potential value is reviewed and determined by the Committee annually, based on market bonus levels.</p> <p>The maximum total bonus opportunity for the CEO is 123% of base salary and 88% of base salary for other Executive Directors.</p>	Yes. Performance measured against Company key performance indicators. Awards are also subject to satisfactory personal performance.	No changes to policy. Details of annual bonus levels of Ex-ecutive Directors are provided on page 101 of 2021 report and accounts.



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 2021?
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.	<p>An LTIP grant is made each year with performance conditions covering a three-year period.</p> <p>At the end of the three-year period, the grant vests dependent on the degree to which performance conditions have been met.</p> <p>Awards are subject to clawback or scale back (malus) 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.</p> <p>Levels are reviewed and determined by the Committee annually based on market benchmarks.</p>	The maximum grant for the CEO is 166% of base pay and 108% for Executive Directors.	Yes. Awards are subject to performance metrics determined by the Remuneration Committee. See page 103 of 2021 report and accounts for the performance metrics in 2020 - 2022.	No changes to policy. Details of LTIP opportunities for Executive Directors are provided on page 103 of the 2021 report and accounts.
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.	<p>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.</p> <p>Executives who joined since 2002 can take:</p> <ul style="list-style-type: none"> <li>(i) money purchase benefits,</li> <li>(ii) pension cash supplement,</li> <li>(iii) a mix of (i) and (ii).</li> </ul> <p>Pension entitlements are not included as salary for the purpose of bonus or LTIP grant calculations.</p>	<p>Company contribution levels take account of market practice for Executives.</p> <p>Executive Directors who were Board members prior to [31st December 2021] currently receive 15% of base salary. This position has been reviewed and all Executive Directors will receive 12% of base salary (to align with other employees) by 1st January 2023.</p> <p>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.</p>	No.	<p>The pension base salary supplement for all Executive Directors will be aligned to other NFUM employees by 1st January 2023.</p> <p>Details of the pension arrangements in place for 2021 are on page 105 of the 2021 report and accounts.</p>
<b>Non-Executive Directors' Remuneration</b>					
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.	<p>Annual fee for Non-Executive Directors. Additional fees paid to the Chairs of the Board Committees, and for Committee members.</p> <p>Fees reviewed annually, with the Board Chair fee reviewed by the Remuneration Committee, and the Non-Executive Directors' fees reviewed by the Executive Directors, to avoid any conflict.</p>	The Company does not have a cap or operate a standard percentage increase. However, fee levels are benchmarked relative to market levels.	No.	No changes to policy. For details of the total fees paid in 2021, see page 106 of 2021 report and accounts.