



REPORT AND ACCOUNTS 2025



CHAIR'S STATEMENT

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Jim McLaren
Chair

Throughout 2025, NFU Mutual's purpose and values remained the foundation of our work, guiding our continued commitment to members and all our communities we proudly serve.

■ Putting our members first

We focus on being an insurance company our members can rely on and we are there for people in their hour of need, helping our customers and communities get back on their feet.

Whether it was repairing vehicles, restoring homes, or getting farms and businesses back up and running, we paid more than £1.4bn (2024: £1.4bn) in claims to our members.

Our members trust us to provide an exceptional personal service with a local and accessible presence, and in 2025 we continued to deliver this through our network of over 280 agency offices and our UK-only call centres. We also continued to recognise and reward member loyalty through our Mutual Bonus, providing premium savings of up to 10.5% to those who chose to renew their General Insurance policies.

In 2025, we placed an increasing emphasis on helping members protect their lives and livelihoods for the future. We supported customers through a range of initiatives focused on climate resilience, rural safety, and sustainable claims practices. This included protecting customers from flooding with improvements to their homes, installing 9,542 smart water leak detection devices for free, and using green parts in vehicle repairs where suitable, maintaining repair quality and safety.

■ Farming community support

We are committed to helping all our customers plan for the future but are acutely aware of our longstanding responsibility to farmers – supporting them as they safeguard their businesses and look after their families.

Our heritage continues to shape our deep connection to the farming community and throughout another challenging year, our agency network has been on hand to help farmers preserve what's important, while our Financial Advisers have been working nationwide to help farmers navigate proposed tax changes impacting farms and businesses.

We have the best interests of the rural community at heart and in 2025 made a voluntary donation of £9.1m (2024: £8.7m) to the four main UK farming unions to help them continue their vital role of championing the needs of the farming community.

For more than 20 years we have also campaigned to raise awareness of rural crime and the far-reaching impact it can have. As well as being one of the major funders of the National Rural Crime Unit – a dedicated

nationwide police force focused on protecting rural communities – in 2025 we funded new Automatic Number Plate Recognition cameras across the UK designed to help catch criminals.

We're continually evolving to meet the changing needs of our customers and in 2025 formed a partnership with the Environmental Farmers Group (EFG), joining forces to help farmers embrace environmental and regenerative land use opportunities within the growing natural capital market.

■ Delivering positive change

We understand the importance of quality protection, trusted relationships, and reliable service but also recognise that our role stretches beyond insurance.

As a responsible business, we remain committed to making a positive and lasting difference in everything we do. In 2025, we continued that commitment by donating £4m (2024: £3.25m) to local and national charities across the UK through our Agency Giving Fund, Charitable Trust, Community Champions Scheme and The Farm Safety Foundation.

As a farmer myself, the Farm Safety Foundation is a charity particularly close to my heart. The work they carry out to prepare the next generation of farmers to be responsible, confident and safe farmers of the future is invaluable. In addition to our donation to the foundation, they were also chosen as our corporate charity for 2025, with employees contributing through a payroll giving scheme. Over the year, 614 colleagues took part. I'm incredibly proud of all the charitable support we provide and the meaningful difference it makes to the communities each organisation serves.

As a business we are also acutely aware of our environmental responsibilities. We are happy to report that we have exceeded our 2030 emissions reduction target five years early. In 2025 we successfully reduced our own emissions by 55%, compared to our 2019 baseline.

We were also ranked 4th in ClimateWise's 2025 benchmarking report. Focused on supporting the financial services industry in its transition to net zero, ClimateWise and its annual report assesses members' performance against regulatory best practice and provides individual, independent feedback to support members with their own climate change ambitions.

■ Strong financial footing

Our commitment to environmental stewardship sits alongside our commitment to long-term stability, to build a business equipped for the future.

For more than a century, our members have trusted us to be there when they need us. Maintaining that commitment requires a strong financial foundation. In 2025, the Group delivered a profit of £729m (2024: £360m), driven largely by the positive performance of our global investment portfolio. This growth strengthens our financial position and seeks to ensure we can continue fulfilling our core purpose: paying claims and supporting our members.



Jim McLaren
Chair

■ A new member of the Board

As 2025 drew to a close, we were pleased to welcome Sally Williams as a new Non-Executive member of the Board. With a distinguished career in corporate risk and governance, and experience serving as Audit Committee Chair and member across several organisations including Lancashire Insurance Group and Close Brothers Group, Sally brings valuable expertise and insight. I'm confident that her contribution will further strengthen our Board and help us maintain the high standards of governance our members expect.

■ Thank you

Over the past year, I have seen first-hand the dedication of our people, our agencies and their teams, who work tirelessly for members every day to earn both their trust and their loyalty. I want to personally thank every member for choosing NFU Mutual – the relationships we build together remain at the heart of who we are.

FINANCIAL HIGHLIGHTS

GROUP

£729m **£22.8bn**

Consolidated profit for the financial year 2024: £360m profit

Total Funds under Management* 2024: £20.9bn



GENERAL INSURANCE

£2,582m **£314m** **86.9%**

GWPI before Mutual Bonus* 2024: £2,459m

Underwriting profit* 2024: £168m Profit

Combined Operating Ratio (COR)* 2024: 92.4%



FINANCIAL SERVICES LIFE

£87.0m **£12.6bn**

APE – New Business* 2024: £77.4m

Life Funds under Management* 2024: £11.6bn



* We use a range of alternative performance measures (APM) to assess business performance some of which are not defined or specified under the requirements of Financial Reporting Standards. They provide readers with important additional information on our business. A glossary explains why we have chosen to use them (page 196).



Strategic Report

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GROUP CHIEF EXECUTIVE'S STATEMENT



Nick Turner
Group Chief Executive

In 2025, protecting the lives and livelihoods of our customers and supporting rural communities continued to guide every decision we made. These foundations define us as a business, and over the past year we've significantly built on our strengths while adapting to the evolving needs of our customers.

■ Sharing with members

As our Chair, Jim McLaren, highlights in his statement, the Group delivered a strong performance in 2025, achieving a healthy profit. Our financial strength enables us to reward member loyalty and I'm pleased that so many chose to continue trusting us, with 94.1% (2024: 94.6%) of policies renewed throughout the year.

In 2025 we provided £236m (2024: £238m) in Mutual Bonus to those loyal members, and over the last ten years we've awarded £2.2bn to help reduce premiums for renewing General Insurance customers.

Our long-term focus means we can support our members in this way during both challenging and healthy financial years. Our strong underlying financial position also meant that we were able to maintain existing Mutual Bonus rates for a consecutive year, from July 2025 to July 2026, as we continue to share value with our members.

■ Embracing and investing in change

Delivering value for our customers remains a top priority, and 2025 was a year of innovation and progress as we embraced new opportunities while staying true to our heritage.

We focused on strengthening our systems, capabilities, and ways of working, introducing new technology across the business to enhance collaboration and further improve our agility and resilience.

We continued to invest in our vital agency network, supporting its delivery of the high-quality customer service and experience that defines us. Our Agents and their people live and work in the communities they serve and remain the bedrock of our organisation.

In 2025, we also reached key milestones in our digital capabilities, with the launch of our online account option. We recognise that our members' needs are evolving. We remain committed to being a business that has a local, face to face presence and will continue to support our agency network while expanding our digital and direct capabilities to give customers greater choice in how they do business with us.

■ Customer feedback and endorsements

As you'd expect, we continually use internal and external benchmarks to check we are delivering for our members.

The Institute of Customer Service UK found that in July 2025 NFU Mutual's customer satisfaction was higher than all other insurance competitors when comparing us to their Customer Satisfaction Index – the national barometer of customer satisfaction.

Our 'Voice of the Customer' programme, which provides an integrated approach to reviewing and analysing customer feedback, found that in 2025, 83% of our customers ranked us five out of five when considering the quality of the claims service they received.

We take great pride in leading the way in customer satisfaction, and I am incredibly proud of these results – but we know we can do more and will continuously strive to improve.

Continual focus on customer service and our people led to several other notable achievements throughout the year.

Our claims teams were recognised in the industry by the UK Contact Centre Forum and the Insurance Times Claims Excellence Awards for their use of technology driven processes to help deliver faster, seamless and stress-free outcomes for customers.

We were named 'Which? Insurance Brand of the Year' for the fourth consecutive year, becoming the only insurer to ever achieve this. Considering Which? only survey customers, this is a powerful independent endorsement.



Nick Turner
Chief Executive

We were also certified a UK Top Employer by the Top Employers Institute for the third year running and became the first UK company to win the Gallup Exceptional Workplace Award for ten consecutive years, this time with distinction.

This is testament to the culture and ethos of NFU Mutual, and I am proud to lead such an engaged workforce that is focused on delivering the best for its members.

■ Future focus

I am looking forward to seeing where that drive for improvement takes us, and in 2025, we introduced our refreshed 10-year General Insurance strategy, reaffirming our commitment to meeting the evolving needs of our members throughout the decade ahead. It builds on our solid base, and our three long-term objectives stay the same. We'll continue to be a great company to do business with, grow sustainably and profitably, and be a great place to work.

As we look ahead, we do so with a clear strategy, strong foundations, and the resilience that has long defined our business. My sincere thanks go to colleagues across the organisation for their dedication and commitment throughout 2025. I would also like to thank our Agencies and their teams, whose unwavering support for customers is second to none. Finally, my gratitude goes to our members, for whom we continually strive to deliver the very best.

BUSINESS MODEL AND STRATEGY

NFU Mutual was founded in 1910 by seven Warwickshire farmers and since then we have become the UK’s leading rural insurer and part of the fabric of rural life. We remain true to our heritage; we are here to protect the lives and livelihoods of our customers and support rural communities and, as a mutual, we are concerned with the long-term interests of our members rather than short-term profits.

We are committed to making positive impacts for our customers and our people. Doing business the right way not only benefits the local farming and rural communities in which we operate but also has a favourable impact on wider environmental goals.

Business model

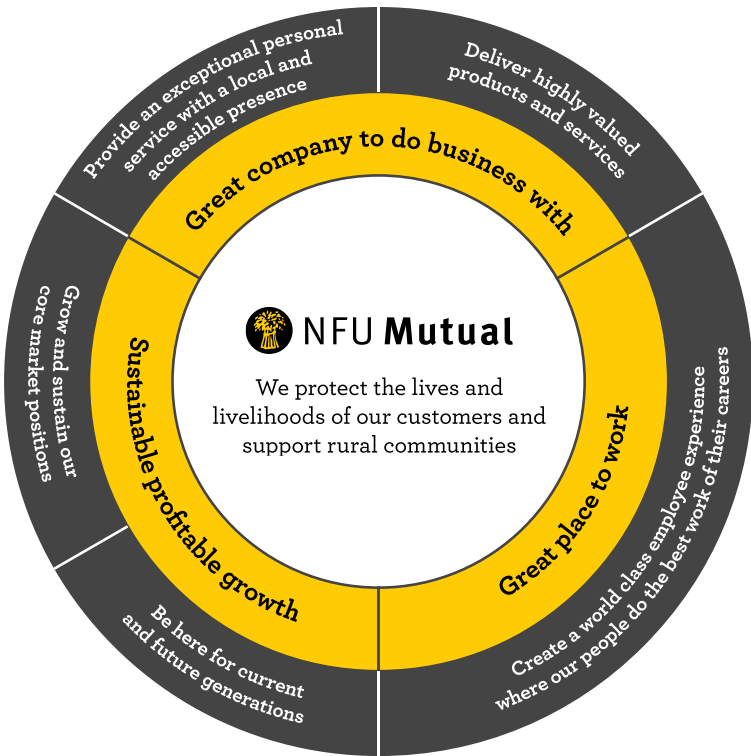
We operate our General Insurance business primarily through a network of Tied Agents, located mainly in rural areas throughout the United Kingdom. Our Agency model provides

specialist advice for relationship led customers with complex or multiple insurance needs, alongside a range of products for those whose requirements are less complex and which can also be bought directly.

We offer life assurance, investment and pensions products on an advised basis via our Financial Advisers. A broad range of products is offered to meet the needs of our members, who can also access them on a non-advised basis from our Non-Advised Sales Consultants or directly.

Our strategy

Our strategy supports the achievement of our three long-term objectives and has a particular focus on five areas, as shown on the wheel below. This strategy covers both our General Insurance and Financial Services (Life, Pensions and Investments) businesses.



Sustainable profitable growth

As a mutual, we do not have shareholders and so are able to reinvest in our business for the benefit of our customers, and we have a responsibility to run a profitable business for them.

Key Performance Indicators used:

- Group Profit for the financial year
- Group Funds Under Management

We will continue to leverage our financial strength to sustain our business for current and future generations of customers. We strive to build on our strengths and diversify into targeted segments, sectors and markets to help us grow our customer base, optimise our capital, and provide resilience for the future.

Our investment strategy underpins our financial strength and stability, with an asset portfolio of £22.8bn (2024: £20.9bn) which is managed by a dedicated investment and property management team. Although in the short term our investments are subject to normal market movements, our strategy is long-term and focuses on building quality, sustainable portfolios for both our Life and General Insurance Business funds.

This long-term view, together with our efficient business model combining product manufacture with effective distribution, enables us to invest for the future with confidence and deliver value for our members.

Refer to Key Performance Indicators on pages 14 to 15 for more information.

“We strive to build on our strengths and diversify into targeted segments, sectors and markets to help us grow our customer base, optimise our capital, and provide resilience for the future.”



Great company to do business with

Our customers are at the heart of our organisation, and we value their loyalty. We embed ourselves in our local communities and invest time in developing long-lasting customer relationships.

We work together to understand our customers' needs and provide them with the right high-quality products and services at a fair, accurate and transparent price.

Most importantly, we aim to provide an excellent experience, especially when it is most needed such as during a claim.

As the UK's leading rural insurer, we take the support we offer to our members and rural communities very seriously, and this extends

beyond insurance into our Responsible Business activity. We champion education and awareness campaigns on a number of key issues affecting those who live and work in rural communities. We support the Farm Safety Foundation which helps to raise awareness of farm safety and reduce risk across the industry. Our Risk Management Services subsidiary provides wide-ranging risk management advice to customers. We make a voluntary financial contribution to farming unions to support the farming industry as well as funding the work of the NFU Mutual Charitable Trust.

Key Performance Indicators used:

- Persistency

Refer to Key Performance Indicators on pages 14 to 15 for more information.



Great place to work

We are making NFU Mutual an organisation that people are proud to be part of, by creating and sustaining a culture which provides an outstanding employee experience, giving all of our employees the opportunity to learn, develop and grow, enabling them to do the best work of their careers.

Key Performance Indicators used:

- Employee Engagement Score

General Insurance business strategy

In an increasingly commoditised and competitive General Insurance market, our strategy of exceptional personal service with a local and accessible presence continues to differentiate us from the competition.

We aim to provide the protection our members need for their assets, businesses and livelihoods through the provision of quality products offering a broad range of cover as standard.

Our value for money approach extends to our claims service and proactive claims management. We focus on working alongside our members in the fields of rehabilitation for injury claims as well as offering proactive support to claims incidents (such as major

localised flooding) together with services aimed specifically at managing risks better.

The Group continues to understand and meet changing member needs and expectations. The focus remains on developing the Agency model to enhance the customer experience through relationship building, ensuring that we maintain our superior service and competitive cost base. We will continue to develop and improve access to our products and services through other channels, including digital, to augment the agency network over the long term.

The vast majority of the General Insurance products we sell are manufactured in-house. The remainder are sourced from carefully chosen specialist lines providers.

To measure progress against delivering the strategy, we use a number of Key Performance Indicators as shown below (calculated excluding Mutual Bonus).

Key Performance Indicators used:

- Gross Written Premium Income
- New Business
- Underwriting Result
- Combined Operating Ratio
- Persistency

Refer to the Key Performance Indicators on pages 14 to 15 for more information.

Financial Services business strategy

We remain firmly committed to growing our Financial Services business by strengthening relationships with our customers and developing a good understanding of their circumstances and financial needs. We aim to provide our customers with high quality advice, delivered by our team of dedicated Financial Advisers, in addition to easy access to quality products without advice when it is not required. This offer is reinforced by a range of quality investment funds.

The Financial Services strategy focuses on:

- ✓ Providing quality products and services that meet customers' needs
- ✓ Building and enhancing our advised proposition and its performance
- ✓ Improving our distribution channels to enhance customer experience and profitability.

We offer in-house Financial Services products which provide fair value to customers. Other products are provided by carefully selected partners.

We use the following Key Performance Indicators to track and measure our progress against delivering the strategy.

Key Performance Indicators used:

- Annual Premium Equivalent
- Life Funds under Management

Refer to Key Performance Indicators on pages 14 to 15 for more information.



KEY PERFORMANCE INDICATORS

Sustainable Profitable Growth (Group)

PROFIT FOR THE FINANCIAL YEAR

£729m

2025: £729m

2024: £360m

NFU Mutual delivered a strong 2025 performance with a profitable underwriting result as well as excellent returns on investments. This led to an overall Group profit for the year of £729m (2024: £360m).

Our 2025 solvency ratio, which measures our ability to survive the most extreme plausible loss over the course of a year, remains high at 238% (2024: 221%).

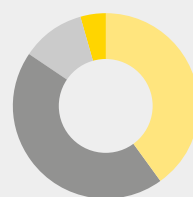
FUNDS UNDER MANAGEMENT*

£22.8bn

2025: £22.8bn

2024: £20.9bn

Despite further geopolitical uncertainty, markets responded well to lower interest rates resulting in a net growth in funds under management of 8.7% (2024: 3.7%) to £22.8bn (2024: £20.9bn).



NFU Mutual General £9.2bn (2024: £8.3bn)

NFU Mutual Life £10.2bn (2024: £9.6bn)

OEIC** Funds £2.4bn (2024: £2.0bn)

NFUMIS Pension Fund £1.0bn (2024: £1.0bn)

Great company to do business with

PERSISTENCY (GENERAL INSURANCE BUSINESS)*

94.1%

2025: 94.1%

2024: 94.6%

Persistency remained strong at 94.1% (2024: 94.6%) as our loyal customers renewed their policies reflecting our strong relationship with our members.

Great place to work

EMPLOYEE ENGAGEMENT



**GALLUP EXCEPTIONAL
WORKPLACE AWARD
2025 ENGAGEMENT WINNER**

In 2025 we became the first UK company to win the Gallup Exceptional Workplace Award for ten consecutive years and were certified as a UK Top Employer by the Top Employers Institute for the third year running.

Sustainable profitable growth
(General business)

**UNDERWRITING
PROFIT***

£314m

2025: £314m

2024: £168m

The General Insurance business delivered a profitable underwriting result of £314m (2024: £168m). Despite a significant weather event at the start of the year, lower claims experience and moderate weather conditions overall contributed to the result.

**COMBINED OPERATING
RATIO (COR)***

86.9%

2025: 86.9%

2024: 92.4%

A COR below 100% indicates profitable underwriting and we remain aligned with our aim to achieve a COR of 98% over the long-term. A favourable claims experience and fewer weather events throughout the year contributed to a strong COR of 86.9% in 2025 (2024: 92.4%). Our strategy helps us to achieve our long-term aim of 98% COR despite previous challenging underwriting years due to external factors.

**GROSS WRITTEN
PREMIUM INCOME
(GWPI)***

£2,582m

2025: £2,582m

2024: £2,459m

GWPI before Mutual Bonus grew by 5.0% (2024: 10.7%) to £2,582m (2024: £2,459m), with strong persistency and increases to average premiums to reflect inflation.

NEW BUSINESS*

£136m

2025: £136m

2024: £155m

Reductions in prices across the personal lines market impacted the volume of customers looking to change insurer.

Sustainable profitable growth
(Life business)

**ANNUAL PREMIUM
EQUIVALENT (APE)***

£87.0m

2025: £87.0m

2024: £77.4m

Customers continued to seek advice throughout 2025 to help them navigate the changing financial landscape. APE rose 12.5% (2024: 15.7%) to £87.0m (2024: £77.4m).

**LIFE FUNDS UNDER
MANAGEMENT***

£12.6bn

2025: £12.6bn

2024: £11.6bn

Life Funds Under Management increased to £12.6bn (2024: £11.6bn) following favourable gains to our equity portfolios.

* We use a range of performance measures (APM) to assess business performance, some of which are not defined or specified under the requirements of Financial Reporting Standards. They provide readers with important additional information on our business. A glossary explains why we have chosen to use them (page 196).

** Open Ended Investment Company.

OUR 10 YEAR PERFORMANCE

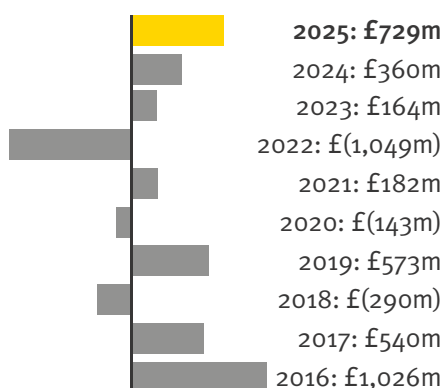
NFU Mutual’s long-term focus means that we have the financial strength to steadily support our members as the external environment and market fluctuates.

GROUP FINANCIAL PERFORMANCE

The nature of insurance means that profitability can vary from year to year however our strategy to focus on the long term enables us to reward our loyal customers during both successful and challenging years. Since 2016, we are proud to have awarded £2.2bn in Mutual Bonus to our members.

Over a ten year period, we have made a profit of £2.1bn reflecting the profit after tax of our insurance business plus our investment returns and the cost of our Mutual Bonus.

Group Profit and Loss

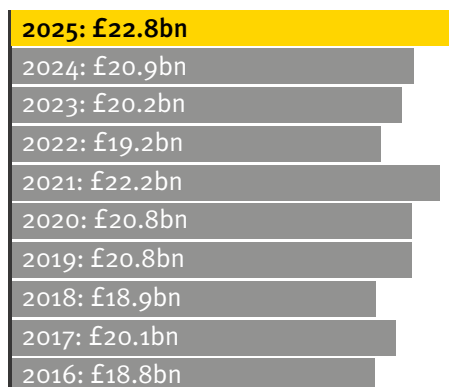


Mutual Bonus



GROUP FUNDS UNDER MANAGEMENT

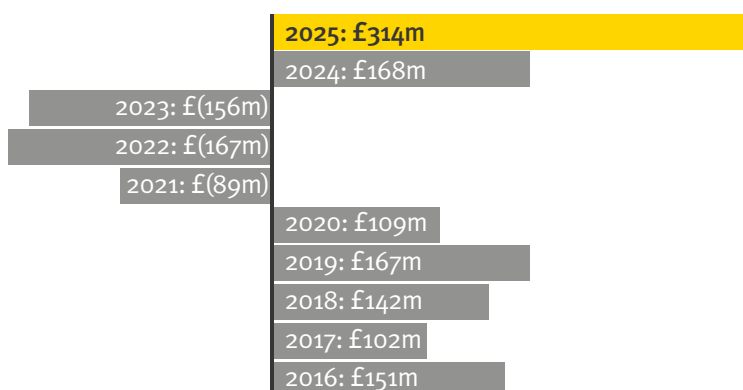
Funds under management have grown from £18.8bn to £22.8bn over the last ten years. Our investment strategy, which focuses on long term performance, has provided resilience during periods of uncertainty and withstood market volatility.



GENERAL BUSINESS

We are proud to support our members, and paying claims is what we are here to do. Our long-term approach means we are able to be there for our members when they need us. Across a ten-year rolling period we made a net underwriting profit of £741m, with a second year of underwriting profit on the back of some challenging years. Our long-term performance supports our commitment to provide savings in renewal premiums to our loyal customers in the form of Mutual Bonus.

Underwriting Profit and Loss



BUSINESS REVIEW 2025



Richard Morley
Finance Director

NFU Mutual delivered a strong performance for our members in 2025 with a second consecutive year of underwriting profit, alongside healthy returns on our investments, to generate an overall Group profit for the year of £729m (2024: £360m). Our investment returns underpin the Group's focus on long-term growth, which enable us to reward and support our members during both challenging and profitable years. In 2025 we provided £236m (2024: £238m) in Mutual Bonus savings to our valued renewing General Insurance members.

Investment markets performed positively in 2025, supported by falling interest rates, and despite geo-political tension combined with caution surrounding the valuation of technology stocks, overall market confidence remained

| | 2025 | 2024 |
|---|--------------|--------------|
| Underwriting Profit | £314m | £168m |
| Mutual Bonus Earned* | (£234m) | (£243m) |
| Allocated Investment Return | £114m | £110m |
| Balance on the Technical Account | £194m | £35m |
| Investment Return | £774m | £478m |
| Other Income and Expenses | (£49m) | (£132m) |
| Taxation | (£190m) | (£21m) |
| Profit for the year | £729m | £360m |

* The Mutual Bonus earned of £234m (2024: £243m) is calculated as the mutual bonus written of £236m (£2024: £238m) and the reduction in the unearned mutual bonus reserve of £2m (2024: increase £5m).

high. This has resulted in an 8.7% growth (2024: 3.7% growth) of funds under management to £22.8bn (2024: £20.9bn). Our underlying financial, capital and solvency position remains strong, and our 2025 solvency ratio, of 238% (2024: 221%), remains high, ensuring we continue to have the capital strength to fully focus on our members.

The General Insurance business has delivered a profitable underwriting result of £314m (2024: £168m) and we continued to support our customers when they need us most. Despite a significant storm event at the start of 2025, mainly impacting Scotland and Northern Ireland, the impact of weather across the rest of the year was modest with reduced claims frequency across personal and commercial lines.

Our pensions and investments business achieved an Annual Premium Equivalent (APE) of £87.0m (2024: £77.4m). Continued political and economic uncertainty, combined with speculation leading up to the Chancellor's Autumn Budget saw an increase in customers seeking financial advice from our extensive network of advisors and we were proud to be able to help ease their concerns.



£236m

awarded in Mutual Bonus for year ending 2025

£74m

Mutual Investment Bonus shared with eligible With-Profits customers in 2025

General Insurance

■ Gross Written Premium Income

GWPI of £2,582m, a growth of 5.0%, with healthy persistency of 94.1%.

Gross Written Premium Income has increased to £2,582m with a 5.0% growth on last year (2024: £2,459m). This performance is underpinned by consistent persistency levels of 94.1% (2024: 94.6%) in an increasingly competitive marketplace. Average premiums have increased to reflect the impact of inflation, although price increases moderated towards the end of the year as inflation eased and with reductions in claims frequency in motor lines were passed on to customers.

Our local, personal approach continues to deliver growth in advised sales, and this is expected to continue as we seek further sustainable growth in commercial lines

alongside supporting existing members through our refreshed General Insurance strategy.

New Business fell to £136m (2024: £155m), with personal lines in particular impacted by reductions in pricing across the market, with fewer consumers choosing to change their insurer. Our brand remains strong and growth in strategic target areas including Commercial and High Net Worth business remains positive.

■ Underwriting result

The positive underwriting result of £314m (2024: £168m profit) reflects a further improvement following the return to profit delivered in 2024. The main drivers of this include relatively modest weather conditions as well as reductions in claims frequency.

Claims costs in 2025 were lower than expected, reflecting a combination of favourable experience across the more volatile claims areas such as weather and very large commercial claims, as well as emerging trends like lower motor claims frequency.

Following a number of years with significant storm events, and despite Storm Éowyn in January, the impact of weather in 2025 was moderate with relatively few large storm or flood events. The unusually hot and dry summer caused an elevated volume of subsidence claims, however, overall the impact of weather was below expected levels. We also experienced a comparatively low occurrence of very large claims, following a higher year in 2024. As with weather, this is a volatile part of our underwriting result and can fluctuate from year to year.

Claims frequency for motor products continued to reduce, which is consistent with the impact of improving vehicle safety, as well as changing driving patterns. Pressures from heightened inflation and global supply chain uncertainty have eased somewhat but remain elevated, and we continue to focus on mitigating cost increases for our customers as far as possible.

Cost control remains a continued focus, with solid management of business-as-usual expenditure enabling us to continue to invest in our change programmes and systems, to modernise our business and provide the best offering to our members.

■ Combined Operating Ratio (COR)

COR at 86.9% (2024: 92.4%) reflects an improved result on the prior year with favourable claims experience and pricing which reflects the significant increases in inflation and weather risk over recent years.

A positive year for claims has helped to support underlying profitability in the face of ongoing inflationary pressures. With our pricing reflecting recent levels of inflation, along with positive 2025 experience in weather, very large claims and frequency of smaller claims, our COR result has improved. However, whilst 2025 was a better year for weather, this remains a key factor in the cost of providing cover for our members and we continue to price for weather over the long term, factoring in consideration of the effects of climate change.

Our 10 year rolling average COR now stands at 97%, and we remain within our 98% long term

COR aim (as we record a second consecutive year of underwriting profit). Prior to this the business endured three challenging years of underwriting losses between 2021 to 2023 and five strong years between 2016 to 2020. This demonstrates not only the long-term nature of insurance, but our track record of providing our members with excellent customer service, as well as loyalty savings through our Mutual Bonus, in both profitable and challenging years.

COR is calculated as claims, expenses and commissions as a percentage of earned premiums (the element of the written premium that relates to the accounting period) before earned Mutual Bonus and after allowing for reinsurance.

■ Mutual Bonus

In 2025 we provided £236m (2024: £238m) in Mutual Bonus.

Our Mutual Bonus scheme enables us to reward the loyalty of our General Insurance customers with a saving on the renewal premium of their GI policies. NFU Mutual's focus on our long-term investment strategy, and our strong financial position allow us to provide a significant Mutual Bonus going forward for all renewing members.



Life, Pensions and Investments

■ Annual Premium Equivalent (APE)

The continued political and economic uncertainties, combined with speculation leading up to the Chancellor's Autumn Budget, saw an increase in customers seeking financial advice with APE growing to £87.0m, up 12% in 2025 (2024: £77.4m).

Customers continued to look for alternative solutions to managing Inheritance Tax (IHT) concerns, resulting in lower Pension accumulation sales, whilst Protection sales remained strong. Pensions at retirement delivered robust performance, largely driven by budget speculation and potential changes to taxable benefits and allowances, with a peak in both drawdown volumes and tax-free lump sums between September and November, echoing trends seen in Q4 2024. In the run-up to and following the Chancellor's Autumn Budget many customers turned to our team of 70+ Financial Advisers for guidance on navigating the changes, whilst those not requiring advice made use of our non-advised telephone service or opted for our enhanced self-service channel to transact online.

Ongoing customer financial hardship, the funding of capital projects, and the consolidation of funds, have contributed to several years of reduced persistency, but policy persistency improved in 2025 to 96.8% (2024: 96.4%). Whilst persistency remains below historical levels, it continues to be very high by industry standards, evidencing sustained customer loyalty to NFU Mutual.

■ With-Profits

In 2025 we shared £74m (2024: £71m) with eligible With-Profits customers through our Mutual Investment Bonus. This is applied as an uplift to investments and is in addition to the annual bonus that many customers receive.

NFU Mutual remains committed to the concept of With-Profits (which offers a smoothing of returns and an element of guarantee) and maintaining a viable Life business in the future. The With-Profit funds on our Pension products continue to see an increase in inflows (2025: £86m, 2024: £82m). In 2025, people continued to invest with NFU Mutual and 25% (2024: 26%) of these new customers chose a With-Profits option when investing into ISAs, pensions and bonds. As a mutual with no shareholders, eligible customers who invest in the With-Profits fund benefit from its success and financial strength, reflecting the current and expected economic conditions.

■ My Investments

The My Investments platform continues to grow, with 35k customers (2024: 34k) having their investments on the platform. The My Investments platform assets under management increased to £2.48bn (2024: £2.07bn), of which £307m is With-Profits business (2024: £225m). NFU Mutual customers can view many of their investments online, giving them quicker access to see how their funds are performing, their current value and greater flexibility.

“NFU Mutual remains committed to the concept of With-Profits (which offers a smoothing of returns and an element of guarantee) and maintaining a viable Life business in the future.”

Group companies

■ Avon Insurance plc

Avon Insurance continued to demonstrate strong profitability of £4.9m (2024: £4.5m).

Avon Insurance is a wholly owned subsidiary which specialises in personal accident and accidental death insurance products. Avon Insurance has been closed to new business since 2013 but continues to service the existing book of more than 357k policies (2024: 385k policies). In addition, Avon Insurance underwrites insurance cover for the Group, writing Motor Fleet, Property, Employers Liability and Public Liability insurance policies.

Avon's Gross Written Premium in 2025 was £14.6m (2024: £15.6m), with profit before tax of £6.5m (2024: £5.9m). Avon returned dividends to the Group of £3.5m (2024: £6.5m).

■ Risk Management Services Limited (RMS)

RMS is a wholly owned subsidiary of NFU Mutual whose primary objective is to add value to our farming and commercial customers by helping them to identify and manage health and safety risks within their business. In doing so, this results in fewer accidents, losses and business interruptions, deepening relationships as well reducing insurance claims to the NFU Mutual Group.

In 2025 RMS once again saw unprecedented demand for its services with an uplift in both sales and customers site visits compared to previous years. This was achieved despite risk consultant attrition throughout the year which impacted our ability to generate revenue. Our end of year financial position is a loss before tax of £0.6m (2024: £0.8m loss).

Group funds under management

Despite some challenging news headlines, 2025 proved to be an excellent year for our investment assets, with the overall Group funds under management increasing to £22.8bn (2024: £20.9bn). The General Business Fund saw an investment return of 10.5% in 2025 and a 3-year annualised return of 8.3%, with both periods outperforming the Fund's internal benchmark.

Global investment markets showed remarkable resilience in 2025 despite challenging macroeconomic and geopolitical backdrop issues including significantly higher US trade tariffs, geopolitical tensions, and concerns over government debt levels in a number of countries. Market resilience was aided by progress in trade deals, and tariffs to date having a more limited impact than initially feared. However, the key to the strength of markets was the ongoing broadly positive fundamental investment backdrop of solid global economic and corporate growth, inflation largely under control and declining interest rates, with added impetus relating to the rapid development and potential of artificial intelligence. In another strong year for equity markets, 2025 saw gains of around 24% for UK equities and 14% for international equities. There were also widespread positive returns across our fixed income, property, infrastructure and cash assets. This led to our overall investment assets under management increasing by 8.7% in 2025 to £22.8bn.

■ General funds under management

In another successful year for the General Business Fund, a 2025 investment return of 10.5% saw outperformance compared to its internal benchmark of 10.0% and increased the value of its assets to £9.2bn at year end (2024: £8.3bn). The Fund has almost a third of its assets in equities, and both our UK and international equity portfolios saw strong 2025 returns that were ahead of their benchmark indices. There were also double-digit gains and outperformance for our emerging market debt portfolio in 2025, whilst we saw single-digit gains across our UK government bond, corporate bond, high yield bond, cash, property and infrastructure portfolios. Longer-term returns have also been led by equities, with the Fund achieving 3 and 5-year annualised returns of 8.3% and 4.4% respectively, comparing favourably to our benchmark returns of 7.8% and 3.5%. The mix of asset classes in the portfolio was relatively stable in 2025, with modest reductions in exposure to corporate bonds, UK equities and UK property, and increases for emerging market debt, UK government bonds, international equities and the continued gentle building up of exposure to overseas property and infrastructure.



Richard Morley
Finance Director

■ Life funds under management

Within our various Life funds there is generally a higher exposure to equities, and strong gains across our UK and international equity portfolios helped grow our overall Life funds under management to £12.6bn in 2025 (2024: £11.6bn). Our With-Profits and mixed asset retail funds form the bulk of these Life funds, and other than some gentle shifts, the overall mix of assets remained broadly stable in 2025. The main Life fund has over half of its assets in equities and achieved a return of 13.0% in 2025, compared to its internal benchmark of 12.4%. Longer-term returns have also benefited from this exposure to equities, with 3 and 5-year annualised returns of 9.8% and 6.8% respectively, compared to our internal benchmark returns of 10.1% and 6.4%. With widespread asset class gains, 2025 saw healthy returns across our range of unitised retail funds, although again led by growth in our mixed asset and equity funds. Outside of a period of relative weakness for some of our UK equity funds, performance elsewhere continues to see a good majority of our funds ahead of relevant benchmark.



RESPONSIBLE BUSINESS

Above and beyond





In this section, we share how we're striving to make a positive and sustainable difference for our customers, people, communities and the environment.

Doing the right thing has always been our starting point. But we believe in going further. That's why our customers don't just choose us, they trust us. We deliver much more than our clear and fair insurance offering. From helping customers prepare for the risks of tomorrow to

caring for the environment, we're committed to creating real value in everything we do.

Our Responsible Business Strategy

NFU Mutual's Responsible Business Strategy is focused on using our influence and expertise in the most positive and productive ways we can. Our commitment for the years ahead is supported by our four strategic responsible business ambitions, which are illustrated below.

|  Protecting Rural Lives and Livelihoods |  Building a Healthy Working Community |  Caring for the Environment |  Doing Business the Right Way |
|---|---|---|---|
| <p>To make positive impacts on the welfare of those living and working in rural communities in the UK, and being there for our members in times of need.</p> <p>To help protect the livelihoods of the UK farming community, both now and for future generations.</p> | <p>To support wellbeing across our community of employees and agencies.</p> <p>To continually strive for equality and to create workplace environments and relationships that foster respect and belonging.</p> | <p>To contribute to reducing climate change and its impact.</p> <p>To help conserve and enhance nature and biodiversity through our own activities and influence.</p> | <p>To continue to incorporate Environmental, Social and Governance factors in our decision-making, how we operate our business and our supply chain, where we place our investments and the products and services we provide.</p> |
| <p>NFU Mutual is aiming to champion this area.</p> | | | |

NFU Mutual's responsible business approach is robust and evidence driven, considering factors across an Environmental, Social and Governance (ESG) framework. We want the topics covered under our strategy to continue to reflect what matters most to our stakeholders, as well as addressing areas with the greatest potential business impact. That's why, three years after launching our evolved Responsible Business Strategy, we conducted a review of our key areas of focus in 2025.

The findings were determined through extensive research with stakeholder groups – including customers, Agents and employees – as well as a thorough analysis of the risks and opportunities posed by each focus area.

Evolving our materiality analysis has given us an even clearer understanding of the significance of each topic to NFU Mutual's future resilience and success, helping us to better pinpoint where we need to focus our activity, targets and reporting.



To learn more about our materiality review, please visit our website and read our latest Responsible Business Report: nfumutual.co.uk/responsible-business



We're pleased to have taken strides in all areas of our Responsible Business Strategy, and below we've shared just some of our key activity from last year.

Protecting Rural Lives and Livelihoods

Our strategic ambition to protect rural lives and livelihoods sets out our aim to make a positive impact on the welfare of those living and working in rural communities in the UK, and to be there for our members in times of need. We also aim to help protect the livelihoods of the UK farming community, both now and for future generations.

We also raise awareness of key issues, delivering proactive support that goes beyond business-as-usual activity to help protect our customers against current and future risks.

■ Reducing escape of water impacts

NFU Mutual has launched a two-year trial with LeakBot, offering a cohort of home insurance customers a free smart water leak alarm to help protect their homes from costly water claims.

Escape of water claims can cause homeowners significant damage, stress and time. By catching small pipework leaks early, before they become a bigger problem, these impacts can all be significantly reduced.

If the smart device detects a leak, a LeakBot engineer will attend to fix the problem at no cost to the customer. Across 2025, 9,542 devices were installed, and over 890 leaks were repaired by a LeakBot engineer— of which, 290 potentially damage-causing incidents were successfully prevented. Across all leaks fixed by either a LeakBot engineer or the customer, the scheme has saved approximately 74.4 megalitres of water waste – the equivalent of almost 30 Olympic swimming pools.

■ Flood resilience

With climate change driving more frequent and severe flooding, prevention and protection are more important than ever. We supported customers with over 540 flood claims in 2025.

We go further to help customers affected by flooding, offering advice on how to repair and protect against future flooding, as well as contributing to the cost of flood-resilient repairs under our Home policies. In 2025, we paid over £557,000 (2024: £340,000) towards flood-resilient repairs to support our members.

Since making that addition to policies in 2017, we have paid more than £1.9m towards flood-resilient repairs, helping our members to build back better.

£1.9m

Since making that addition to policies in 2017, we have paid a total of over £1.9 million towards flood-resilient repairs, helping our members to build back better.

In order to tackle flooding from all angles, the UK Government has created a Flood Resilience Taskforce – a cross-departmental group that includes DEFRA, the Home Office, the Environment Agency, the Ministry of Housing and the National Farmers' Union. NFU Mutual has supported the vital ongoing work for this taskforce, with Director and senior management engagement and participation in government roundtable discussions.

Alongside representatives of other insurers, we contributed to conversations on how insurers can support those at risk of flooding, enhance the resilience and recovery of affected communities, and increase access to affordable flood insurance. We'll continue to monitor these topics as discussions evolve to ensure we can play a constructive role in helping to protect our communities and members.

■ Helping our commercial customers increase resilience

We're excited to be trialling two risk management services with a test group of commercial customers, aimed at helping them to manage risks related to fleet and cyber.

The new fleet support offers a free online risk management hub through our partners at VUE. It's a self-serve risk awareness and information tool including awareness and support information, best practice case studies, driver wellbeing guidance, a policy builder tool and monthly safety updates. Through a driver coaching app, Fleet Managers can control a dashboard of e-learning to aid driver skills development. Customers can also choose one of two assessment options: a PulseLight fleet health check with DriveTech or a Driving for Better Business fleet gap analysis.

Cyber-attacks are becoming a more frequent occurrence as technology develops, with several high-profile attacks on major businesses hitting the headlines. Businesses of all sizes are being urged to step up levels of protection. To help, we've partnered with Storm Guidance to offer a comprehensive cyber risk management service that includes vulnerability scanning, insurer-aligned risk assessments, practical remediation guidance, real-time progress tracking and access to a marketplace of specialist services, such as penetration testing and consultancy.

■ Prevent and protect advice

In October 2025, we sent the first in a new series of quarterly E-newsletters to share practical prevention advice with our home and motor customers. With the aim of giving customers actionable tips to help protect their property against seasonal damage, this first edition shared a video explaining checks and maintenance to reduce the risk of frozen pipes over the winter months. Winter weather can also make driving more challenging, so guidance was shared on preparing customers for safer trips in the cold. After this well-received pilot, NFU Mutual looks forward to rolling out a quarterly E-newsletter in 2026, offering timely

advice on topics like rural road safety, home security and what to do if a customer's car breaks down.

■ Rural road safety

NFU Mutual launched a rural road safety campaign in 2020, setting out to raise awareness of the avoidable loss of life on our countryside roads. Each year, we carry out an analysis of Department for Transport (DfT) figures and educate the public on the unique hazards found on rural roads, including blind corners and junctions, inappropriate speed limits, and navigating vulnerable road users and agricultural vehicles.

We worked with experts including the Royal Society for the Prevention of Accidents, the main UK farming unions, the Older Drivers Forum and the British Horse Society to create the first ever Code for Countryside Roads in 2024. This continues to be a freely available resource that acknowledges the particular skills and awareness needed to use rural roads safely.

We know that more can be done, so we're advocating for there to be greater training for learner drivers on rural roads, both in theory and practice, as well as for the creation of a dedicated rural road safety awareness course for those who commit driving offences on countryside roads.

■ Tackling rural crime

For over 20 years, NFU Mutual has campaigned to raise awareness of rural crime and the far-reaching impact it can have on farmers, their families and the wider rural community.

In 2025, we invested more than £540,000 in initiatives aimed at tackling rural crime. This included a new £62,000 project to install Automatic Number Plate Recognition (ANPR) cameras across 13 different rural locations around the UK.

Aside from financial backing, we support customers with insurance discounts if they fit approved security devices to agricultural

vehicles. We also actively engage with the industry and contribute to efforts to strengthen existing legislation for a more effective response to rural crime. NFU Mutual is delighted the Equipment Theft (Prevention) Act is now due to be expanded, a move we have strongly supported, and we keenly await the Act coming into effect. We continue to work with industry bodies and push for similar legislation in Scotland to tackle cross-border crime and stop organised gangs in their tracks.

■ Supporting farming unions

We continue to provide funding for the UK's main farming unions as they work with the UK Government to keep agriculture running, supporting rural businesses and families around the UK. In 2025, NFU Mutual donated £9.1m to farming unions to carry out their vital role.

■ Supporting our communities

We care for the welfare of our customers and their communities. Guided by our shared values, we aim to use our expertise and partnerships to help them live well. Through our community support, we help keep critical services open, make communities more resilient and – by making rural living easier – help businesses have access to a thriving local workforce.



£4m

In 2025, NFU Mutual donated £4m to local and national charities across the UK.

Our charitable donations were distributed through different funds covering a variety of causes. These are:

The NFU Mutual Agency Giving Fund

From providing food parcels to supporting local hospices and mental health support groups, the Agency Giving Fund champions front-line charities across a broad range of sectors, helping to keep vital services going for members and their communities.

NFU Mutual invites local agency and branch offices to nominate local charities. Their local knowledge helps direct the funding to key areas of support.

The NFU Mutual Charitable Trust

The NFU Mutual Charitable Trust was set up in 1998 to support other charities and organisations working in the interests of agriculture, rural communities and the countryside, and it's one of the main ways NFU Mutual supports larger charities who operate nationally.

Last year, our funding helped to deliver a range of initiatives, including rural poverty relief, supporting the resilience of small farming businesses, advancing agricultural education, and improving health and wellbeing.

The NFU Mutual Community Champions Scheme

NFU Mutual has a Community Champions Scheme fund to donate to fundraising events and initiatives undertaken by employees, Agents and Agency staff, and to charities close to NFU Mutual's key office sites.

The Farm Safety Foundation

NFU Mutual set up The Farm Safety Foundation (Yellow Wellies) as an independent registered charity in 2014 to preserve and protect the physical and mental wellbeing of the next generation of farmers. We are proud to continue as the main funder of the charity.

Our donation will help The Farm Safety Foundation to continue delivering its education programme, campaigns, research and UK-wide engagement. These activities raise awareness of risk-taking behaviours and poor mental health in the farming industry, successfully driving change in attitudes and behaviour.

The Farm Safety Foundation trained over 3,400 young farmers across 2025, as well as conducting research into attitudes to farm safety to discover how to challenge and change risk-taking behaviour.

■ The impact of our partnerships

Alongside financial donations, we're proud to support some of our national recipients with partner projects.

This includes The Farm Safety Foundation. In addition to a £370,000 donation in 2025, NFU Mutual supported The Farm Safety Foundation through an opt-in payroll giving scheme for employees. By donating the pennies from their monthly pay, 614 employees contributed an additional £3,520 to help fund the charity's vital work.

We are also proud to support FareShare's fight against food poverty and have donated £500,000 to FareShare through the NFU Mutual Charitable Trust since 2021. Beyond donations, we have championed the charity's Surplus with Purpose initiative with our customers and networks. The scheme helps businesses across the food supply chain cover the extra costs of redistributing their unsold food to people who need it most.



For more information about our community support approach and charitable donations, visit nfumutual.co.uk/responsible-business

Building a Healthy Working Community

Our strategic ambition to build a healthy working community sets out our aim to support wellbeing across our community of employees and agencies. We also continually strive for equality and aim to create workplace environments and relationships that foster respect and belonging.

We ensure that employee feedback is captured, understood and acted upon. Our clear policies and procedures support fairness and consistency across the organisation, as well as aligning with employment law and regulatory requirements. Through our training and development approach, we aim to enhance employee skills, knowledge and career progression.

Together, these efforts combine to create an environment to inspire employees to do the best work of their career.



Visit page 78 to learn more about our People Strategy, including our approach to diversity and inclusion, our support for employee health and wellbeing, and our commitment to developing our people.

■ World-class engagement

We work hard to maintain high levels of engagement, listening regularly to our employees and providing targeted support. In 2025, we achieved a score of 4.66 out of 5 in the Q12 Gallup Employee Engagement survey, demonstrating world-class engagement levels for the eleventh consecutive year.

As further evidence of our dedication to excellent people practices, the Top Employers Institute recognised NFU Mutual as a certified UK Top Employer for the third successive year in 2025.

■ Looking after our people

Our aim is to promote healthy ways of working and provide the right support so that colleagues can perform at their best. One of the ways we do this is through a dedicated wellbeing hub – a central resource that shares guidance and learning opportunities, as well as signposting internal and external support. We also have an Employee Assistance Programme, which offers immediate support from qualified counsellors and practical tools to help manage day-to-day wellbeing.

We delivered over 1,290 hours of interactive health and wellbeing training in 2025. This included both face-to-face sessions and webinars, working in partnership with The Wellbeing Project, a global consultancy of business psychologists and wellbeing specialists, as well as other trusted external organisations. It also included additional wellbeing support sessions arranged by our Employee Network Groups, further strengthening awareness and everyday wellbeing practices across the organisation.

■ Employee volunteering

Our Employee Volunteering Programme enables all NFU Mutual employees to support a good cause in their community as part of their working year. Employees can spend up to one working day each year volunteering as part of a team with charities that support the areas where we seek to make a positive difference. Guidance is available to help our employees choose suitable volunteering opportunities.



Over 7,100 hours

Across 2025, more than 1,040 NFU Mutual employees (23% of all employees) dedicated a total of over 7,100 working hours to support community causes through our Employee Volunteering Programme.

■ Diversity and inclusion

We want our employees to feel empowered, engaged and supported to develop their skills and make a real difference.

In 2025, we enhanced our inclusive recruitment approach, expanding our internal inclusive language learning resources, and deepening our partnerships with the LGBTQ+ Insurance Network (LINK) and the Group for Autism, Insurance, Investment & Neurodiversity (GAIN). As part of this work, we took part in the GAIN Benchmarking Survey and carried out a digital accessibility review, giving us clearer insight into colleagues' experiences and where to focus improvements.

We also maintained our commitments to the Race at Work Charter and the Disability Confident Scheme, and met our Women in Finance Charter target, with women now representing over 40% of our senior management population. To further support an inclusive culture, we appointed new Senior Sponsors to champion our Employee Network Groups and launched enABLE, our new employee-led network open to all with the aim of supporting and connecting employees with disabilities that will appoint its Senior Sponsor in 2026.

Our continually evolving approach to diversity and inclusion includes a strong focus at the highest levels of our organisation. In 2025, we formally updated our Board Diversity Policy and have voluntarily aligned with diversity targets set out in the Financial Conduct Authority's Listing Rules, which we aim to achieve by 2030.

We were particularly proud to achieve the 2025 Silver Standard TIDE Award, with a score of 75% compared to 37% in 2023 – a strong endorsement of our ongoing commitment to building a more inclusive and supportive NFU Mutual working community.

Learn more about how we are creating a diverse and inclusive environment on page 81.

■ Training and development

Our training and development solution equips our employees with the skills they need today, as well as looking ahead to prepare them for future business requirements. We lay strong foundations for continual professional development, helping our employees do the best work of their careers at NFU Mutual. We recruited 55% of roles from our own workforce in 2025, evidencing our focus on developing our people and preparing them for new opportunities. The proportion of female internal senior management appointments reached 59% in 2025, up from 50% in 2024.



To find out more about training and development at NFU Mutual, please visit our website and read our latest Responsible Business Report: nfumutual.co.uk/responsible-business

Caring for the Environment

Our strategic ambition to care for the environment sets out our aim to contribute to reducing climate change and its impact, as well as our aim to help conserve and enhance nature and biodiversity through our own activities and influence.

We also seek to develop climate-related products and services that aim to help customers adapt to a low-carbon economy.

We're happy to report that we have exceeded our 2030 emissions reduction target five years early. In 2025, we successfully reduced our own emissions by 55%, compared to our 2019 baseline.

For more information on NFU Mutual's Climate Change Strategy and Net Zero Roadmap, please visit the Climate Change section of this report, which is available from page 47.

■ Working with ClimateWise

Through our active engagement with industry initiatives, we better understand and actively contribute to climate-related developments. In 2023, we became members of ClimateWise, which is an industry collaboration convened by the University of Cambridge's Institute for Sustainability Leadership (CISL). The aim of ClimateWise is to support the insurance industry to better understand, communicate and respond to the risks and opportunities associated with climate change.

Since becoming members, we have participated in the ClimateWise reporting process twice. This has enabled us to benchmark our climate performance against regulatory and best practice frameworks and gain insight on how our activity compares to other insurers. We were proud to rank 4th in ClimateWise's 2025 benchmarking report and to improve on our 2024 score.



For more information about our membership with ClimateWise, please visit the 2025 NFU Mutual Climate Change Report that is available on our website.

■ Offering our customers green claims options

We are committed to offering claims solutions that help mitigate climate change impacts and support the transition to a low-carbon economy.

For example, following a claims event, customers can choose to repair household items rather than replace them through our partnership with specialist provider, Magicman.

Recognising the benefits of a more circular economy, one of our property Loss Adjusters and repair suppliers, Crawfords & Company, is working with Community Wood Recycling (CWR). CWR is a national network of social enterprises that collect, reuse and recycle waste wood. This wood is then sold in reclaimed timber stores or used to create new products and sold through social enterprises.

We have also developed several solutions to reduce the emissions associated with motor claims in recent years, such as selecting recycled parts for motor repairs where suitable, whilst maintaining repair quality and safety, which are of paramount importance to NFU Mutual. We fitted over 400 recycled parts in 2025, saving an estimated 13kg of CO₂. We're pleased to see the use of recycled parts increasing – the number installed in 2025 was a 192% higher than in 2024. When a customer's repair involves green parts, we issue a CO₂ savings certificate to show the positive impact.

■ Our nature and biodiversity approach

After defining our nature and biodiversity approach in 2024, our 2025 target was to begin embedding this across the business. Progress has included extending our scope of work to complete a Taskforce on Nature-related Financial Disclosures (TNFD) LEAP assessment of NFU Mutual's occupational property. This confirmed that our estate has a low nature-related risk profile and identified opportunities to enhance biodiversity, strengthen reporting metrics, and integrate findings into our operational risk frameworks.

In 2025, we also developed a set of guiding principles to steer our strategic approach to nature and biodiversity, ensuring greater alignment with evolving regulatory expectations, public sentiment and our Responsible Business Strategy.



Visit the 2025 NFU Mutual Climate Change Report, which is available on our website, to learn more about our nature and biodiversity approach.

■ Evolving to meet farming's natural capital needs

We're always growing to meet the evolving needs of our customers. In 2025, NFU Mutual formed a partnership with the Environmental Farmers Group (EFG) with the aim of helping farmers manage the risks of devoting land to environmental and regenerative schemes within natural capital markets.

The EFG works with other rural organisations (including Natural Capital Advisory and the Game and Wildlife Conservation Trust) to deliver positive, landscape-scale environmental change through natural capital trading.

By combining expertise with the EFG and its network, we're taking a significant step towards developing the right solutions to help customers effectively manage their natural capital risks.

■ Re-use with an impact

Our furniture donation scheme has been running for 15 years, and 2025 was our biggest year of donations yet. The aim of the scheme is to give items we no longer need a valuable second life with organisations that have a use for them.

Across 2025, we gave 1,422 pieces of furniture to local groups like community centres, schools and hospices, helping them to update key spaces and redirect funding to where it matters most – delivering their valuable community services.

Doing Business the Right Way

Our strategic ambition to do business the right way sets out our aim to continue to incorporate Environmental, Social and Governance (ESG) factors in our decision-making, how we operate our business and our supply chain, where we place our investments and the products and services we provide.

Our well-embedded risk management culture, strong governance, commitment to legal compliance and ethical conduct all contribute to us operating in the transparent, trustworthy way our customers expect.

■ Responsible investment

We believe in the strong stewardship of our investment assets, including active engagement and voting activity with the companies we invest in.

We recognise that ESG factors should be considered alongside other investment criteria to help deliver returns for our customers.

To ensure our approach aligns with the needs of our customers, NFU Mutual seeks feedback through a range of forums. In 2025, this included a specific ESG investment survey, with 269 customers sharing their views. We asked if NFU Mutual's ESG Investment Strategy matched their values and 82% of respondents delivered a positive/neutral response.

Our purpose is both collective and long term, and we will continue to invest responsibly and reflect the interests of our members in our stewardship activities.



Visit our website to view NFU Mutual's latest Annual Stewardship Report.

■ Responsible property investment

We're proud to provide a diverse range of facilities and spaces, managing approximately £1.8 billion in UK real estate assets. ESG factors are central to our property investment approach, whether we're onboarding new assets or managing long-term investment properties day-to-day.

We initiated a variety of exciting real estate projects in 2025, including new industrial development sites, office refurbishments, and the installation of new sustainable technology across existing assets. For example, we are developing 800,000 square feet of new industrial warehousing that will all achieve an Energy Performance Certificate (EPC) rating of A and meet a minimum BREEAM* "Excellent" standard. Elsewhere, we have started to update a 100,000 square foot office space in Manchester city centre with electric-based heating and cooling. The first phase of the project is complete, achieving an EPC rating of B. Work will continue across the rest of the building into 2026.

Across 2025 and 2026, we will also be deploying electric vehicle (EV) charging infrastructure across our nine directly owned retail warehousing investments.

■ Engaging with our suppliers to drive meaningful change

Now more than ever, it's important that we engage with our suppliers to understand how we can best work together to achieve shared responsible business goals.

Our third-party due diligence provider, Hellios, helps us to understand the sustainability approach of our existing and potential suppliers. Through the Hellios Financial Supplier Qualification System (FSQS) platform, we can assess whether a supplier has a

*BREEAM (Building Research Establishment Environmental Assessment Method) is the world's leading science-based sustainability certification for the built environment, assessing asset performance from new construction to in-use operation. It drives net-zero, health, and resilience goals by rating buildings on criteria like energy, water, waste, and ecology.



sustainability policy, what processes they have in place to reduce emissions and what targets and metrics they are using to measure performance.

We understand the value of collaboration, and we continue to work with strategic and key suppliers after they have been onboarded to understand their Environmental, Social and Governance progress.

As the key point of contact between NFU Mutual and its suppliers, our Business Relationship Managers (BRMs) play a vital role in encouraging an open dialogue on responsible business topics. To support them, we held a series of webinars equipping BRMs to talk regularly to suppliers about climate change, discussing how we can work together to reduce emissions.

■ Data security and privacy

Robust security and privacy practices are at the heart of how we operate. Our commitment to data security and privacy is set out across a suite of information security and data protection

policies. Embedding these policies involves a collaborative approach across a range of business areas to help us meet regulatory expectations and make our operations – both online and offline – as secure as they can be. We also regularly benchmark our performance to assess the maturity of our cyber resilience and greater alignment with industry best practice.

NFU Mutual has robust technical controls in place to identify threats, detect attacks and respond swiftly. We also deliver an ongoing programme of education and awareness for NFU Mutual employees. Through a combination of mandatory learning and interactive engagement activities, we’re driving ever-higher levels of understanding and awareness across our employee base.

Our programme of activities across Cyber Security Awareness Month in October is just one of the ways we grow employee knowledge around data security. In addition to our in-person events and online challenges, we launched a new optional e-learning course – the Cyber Academy – which offers a deep dive into topics like ransomware attack trends, emerging AI threats and social engineering risks.

OUR RESPONSIBLE BUSINESS ACTIONS IN 2025



£4m

donated to local and national charities
(2024: £3.25m)



£9.1m

of voluntary donations to UK farming unions
(2024: £8.7m)



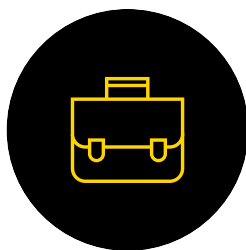
Over 7,100

hours of employee volunteering



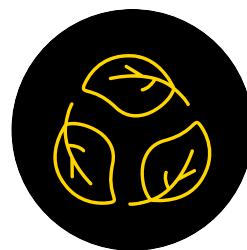
Over £1.8m

spent with social enterprise businesses and not-for-profit organisations, an increase of more than 12% on the previous year



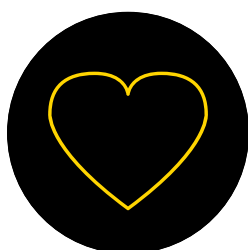
Certified

as a UK Top Employer by The Top Employers Institute for the third successive year



Launched

nature and biodiversity awareness training for NFU Mutual employees



296

nominations made by agencies UK-wide through our Agency Giving Fund to support local charities across a range of frontline causes



1,422

items of furniture donated to local community groups, with a further 4,058 items sent to social enterprise Waste to Wonder to be distributed for reuse



100%

all internal NFU Mutual fund managers holding an ESG qualification at the end of 2025



To learn more about our responsible business activity, please visit: nfumutual.co.uk/responsible-business

RISK AND RISK MANAGEMENT

Risk is an essential part of the Group's business operations and successful risk taking is required to achieve the Group's business objectives and the approach to risk management established over recent years was maintained throughout 2025.

To strengthen the risk and control environment roles such as Product Owner, Domain Data Owner, and Project Business Lead, have been clarified and include ownership for risk. Defining clear accountabilities continues to enhance our risk culture.

To help ensure that all risks are managed effectively the Group is committed to:

- continuing to drive a common risk culture across the business;
- ensuring frameworks and tools are easy to use whilst also being robust enough to manage risk appropriately;
- supporting senior management to continually develop the internal control environment, enabling risk-based decision making;
- the ongoing attraction, retention, and development, of the appropriate resource in the Risk Management Function; and
- continuing to help ensure the Group meets its regulatory requirements.

At NFU Mutual, all Group-wide risk management activities are supported and coordinated by the Risk Division, led by the Risk Director. The Risk Division is also responsible for managing Group risk governance and oversight.

Risk Division has close relationships with the wider business, including with directors, governance committee members and departmental managers.

In order for the Group to optimise its performance, risk and return are considered together. NFU Mutual believes this is best done by managers being accountable for managing risk within their teams alongside meeting their business objectives and goals.

The Risk Management Strategy and Risk Management Framework are aligned to the business strategy including the refreshed General Insurance strategy, and allow us to balance risk and return in the delivery of our long-term strategic objectives in the following ways:

■ Sustainable profitable growth

- Improving the strength and validity of risk and capital management;
- Reducing unwelcome surprises;
- Optimising potential for long-term growth; and
- Giving a better understanding of the strengths and weaknesses of the business at various levels of the company resulting in stronger risk-based decisions.

■ A great company to do business with

- Adding value for members through increased efficiencies, better returns, and informed pricing; and
- Supporting regulatory reporting requirements to the public and other stakeholders, to give greater understanding of how we manage our risks.

■ A great place to work

- Maintaining a highly visible, risk-aware culture led by senior management;
- Creating an open, honest, respectful, and transparent environment in which employees are encouraged to ‘do the right things’;
- Ensuring employees have clear accountabilities; and
- Linking reward and remuneration directly to risk management; rewarding the right behaviours, as part of a risk conscious and ethical culture.

A robust Risk Management Strategy and Risk Management Framework, overseen by experienced risk teams and risk governance committees, underpins a strong risk culture with a focus on adding value for members and policyholders.

■ Risk culture

NFU Mutual’s risk culture encompasses the general awareness, attitude, and behaviour of all employees to risk and the management of risk within the organisation.

Our risk management principles aim to drive a strong risk culture where individuals and decision-making bodies take the right risks in an informed way in order to achieve our long-term strategic objectives of sustainable profitable growth, being a great company to do business with, and being a great place to work.

Risk culture permeates all levels of our organisation and all activities, including decision making. It also extends beyond NFU Mutual to the supply chain of strategic partners, vendors and service providers that work alongside us, either directly or indirectly, to deliver our services.

■ Roles and responsibilities

The Group’s approach to risk management aims to ensure there is effective, independent checking or ‘oversight’ of key decisions by operating a ‘Three Lines of Defence’ model, with clearly defined responsibilities. The mandated Solvency II governance roles are allocated to the Lines of Defence as follows:

| Three Lines of Defence | |
|----------------------------|---|
| 1st Line of Defence | Adhere to the Risk Management Framework components to help ensure that risks are identified, assessed, managed, monitored, and recorded on the tools provided by the Risk Division. |
| 2nd Line of Defence | Act as the Centre of Excellence for Risk Management across the Group including setting policy, driving strategy, and acting as the primary source of risk management advice and guidance for the business. Line 2 define key components of the control environment and provide assurance that risks are being effectively managed, across the organisation. |
| 3rd Line of Defence | Provided by an internal audit function that sits outside the risk management processes of the first two lines of defence to provide the Board with an independent, objective, and impartial view that the risk and control environment is appropriate and operating effectively. |

The core principles that underpin our approach to risk management are:

- Risk Division has primary responsibility for designing, implementing, embedding, and maintaining an effective risk management framework;
- Managers are accountable for the management of risk in their business area. They are responsible for documenting and reporting their risks, controls, loss events and near misses using the tools provided by the Risk Division;
- Decisions taken by management are consistent with NFU Mutual's strategic objectives and risk appetites and are assessed with regard to the impact on the Own Risk Solvency Assessment (ORSA);
- The interests of members and other stakeholders are protected by ensuring that we have clear delegations through our governance structure agreed by Board; and
- A common Risk Management Framework is used throughout the organisation to manage risk, supported by appropriate policy and control standards.
- The Group uses clearly defined definitions of risk for both financial and operational risks;
- Key roles, responsibilities and authorities relating to risk are clearly identified and documented;
- Emerging risks are identified, assessed, and reported as part of the Risk Management Framework;
- Risk management arrangements and risk exposures are subject to independent oversight;
- All employees across each of the Three Lines of Defence have appropriate access to, and understanding of, the Group's Risk Management Framework and processes to enable them to operate effectively;
- Employees are individually responsible for understanding and managing the risk they take on behalf of the Group and for ensuring that they act within delegated authorities and risk appetites. Accountabilities such as Product Owner, Domain Data Owner, Project Business Lead, are defined and include risk ownership; and
- The Risk Management Framework sets the risk authority for the acceptance of risks assessed as high on a net basis (with controls in place and designed and operating effectively) with each individual Executive Director. The risk authority for the acceptance of risks assessed as very high on a net basis is with the Chief Executive Officer.

A four-module risk management training programme exists across the Group to increase the risk management and governance knowledge and capability of employees and Non-Executive Directors. The programme is accredited by the Institute of Risk Management and certain modules are mandatory dependent upon role.



Risk Management Framework

Each component within NFU Mutual’s Risk Management Framework contributes to the identification, assessment, management, monitoring and reporting of risks. This is illustrated in the diagram below and includes:

- Risk policies that clearly define the nature of the risk, and the accountabilities and controls for each risk type;

- Risk appetites that articulate the amount of risk the business is prepared to accept in pursuit of the long-term strategic objectives;
- Risk identification, assessment, management with controls built into everyday business processes, and monitoring through agreed indicators; and
- A centralised risk reporting tool to record and monitor risk and issue information with regular reviews by senior management, risk governance committees and the Board.

Risk Management Framework



The outputs of the Risk Management Framework underpin our assessment of the level of capital we need to hold to cover the risks to which we are exposed.

Pillar I of the Solvency II legislation requires that firms hold enough capital to survive 1-in-200-year risk events occurring over a 12-month period. This is called the Solvency Capital Requirement, or SCR. To calculate this figure, firms have the choice of using a prescribed Standard Formula, developing their own Internal Model (subject to supervisory approval), or using a combination of both (known as a Partial Internal Model).

NFU Mutual has regulatory approval to use a Partial Internal Model; where Insurance Risk, Market Risk, Counterparty Default Risk and Liquidity Risk are calculated using an Internal Model for the Group, excluding Avon Insurance PLC (which uses the Standard Formula to calculate the financial risk SCR, given the low materiality of its capital requirement in comparison to the Group as a whole). This forms a key component of our Own Risk and Solvency Assessment (ORSA) where we consider strategic business planning, risk, and capital management as an integrated process.

Operational risk capital for the Group is based on the Standard Formula as we believe this provides an appropriate quantification for NFU Mutual's operational risk exposures.

Further to our regulatory requirements, risk appetites are set by the Board to outline the amount of risk the Group is prepared to take to achieve its business strategy.

The operational risk appetite statements are considered in the assessment of the impact of an operational risk, loss event or near miss and reporting of breaches and potential breaches is now embedded in the quarterly governance committee reporting.

More details on risk can be found pages 156 to 167. Additional detail on NFU Mutual's regulatory capital requirements as of 31st December 2025 can be found in the Solvency and Financial Condition Report, available on NFU Mutual's website from the end of May 2026.

Risk governance and oversight

The NFU Mutual Board is ultimately accountable for all activities carried out by the Group. To ensure it retains an appropriate level of oversight, the Board has established a structure of risk governance committees to which they delegate authority for overseeing designated risks on their behalf.

The risk governance framework aligns to the operational needs of the business and ensures that risk oversight is in place at all levels throughout the Group and encompasses all risks faced by the Group. Each risk governance committee has clearly defined terms of reference detailing its accountabilities, and these are reviewed annually to help ensure the committee is operating effectively and fulfilling its responsibilities. The schedule of matters reserved for the Board and the terms of reference for its sub-committees can be found on the NFU Mutual website.

The Board approves an overall financial risk appetite for the Group and the Life business that are aligned to the objectives of the business. The risk governance committees seek to ensure that the Life and General Insurance businesses are managed in line with these and escalate any issues to the Board.

The flow of information is critical to the success of the risk governance framework and therefore a formal reporting framework is in place to deliver consistent, accurate and timely information to all committees and there are clearly defined roles for communication between committees.

Principal risks and uncertainties

The following tables summarise the principal risks and uncertainties currently faced by NFU Mutual due to the nature of our business and the market in which we operate.

The risks are categorised as:

Operational – The risk of reductions in earnings and /or value through financial or reputational loss, from inadequate or failed internal processes and systems or from people related or external events.

Financial – The risk of loss resulting from the exposure to our balance sheet.

Climate change is considered a principal risk due to the significant impact it will have on our business and our customers. Details of how NFU Mutual manages risks from climate change, aligned to the Taskforce for Climate-related Financial Risks (TCFD) disclosure framework can be found on page 47.

Principal risks and uncertainties

■ KEY



Sustainable profitable growth



A great company to do business with



A great place to work

1. INFORMATION SECURITY

Description

There is a risk that our systems are cyber attacked leading to misuse of customer and company data or disruption to the performance of our critical IT systems. This could lead to loss of customer service, corrupted or lost data, business interruption, compliance breaches, regulatory fines, and reputational damage.

Change over reporting period

In 2025, we continued to enhance the control environment to keep pace with the evolving threat landscape. Risk exposure has been reduced by continuing to invest in our technical security controls, enhancements to vulnerability management, decreasing the volume of legacy systems on our estate through replacement and migration to the cloud, segregating our environment, and improving our response to a cyber attack through routine testing. Further to this, in 2025, the Information Security Strategy was refreshed in line with evolving threats and best practice and was overseen through the establishment of the Cyber Oversight Group which monitors completion of priority initiatives and NFU Mutual's key information security risks and controls.

Mitigating activities/controls

We continue to review the security threat landscape and development in security controls, and we regularly discuss and enhance our security strategy and maturity with our risk committees. This includes reviewing key security metrics across a range of controls, which helps ensure the IT systems and data are being managed in line with industry positions/ or within our Group risk appetites. Governance and oversight have been significantly enhanced by the introduction of the Cyber Oversight Group, that seeks to understand and monitor all activities that impact NFU Mutual's Information Security Risk Profile.



2. INFRASTRUCTURE

Description

There is a risk that our legacy infrastructure is a barrier to growth, innovation and security resulting in inability to deliver our strategy.

Change over reporting period

The infrastructure has continued to support required services and meet customer needs. The Data Centre Exit project has focussed on transition of the NFU Mutual's IT estate to the cloud. The move to the cloud is expected to provide a more secure environment due to greater scalability, flexibility, and resilience; a number of key applications have now been successfully migrated.

Mitigating activities/controls

Our portfolio projects and programmes will continue to focus on legacy infrastructure, and we will continue to deliver updated technology platforms as part of our strategy. Platforms will be built and maintained to standards and are subject to close risk and control scrutiny.

The adoption of a product owner model across the Group will continue to strengthen accountabilities and these will be supported by the remit of an Enterprise Change Group.

However, NFU Mutual recognises that in matters of resilience it is not possible to rely solely on preventative controls. As a consequence, strong business continuity planning and exercising reduces the impact of risk events when they occur.



■ KEY



Sustainable
profitable growth



A great company to
do business with



A great place
to work

3. SUPPLIER, OUTSOURCING AND THIRD-PARTY RISK

Description

There is a risk that the failure of a critical supplier could have an intolerable impact on a key service leading to loss of customer service, lost data, business interruption, compliance breaches, regulatory fines, and reputational damage.

Change over reporting period

With the increased adoption of cloud-based services additional due diligence has been introduced at onboarding. The Externally Hosted Application Assessment workbook is designed to assess the control environment of third parties who provide NFU Mutual with access to an application. Additionally, it includes a review of the shared responsibility model to provide clarity on who is accountable for specific aspects of security and compliance depending on the type of cloud service being used.

Mitigating activities/controls

There is a robust selection and supplier management process in place which, where appropriate, includes due diligence across a range of financial and operational risk areas. Additional assessments are conducted which identify the likely impact of a risk event occurring and provide a proportional approach across information security, data protection, business continuity or use of artificial intelligence, and seeks to ensure we focus most effort in the right areas and on our most critical suppliers.

Annual due diligence is performed to ensure that the supplier's control strength is at a satisfactory level. Supplier audits are conducted on critical and high impact suppliers to provide external confirmation that the controls attested to through due diligence are operating effectively. These are conducted on a risk-based approach, but normally on a minimum 24 month rolling cycle.

Should a risk event occur; to mitigate the temporary loss of a critical supplier or service, business area continuity plans include scenarios that include loss of applications and loss of suppliers. These are reviewed/tested annually. If there is a significant event, exit strategies are in place for all Strategic, Outsourced and Critical (including Material) suppliers, which ensure that key aspects of the service are considered and options for how to exit are identified (e.g. bring in house, switch to alternate provider, etc). Additionally, all Critical suppliers have an agreed exit plan in place to aid a smooth transition of services in the event of a stressed exit.



4. INSURANCE RISK

Description

There is a risk that in any year the level of profit or loss will be impacted by the level of insurance claims and changes in reserves for prior year losses.

Change over reporting period

NFU Mutual writes a range of lines of General Insurance products including car insurance, home insurance and commercial insurance. As a result, the risks from fluctuations in the level of insurance claims and changes in prior year reserves are material risks for NFU Mutual. In recent years the level of insurance risk has increased due to the increased volume of Gross Written Premium written.

Mitigating activities/controls

Board Risk Committee have reviewed stress and scenario analysis to understand the exposure to insurance stress events and to agree appropriate actions to protect the Company's solvency position. Relevant mitigations include our reinsurance programme and the regular monitoring of our insurance risk exposures against the risk acceptance tolerances and insurance risk appetites agreed at Board Risk Committee.



5. INVESTMENT MARKET VOLATILITY

Description

NFU Mutual invests in a range of assets including equity shares, property, and corporate bonds. Falls in the value of these assets can have a material impact on the Company's balance sheet. Changes in long-term interest rates can affect the value of both assets and liabilities.

The level of exposure to investment market movements is shown via the sensitivities in the notes to the financial statements on page 160.

Change over reporting period

Market risk remains the largest risk exposure due to our financial strength and the ability to hold assets such as equities, property and corporate bonds in the Life and General Insurance Funds. In recent years new asset classes such as high yield bonds, emerging market debt and infrastructure have been introduced to give increased diversification in the investment portfolio.

Mitigating activities/controls

The company maintains a Financial Risk Response Plan, with actions approved by the Board with the aim of ensuring the solvency coverage is maintained within the Company's Risk Appetite.

A key control is the regular monitoring of quantitative investment limits set by the Board Investment Committee.

Board Risk Committee have reviewed scenarios and stress analysis to understand the level of exposure to investment stress events and to agree that there are appropriate actions in place to protect the company's solvency position.





6. NFU MUTUAL IS UNABLE TO DELIVER CRITICAL CHANGE INITIATIVES

Description

The risk of insufficient, inefficient, or ineffective change delivery, adversely impacting operational capability and/or NFU Mutual’s reputation.

Change over reporting period

Whilst executing over a broad portfolio of change, NFU Mutual is currently focussing on the delivery of two key programmes in particular: Data Centre Exit (DCX) and Bridge +. DCX is an essential project to future proof NFU Mutual’s technology infrastructure, and Bridge + will deliver important enhancements and flexibility to policy processing that are critical in ensuring that the Group maintains its reputation for outstanding customer service. To facilitate both these efforts – and the broader portfolio of business change – an updated Change Management framework has been introduced including revised governance. DCX and Bridge + have both recently successfully achieved critical milestones, and robust plans are in place for 2026.

Mitigating activities/controls

Our strategic and operational plans are reviewed regularly by the Board. These take account of the level of resources we have available and the scale, diversity, and interdependencies of change currently underway and planned over the medium and longer terms. Specific change programme monitoring, and reporting takes place at project, programme, portfolio, and strategic level, to help ensure appropriate risk-based decisions are made and that the allocation of resources is optimised to support delivery of our long-term objectives. The Enterprise Change Group (ECG) and Enterprise Impact Group (EIG) continue to develop and will be focussed on understanding the impact of multiple change programmes on the Group’s risk profile, identifying and managing interdependencies, and provision of oversight of the controls being applied.



7. CLIMATE CHANGE

Description

There is a risk that climate change has a material impact on NFU Mutual’s business model because of physical risks that arise directly from rising global temperatures, and transition risks that arise through actions, initiatives and behaviours aimed at limiting the rise in global temperatures.

Change over reporting period

We continue to assess potential impacts of climate change on our business, through scenario analysis and modelling, and include effective consideration in the business planning and decision making process. We also monitor the external geopolitical environment to assess the implications for climate change progress globally and potential impacts on our business.

Key focus areas in 2025 have been to further develop our long-term climate scenario to include evolving industry best practice and tipping points, improve our emission data collection and reporting processes and to understand the impact that regulatory and legislative consultations could have on NFU Mutual in the next few years.

Mitigating activities/controls

NFU Mutual has implemented a climate change strategy which is owned by the Board.

The expectations set in our Climate Change Strategy seek to ensure the Group is resilient to the impacts of climate change, takes advantage of opportunities that arise in core markets, and delivers activities to decarbonise our business.

Progress updates are provided to relevant governance committees at least annually.



8. DATA GOVERNANCE

Description

There is a risk that if the operational and analytical data we need is not captured, sufficiently well defined, or of the right quality, this could result in incomplete or inaccurate reporting, analysis, or model development that could impact decision making or limit our ability to deploy analytics and AI solutions across the business.

Change over reporting period

During 2025 a Data Governance Maturity Framework and Roadmap has been developed including clear accountability for defined critical data domains.

In addition, a Data Ownership Policy has been produced for launch across the Group. The Policy sets out our approach to data governance and ownership to manage the risks relating to the effective management and control of our data, from creation to the production of data driven outputs in line with our Data Strategy.

Mitigating activities/controls

Together the Data Governance Maturity Framework and Data Ownership Policy will drive the effective management of data.



Emerging risks

Emerging risks which may have the potential to change the risk profile of the Group assessed with a proximity of within the next 24 months are detailed below. These have been identified by business areas in line with the Risk Management Framework and the impact and continued relevance to NFU Mutual continues to be monitored.

Each business area identifies and monitors a range of emerging risks and those with a longer proximity and lower impact are reviewed and monitored locally within those areas and through the risk governance arrangements.

The assessment and mitigating actions for these risks have been reviewed and discussed at Executive Committee and Board Risk Committee meetings during the year.

| | |
|--------------------|--|
| Risk | <p>Emerging technology</p> <p>There is a risk that the development of new technology has a profound impact on the insurance industry resulting in a fundamental shift in the way that the insurance market operates and that NFU Mutual is unable to successfully compete in this new environment.</p> |
| Description | <p>There are a wide range of sources for this risk, including agricultural technology changing the way that farms operate and therefore the insurance needs of our core customers, developments in autonomous vehicles, and technology companies entering the insurance market with innovative new propositions that we would be unable to compete with. These emerging risks are regularly monitored, and management are taking appropriate actions to mitigate the risks where possible.</p> <p>Our General Insurance strategy aims to set our intention and approach to responding to customer needs.</p> |
| Risk | <p>Volume of Regulatory Change</p> <p>There is a risk that NFU Mutual fails to keep pace with the volume of regulatory change resulting in customer, regulatory and reputational damage.</p> |
| Description | <p>The regulatory environment within the insurance industry continues to evolve and keeping up with the pace of change is one of the greatest challenges facing the organisation.</p> <p>There has been, and continues to be, increasing regulatory focus to align product, customer, and value with growing attention on use of artificial intelligence, operational resilience, cyber security, digital ethics.</p> <p>Processes are embedded with the aim of ensuring fair pricing and consumer duty requirements are continuously met and can be evidenced.</p> <p>The Risk Division continues to work closely with the business to seek to stay ahead of these evolving requirements and trends.</p> |
| Risk | <p>Material escalation in global conflicts</p> <p>The escalation of global conflicts involving major powers represents a high-impact, hard-to-model emerging risk for UK mutual composite insurers.</p> |
| Description | <p>The effects of heightened uncertainty and market volatility are multifaceted spanning financial market volatility, fiscal and regulatory upheaval, consumer confidence shocks, challenges with global supply chains.</p> <p>We monitor and respond to the changing market with governance and oversight from our Group Financial Risk Committee, Board Investment Committee and Board Risk Committee. In addition, the annual strategic asset allocation and scenario planning considers the investment impact of a material escalation in global conflicts.</p> <p>As part of business as usual activity, we actively consider the risks posed by global supply chains and seek to mitigate these through the use of alternative suppliers and continuity plans where appropriate.</p> |

CLIMATE CHANGE

Key highlights for 2025

We're happy to report that we have exceeded our 2030 emissions reduction target 5 years early. In 2025 we successfully reduced our own emissions by 55%, compared to our 2019 baseline.



Piloted new claims prevention technology



Increased the number of EV chargers at Head Office



Launched the 2nd phase of our low emissions Company Car Scheme

Climate change requires action on a global scale to limit catastrophic impacts and to transition the world to a low-carbon economy. At NFU Mutual we are committed to taking action to respond to the impacts of climate change. We established a Climate Change Strategy in 2020, to ensure we remain resilient to the impacts of climate change and take advantage of opportunities in core markets. Our strategy also acknowledges our commitment to de-carbonise our business as part of world-wide efforts to limit global warming.

As a UK based insurer, NFU Mutual is required to comply with the following UK Government legislation:

- Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (CFD)
- Streamlined Energy and Carbon Reporting (SECR)

The climate change disclosures in our Annual Report and Accounts have been structured to meet both requirements, setting out how we identify and respond to risks from climate change and reporting on our emissions performance in 2025.



Further information on NFU Mutual’s climate related activities can be found in the following publications on our website:

| | |
|---|--|
| Climate Change Report | Our Climate Change Report sets out how we identify and manage climate related risks and opportunities. |
| Climate Transition Plan | Our Climate Transition Plan outlines the actions we’re taking to reduce our emissions footprint and promote environmentally sustainable practices and has been developed in line with the Transition Plan Taskforce (TPT) guidance. |
| NFU Mutual Responsible Business Report | Our Responsible Business Report includes information on our activity, targets and performance across a framework of environmental, social and governance topics. Climate change is one of the highest priority focus areas within our Responsible Business Strategy. |
| Retail Investment Climate Disclosures | We publish climate-related metrics for our retail investment funds, so that customers can access a summary of emissions performance for each fund when making their investment decisions. |
| Stewardship Report | We are signatories of the UK’s Stewardship Code and annually publish our performance, including how we embed consideration of climate change within our investment activities. |
| Supplier Relationship Code | Our Supplier Relationship Code describes the requirements and ways of working that NFU Mutual applies to its supply chain. |
| Climate Change Glossary | We recognise there are lots of terms and acronyms associated with climate change and therefore have created a list of frequently used climate-related terms. |



Managing the risks and opportunities from climate change

NFU Mutual has designated climate change as a principal risk (see page 44), which recognises the material impact it could have on our business. Consideration of climate change is embedded throughout our Group-wide risk management framework, and this section summarises how we identify and manage risks and opportunities from climate change.

■ Effective management and oversight

NFU Mutual's Board is ultimately accountable for oversight of climate-related risks and opportunities. Our Board is also accountable for our Climate Change Strategy and overseeing its effective implementation, including progress against targets.

The Board maintains effective oversight through the Group's governance framework, including a number of governance committees. Each committee has defined responsibilities in relation to climate change. Updates are provided to the Board and governance committees at least annually, to provide effective oversight and enable climate change to be considered in decision-making, including strategy, business planning and capital expenditure. For more details on the climate-related responsibilities of our Board and governance committees please visit our Climate Change Report.

The Board has delegated responsibility for NFU Mutual's response to climate change to a senior manager. Our Risk Director is responsible for ensuring that climate change is embedded in the Group's risk management framework and that risks are appropriately identified and managed. The Risk Director also has responsibility for ensuring that our Climate Change Strategy remains appropriate and is implemented effectively across the whole business. Our Climate Change strategy aims

to ensure that NFU Mutual remains resilient to risks from climate change and takes advantage of opportunities in core markets.

Senior management and Board members are also kept abreast of climate change activities with relevant presentations at governance and risk committee meetings throughout the year. This enables managers to be aware of climate-related developments, such as new regulatory expectations, industry developments and potential emerging risks, and can respond effectively.

More information on risk governance at NFU Mutual can be found on pages 36 to 40 of this document and for climate change specifically in the Governance Section of our Climate Change Report.

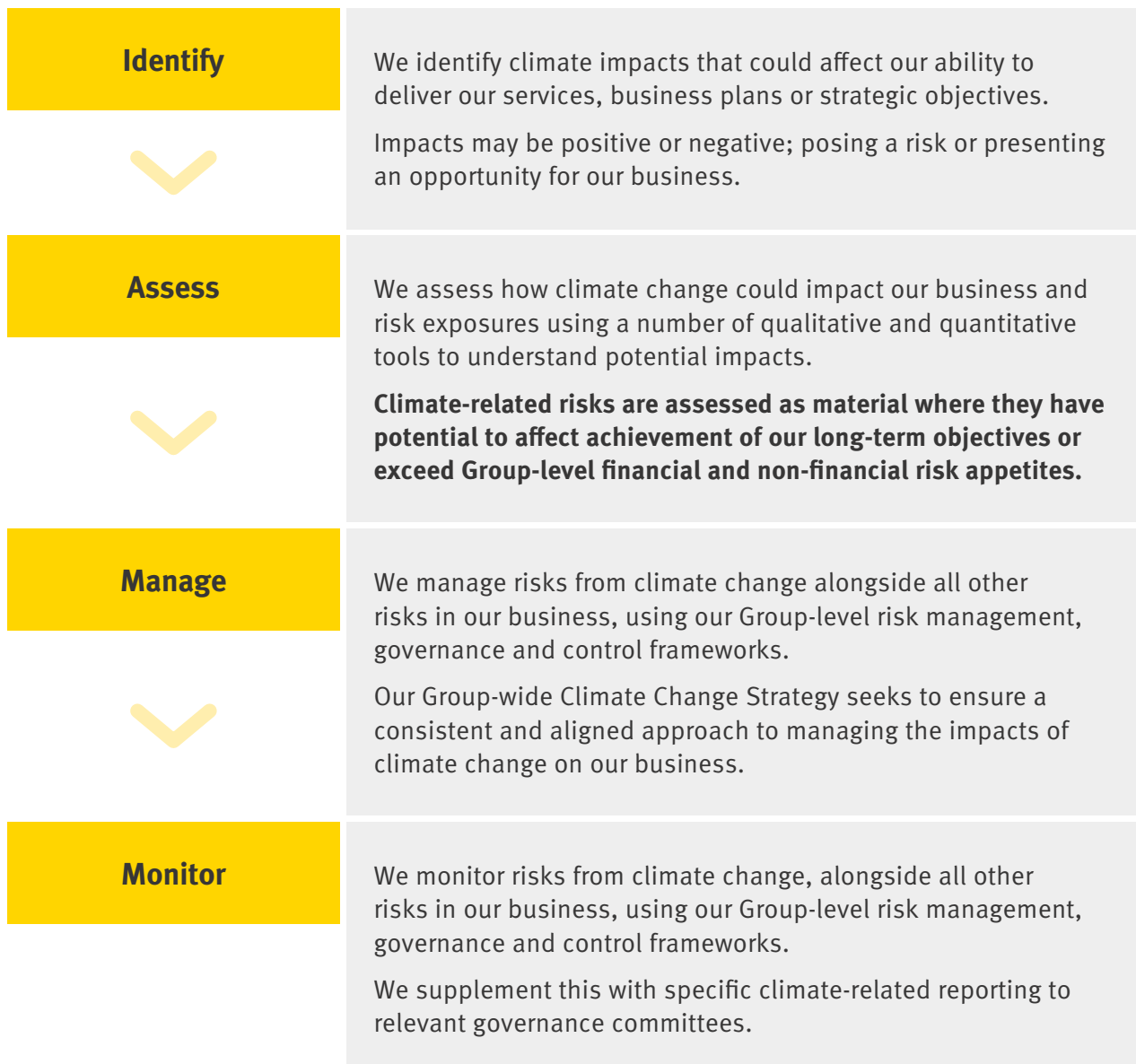
■ Identifying and managing risks and opportunities from climate change

NFU Mutual's Climate Change Strategy recognises the importance of embedding consideration of climate change across the Group. Risks from climate change are therefore managed within our single Group risk management framework, alongside all other risks facing our business.

Risk management is a continuous process, with risks being identified, assessed, managed and monitored by accountable business managers, in line with defined risk appetites, and escalated to appropriate management and governance where risk appetites are exceeded.

Risks from climate change are identified through a range of both qualitative and quantitative methods including scenario analysis, risk modelling, analysis of past performance and trends, expert judgement, risk events, emerging risk assessments and horizon scanning.

■ Climate risk framework



Risks that pose threats to the success of the business may also present opportunities to adapt and succeed. NFU Mutual recognises that material risks from climate change can have both positive and negative impacts.

Support is in place to enable accountable managers to identify and manage risks and opportunities from climate change, including access to subject matter experts in climate change and responsible business topics, regular updates provided to relevant governance committees at least annually, a dedicated climate change site on our internal intranet and climate awareness e-learning.

More information on risk management at NFU Mutual can be found on pages 36 to 40 of this document and for climate change specifically in the Risk Management section of our Climate Change Report.

■ NFU Mutual's material risks from climate change

NFU Mutual is a mutual insurer, offering insurance-related products and services across the UK. We also have a large investment portfolio that invests in assets across the globe. As a composite insurer, offering both General Insurance and financial services products, we

consider how climate change could impact different parts of our business over different time horizons. We recognise that the impacts of climate change are occurring now and will continue to materialise beyond the normal timeframes used for business planning and risk management. We therefore define short term as 0 - 3 years, medium term as 3 – 10 years and long term as 10 years plus when considering risks from climate change.

We define a material risk as one that has potential to affect achievement of our long-term objectives or that exceeds our Group-level risk appetites for financial or non-financial impacts.

We identify and assess a range of different risks through our Group risk management framework to understand potential financial and non-financial impacts, on different parts of our business and the Group overall, in order to identify material risks.

The future outcomes of climate change are highly uncertain; therefore, scenario analysis is a key tool used to assess the resilience of our business. Scenario analysis helps us to understand the extent to which our business could be exposed to climate-related risks and opportunities and over what timeframe. The scenarios used are not intended to represent

worst- or best-case scenarios and the impacts could be significantly greater than shown.

Climate scenario analysis is undertaken on an annual basis, which enables us to evaluate a range of different climate-related risks over time, including acute risks, such as windstorm and flood, and chronic risks, such as sea level rise and impacts on life expectancy.

We take a collaborative approach to climate scenario analysis, using input from experts across the business to identify potential impacts across different time horizons, and assess the resilience of our business model using a combination of qualitative and quantitative modelling techniques.

This enables us to understand potential risk exposures, which are used to inform business decision making, including business planning and our Own Risk and Solvency Assessment (ORSA).

When identifying the material impacts from climate change, we allow for future uncertainty by evaluating different potential climate pathways. We consider the following three pathways that are derived from the Network for Greening the Financial System (NGFS), and are commonly used across the industry:

Early Policy Action (An orderly transition)

Transition to a net zero emissions economy progresses with climate policy action increasing gradually over the scenario horizon. Global temperature rise is limited to 2°C or lower and carbon dioxide emissions (and all greenhouse gas emissions in the UK) drop to net zero around 2050.

Late Policy Action (A disorderly transition)

Transition to a net zero economy is delayed until 2030 or beyond. The climate policy action required to transition is therefore intensified over a short period and a disorderly transition takes place. Greenhouse gas emissions in the UK successfully reduce to net zero around 2050.

No Additional Policy Action (No transition)

No new climate policies are introduced beyond those already implemented. This leads to increasing global temperatures and chronic changes in the physical environment.

In addition to considering the long-term scenarios described above, we have also developed a shorter-term scenario that aligns to the timeframe considered in our ORSA. This recognises the increasing industry activity to develop near-term, decision useful scenarios. The scenario uses inputs from a number of sources, including short term scenarios published by the NGFS and academic reports, to create a narrative on how climate change could evolve over the next ten years.

Scenario analysis therefore enables us to identify material risks, understand potential exposures over different future pathways and define actions to manage impacts or maximise opportunities. To date, these have confirmed we are able to remain resilient to the impacts of climate change and have led to the identification of three material risks from climate change as follows:

| Climate Impact | Material Risk | Description | Short Term | Medium Term | Long Term |
|---------------------------|---|--|------------|-------------|-----------|
| Physical | Increased volatility and frequency of weather events and long-term changes to climate conditions in the UK impact our insurance business. | Climate change is impacting weather (acute physical impacts) and environmental conditions (chronic physical impacts) in the UK. This is having an impact on the volume and severity of weather-related insurance claims, especially for property insurance. | ● | ● | ● |
| Physical and Transitional | Changing customer demand for products and services as a result of climate change. | Climate change is having a direct impact on our customers, due to changes in weather and environmental conditions and action taken in response to these. This will impact customer needs for insurance-related products and services and present opportunities to develop solutions that aim to support climate adaptation and mitigation. | ● | ● | ● |
| Physical and Transitional | Asset values impacted by climate driven environmental changes and/or investee's climate response. | Climate change is impacting all parts of the economy and built environment, due to changes in weather and environmental conditions and action taken in response to these. This could impact the value of our investment assets, and also present investment opportunities to support the transition to a low carbon economy. | ● | ● | ● |

● Material Impact ● Non-material Impact





These material risks are described in more detail below, including potential impacts to our business model, how the risks are measured and actions we're taking.

Increased volatility and frequency of weather events and long-term changes to climate conditions in the UK impact our insurance business

We use weather models and scenario analysis to understand the potential impacts of different weather perils. We expect the biggest climate driven impact for NFU Mutual to be on UK flooding, which could present a material risk to our property insurance portfolio through

increased flood losses occurring. We also consider windstorm, freeze and extreme heat.

We have developed a detailed governance and monitoring programme for our underwriting exposure management. Risk Acceptance Tolerances (RATs) are used internally to measure our exposure to physical climate impacts, including windstorm, flood, freeze, subsidence and extreme heat, including those shown in the table below.

| | |
|---|---|
|  | Windstorm Metric – % of total sum insured in higher storm risk postcodes |
|  | Flood Metric – % of total sum insured in higher flood risk postcodes |
|  | Freeze Metric – % of total sum insured in higher freeze risk postcodes |
|  | Subsidence Metric – % of total sum insured in higher risk subsidence postcodes |

We set target limits for our exposure to each of these risks and performance is reported regularly to our Group Financial Risk Committee and Board Risk Committee. Over the course of 2025 we have remained within our risk tolerance levels.

We model future weather impacts, using the latest available data and methodologies, to understand short, medium and long-term impacts on our insurance portfolios. This

information is used to inform our strategic planning, exposure management and Own Risk and Solvency Assessment (ORSA) processes.

Our pricing processes ensure past and future predicted claims experience is incorporated into premium calculations to reflect the risks associated with weather events and we reinsure part of our weather exposure to limit the impact on our business. We remain committed to supporting Flood Re’s ‘Build



Back Better' initiative, and are also working with the UK Government, other insurers, and industry experts to raise awareness of flood resilience, helping those at risk of flooding to take steps to reduce the impact to their homes and livelihoods, should they experience a future flood event. In 2025, we paid over £550,000 towards flood resilient repairs, which allowed our customers to build back better.

We also annually review the impact that climate change could have on our actuarial reserving practices and methodologies, and therefore our booked reserves, to ensure long term financial resilience.

■ **Changing customer demand for products and services as a result of climate change**

As a UK-based insurer with a focus on rural communities, a key driver of changing customer demand over the medium to long term will be UK Government policies relating to climate change, including transport, buildings and agriculture. These policies will drive adaptation and behaviour change that could impact our Group strategy and insurance propositions over the medium and long term. It could be detrimental if our response becomes misaligned with the needs of our customers, however it could support sustainable profitable growth if we respond positively, developing commercially viable insurance-related products and services that our customers need. Our goal

is therefore to support our customers and the wider transition to a lower carbon economy, through developing insurance-related products and services that aim to respond to mitigation and adaptation needs. Our ability to identify and adapt to customer demand successfully, whether driven by climate change or other factors, will impact our success as a business. We use a set of core measures to track business performance at Group level. Where these indicate variation against expectations, we investigate to identify underlying causes, including climate-related causes.

As part of the Group-wide core metrics to track business performance, we track the transition to low emissions vehicles, through the percentage of electric vehicles insured (private car) and the adoption of renewable technologies through the total gross premiums for renewable technologies. These metrics are still developing and therefore we have not set specific targets for them, however we use the information to monitor that our products continue to be fit for purpose as demand grows.

Changing demand for products and covers



% electric vehicles insured as part of overall private car account.



£ gross written premium for renewable technologies.

To adapt effectively, it is important we understand how our customers and our industry are being impacted by the physical and transitional impacts from climate change. We frequently monitor external developments, including government policy, peer insurer activity and customer expectations, to enable us to continue to provide the services and products our customers expect while also supporting our net zero ambitions.

Climate change adaptation and mitigation present opportunities to develop new insurance solutions which aim to help mitigate the impacts of climate change and support the transition to a low-carbon economy. We recognise that diversification of products reduces reliance on any single product group and helps to manage risk exposure, from all risks, including climate change. To ensure we adapt our strategy and propositions appropriately we undertake forward-looking strategic reviews. Completing these reviews

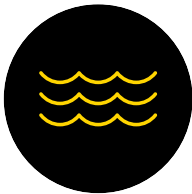
helps safeguard the resilience of our business over the medium to long term by enabling timely identification and response to potential risks and opportunities.

NFU Mutual has supported farming customers diversifying into renewable technologies for many years. In 2025, we expanded our appetite to offer solar panel insurance for both commercial and personal customers.

As an insurer, we also have the opportunity to reduce the environmental impact of our claims processes. We have implemented several initiatives to utilise more sustainable solutions, such as using non-toxic materials, and recycling parts from damaged equipment recovered from a claim event.

For more detailed information on these initiatives please visit our Climate Change Report.

2025 sustainable claims initiative highlights



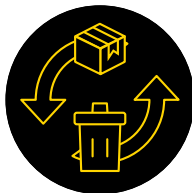
117

flood resilient repairs completed



1,000

trees planted with Vizion



403

Green Parts provided with IAA



RAC

One of our suppliers, awarded Silver in EcoVadis sustainability ratings

■ Asset values impacted by climate driven environmental changes and / or investee’s climate response

Climate change has the potential to generate both opportunities and risks for our assets, and this could directly impact NFU Mutual’s capital strength. If we experienced a significant reduction in asset values, this could in turn impact our ability to deliver our long-term strategy, business model and objectives. Our asset values could be impacted by both physical and transitional climate changes. For example, physical climate impacts such as severe weather events could cause market volatility, or the transition to low carbon fuels could impact the market value of assets we own.

The table below sets out the estimated impacts of climate change over various time horizons on the main asset classes invested in by the Group, excluding government bonds which are not currently included in our scenario analysis. For more information on the methodology used to calculate our investment emissions visit page 69. The results in the below table are cumulative only including the impacts from climate change (physical and transitional). The results do not include any mitigation measures being adopted, for example divestment from high emission emitting companies. The "Total" results only include in-scope assets, government bonds are excluded.

Figure 1 – Changes to Group asset values under each scenario over various timeframes – Short (0-3 years), Medium (3-10 years) and Long (10+ years).

| Scenario | "Late Policy Action" | | | "No Additional Policy Action" | | |
|-----------------|----------------------|--------|------|-------------------------------|--------|------|
| | Short | Medium | Long | Short | Medium | Long |
| Equities | ● | ● | ● | ● | ● | ● |
| Corporate bonds | ● | ● | ● | ● | ● | ● |
| Property | ● | ● | ● | ● | ● | ● |
| Total | ● | ● | ● | ● | ● | ● |

High (10%+)
 Medium (5-10%)
 Low (2-5%)
 Very Low (<1%)

The results indicate that a ‘Late Policy Action’ scenario, where the transition to net zero is delayed until 2030 followed by a rapid and disorderly transition, will result in more impacts being felt in the medium term due to the costs of the transition compared to a ‘No Additional Action’ scenario.

In the “No Additional Action” scenario, the impact is mainly driven by physical risks (such as severe weather events) which take time to

accumulate. In the long term, a particularly high impact on equity values drives a high impact overall for this scenario. The costs are expected to continue to accumulate beyond 2050.

As noted above, the impacts presented do not allow for mitigation measures being taken in the investment portfolios. In reality, we expect such measures to reduce the impacts felt by the Group.



Climate change creates opportunities for our investment portfolio, which can protect the capital strength of the group. By ensuring our investment properties are energy efficient, we can attract tenants who want to reduce their emissions footprint. Climate change is also driving innovation, which in turn creates potential investment opportunities to support the transition to a low-carbon economy.

We use Early Warning Indicators (EWIs) internally, to measure the potential impacts that climate change could have on our investment portfolios, including the examples shown in the table below.

Reduction in value of assets due to climate change impacts

| | |
|---|---|
| Proportion of the portfolio invested in industries considered to be sensitive to climate change | Number of commercial tenants in industries considered to be sensitive to climate change within NFU Mutual’s direct property portfolio |
| Properties with an EPC rating of C or lower within NFU Mutual’s direct portfolio | Proportion of the property portfolio that is subject to rental income from high carbon industries |

We set target limits for our exposure to each of these, and performance is reported regularly to our Group Financial Risk Committee.

More information on this is available in the emissions performance section on page 59 below.

As part of managing climate risk within our investment portfolios, we measure the Emissions Performance targets of the firms we’re invested in and the Energy Performance Certificate (EPC) rating of our properties alongside appropriate targets.

We have robust responsible investment policies in place to ensure climate change impacts are considered in investment processes, including strategic asset allocation and stock selection decisions.

We also undertake regular climate scenario analysis to understand potential impacts over the medium and long term, and this is factored into our strategic asset allocation.

We track the emissions performance of our investment portfolios using third-party software that enables us to measure, track and manage our emissions footprint using a number of different metrics. Targets and emissions performance for our investment portfolios are explained in the Emissions Performance Section. We also use this information to identify high emitting investment assets to focus our engagement activity on.

NFU Mutual is a signatory to the Principles for Responsible Investment and a signatory to the UK Stewardship Code in respect of our role as an institutional investor.

In 2024, as part of our published Transition Plan we set out our strategic intention for our investments. Since then we have continued to prioritise engagement and influence over exclusion with the highest emitters within our portfolio. We regularly engage with the companies we invest in on matters such as directors' remuneration, board structure, governance concerns, responsible business matters, including net zero transition plans, and encourage further activity where appropriate. We influence by directly engaging with management teams alongside using our voting rights. More information on our approach to engagement can be found within our Stewardship Report.

We continue to respond to opportunities by adding investment to bonds that are labelled green or sustainable for our portfolios where appropriate. In 2025 we made further investments into these bonds, and at the year end our aggregate holdings of green bonds were valued at over £370m, of which £105m were gilts. We also have investments in renewable energy companies, where the energy

transition presents a significant opportunity. We continue to invest in traditional energy companies, many of which we believe have significant opportunities to contribute to the energy transition, for example investments in new technologies such as carbon capture and storage.

Property Investments

We're proud to provide a diverse range of facilities and properties, managing approximately £1.8 billion in UK real estate assets. Environmental, Social and Governance factors are central to our property investment approach, whether we're onboarding new assets or managing long-term investment properties day-to-day.

Fostering collaboration with our tenants is key. Across 2025, all new property investment leases incorporated green lease clauses, establishing a legal framework for landlords and tenants to collaborate on sustainability objectives.

We initiated a variety of exciting real estate projects in 2025, including new industrial development sites, office refurbishments, and the installation of new sustainable technology across existing assets. For example, we are developing 500,000 square feet of new industrial warehousing which will achieve an Energy Performance Certificate (EPC) rating of A and meet a minimum BREEAM "Excellent" standard. Elsewhere, we have updated a 100,000 square foot office space in Manchester city centre with electric-based heating and cooling, achieving an EPC rating of B. In 2025/26 we will also be deploying electric vehicle (EV) charging infrastructure across our 9 directly owned retail warehousing investments.

Our emissions performance 2025

NFU Mutual’s Climate Change Strategy aims to ensure we remain resilient to the risks from climate change and also take steps to reduce our own greenhouse gas emissions. We have set an ambition to become a net zero business by 2050, with specific targets for our own emissions and investment portfolios.

NFU Mutual aims to become a net zero company by 2050

We have defined net zero as:

1. Achieving a scale of value-chain emission reductions in line with the pathway that limits warming to 1.5C, with no or limited overshoot, and
2. Permanently removing an amount of atmospheric carbon dioxide equal to the residual emissions from business operations, post emissions reduction initiatives.

Own Emissions

NFU Mutual has set targets to:

- Deliver a 25% reduction in own emissions by 2025 and 50% reduction by 2030, compared to a 2019 base year
- Continue our commitment to procure renewable energy sources.

Own Emissions are defined as emissions arising from the following:

Scope 1:

- Business mileage driven in company cars
- Natural gas used in occupied premises
- Fuel used to power back-up generators in occupied premises
- Emissions associated with air conditioning in occupied premises.

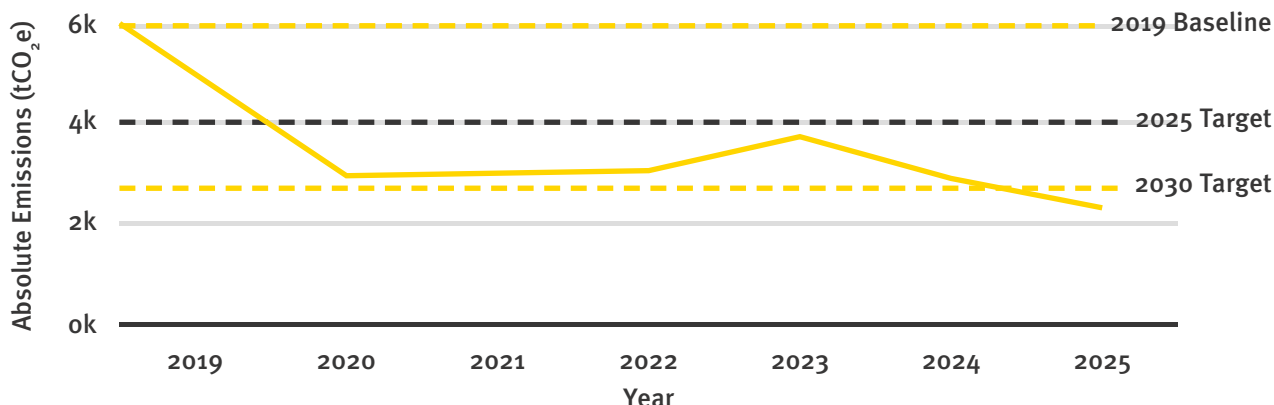
Scope 2:

- Purchased electricity for lighting and heating occupied premises
- Purchased electricity for business mileage in company cars (Includes both electric and plug-in hybrid vehicles).

Scope 3:

- Emissions associated with Business Travel.

We’re happy to report that we have exceeded our 2030 emissions reduction target 5 years early. In 2025 we successfully reduced our own emissions by 55%, compared to our 2019 baseline.



Own Emissions Progress:

| Emissions Source | 2025 (Tonnes CO ₂ e) | % Variance to base year (2025) | 2024* (Tonnes CO ₂ e) | % Variance to base year (2024) | 2019 Base Year (Tonnes CO ₂ e) |
|------------------------|---------------------------------|--------------------------------|----------------------------------|--------------------------------|---|
| Company Cars (Fuel) | 225 | -84% | 478 | -65% | 1,383 |
| Energy Premises** | 1,161 | -56% | 1,330 | -50% | 2,641 |
| Company Cars (EV/PHEV) | 137 | - | 99 | - | - |
| Business Travel | 905 | -32% | 985 | -26% | 1,339 |
| Total | 2,428 | -55% | 2,892 | -46% | 5,363 |

*In line with improving methodology and data capture methods, we have reallocated some emissions categories to more accurately reflect our Own Emissions performance. For more information on our methodology please visit page 61.

** Data has been updated following the implementation of a revised emissions inventory and clarification of emissions within scope, as explained on page 59 (Own Emissions).

Investments

Our ambition to achieve a 50% reduction in our equity and fixed income portfolios by 2030 is against a 2019 baseline.

Investment Emissions:

Our investment target to deliver a 50% emissions reduction in equities and corporate bonds includes funds owned by NFU Mutual.

Both the General and Life Discretionary funds will be measured as the aggregate emissions reduction achieved across both funds. These funds have been included as they are our largest funds and represent those where we maintain the greatest control. Other funds such as our retail funds and those with more constrictive mandates have not been included within the target.

Our ambition to achieve a 50% reduction in our equity and fixed income portfolios by 2030 is against a 2019 baseline. As we move forward, the 2019 baseline may be updated to reflect changing data coverage and reporting methodologies.

Investments emissions targets

We have published investment targets for our corporate bond and equity portfolios to reach a reduction in emissions of 50% by 2030 from a 2019 baseline as part of our net zero roadmap. This applies to the scope 1 and scope 2 emissions for our investee firms which are held within our institutional funds such as the General Insurance (General) and Life Discretionary (Life) Funds. Our targets do not extend to scope 3 emissions. The tables below show some key metrics and progress from 2019, with targets expanded in 2024 to include the Life Fund as well as the General fund.

We are making positive progress towards our investment portfolio target with a 20% reduction in absolute emissions to date for our General Insurance and Life Funds, compared to a 2019 base year. This reduction has been delivered through our approach to improve the emissions performance of our portfolio via long-term investment in companies with strong ESG credentials and asset allocation changes. Throughout 2025 we saw a slight increase in the emissions of our portfolios, a key driver for this increase was a shift in our asset allocation which increased our Emerging Market Debt exposure. Alongside asset allocation changes we observed emissions increases for several of our equity and corporate bond portfolios on both an absolute and an intensity basis.

Investment Emissions Progress:

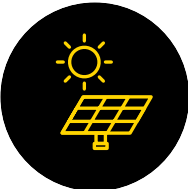
| Emissions Source Tonnes (tCO ₂ e) | Tonnes CO ₂ e (tCO ₂ e) 2019 | Tonnes CO ₂ e (tCO ₂ e) 2025 | % Change 2019 - 2025 |
|---|---|---|-------------------------|
| General and Life Fund | 845,178 | 677,692 | -20% |

Action in 2025

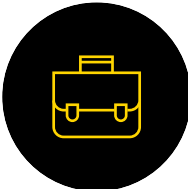
In 2024, we published our inaugural Climate Transition Plan, which sets out the actions we are taking to achieve our ambition of becoming

a net zero business by 2050. To read more about the actions we’ve undertaken in 2025 please visit Our Operations section of Climate change report.

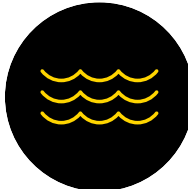
Insurance highlights 2025



Increased Solar Panel appetite for commercial and personal lines



Piloted claims prevention technology



Continued to build back better with FloodRe

Insurance

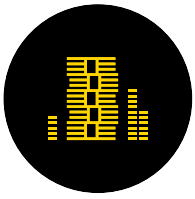
We continue to capture data relating to renewable technologies we underwrite, including solar panels, biomass, anaerobic digestion, ground source heat pumps and battery storage. Between 2021 and 2025 the number of Commercial and Farming policies covering renewables equipment has increased by 24%.

To understand changing customer needs in agriculture, we maintain close relationships with our farming members and farming unions. 2025 saw NFU Mutual partner with The Environmental Farmers Group (EFG). EFG is a cooperative group

of farmers delivering positive environmental change at a landscape-scale, funded through natural capital trading. Supported by some of the UK’s leading natural capital specialists, they provide services including baselining, planning and monitoring of natural capital assets (EFG). By combining NFU Mutual expertise with the EFG and its network, we’re taking a significant step towards developing the right solutions to help customers effectively manage their natural capital risks.

We’ve continued to support our claims customers through “green initiatives”, and Flood Re’s Build Back Better Scheme, for more details visit page 54.

Investment highlights 2025



20% emission reduction across our GI & Life Funds



Continuing to prioritise engagement over divestment



Reduced our Property Investment emissions intensity by 74%

■ Investments

Over the short term, we will continue to monitor the performance of our portfolios against a range of metrics to provide oversight against our targets and to enable the identification of material emitters and prioritise engagement with those. Over the medium term, we will continue to monitor and engage whilst carefully considering the performance of those holdings in hard to abate sectors which may present challenges to our decarbonisation targets. By making suitable adjustments to our portfolios as the transition develops, we aim to decarbonise our portfolio over the longer term and contribute to real-world changes in the global economy.

We continue to be proud signatories of the UK's Stewardship Code and annually publish our Stewardship Report, which details how we conduct our stewardship responsibilities including those relating to climate change. We have maintained affiliations with the Principles for Responsible Investment (PRI) and all of our external equity and corporate bond managers are also PRI signatories, which aims to ensure climate related investment activity aligns with leading industry practice.

We disclosed fund-level climate metrics for our retail investment funds for the first time in 2024. This enables customers to access a summary of emissions performance for each fund when making their investment decisions.

■ Property Investments

By 2050 we aim to have reached net zero across our property investment portfolio in line with our Net Zero Roadmap. Our interim aim is to reduce carbon emissions associated with our property investments by 50% in 2030, compared to our baseline year of 2019.

We are continuing to decarbonise our property portfolio and have been working to enhance our emissions calculations, which previously relied on estimates based on our directly managed portfolio. Following collaboration with tenants and suppliers, in 2025 we were able to collect actual usage data, improving our reporting capabilities. This will form the basis of our 2026 reporting. Results will fluctuate depending on transactional activity and as we go through changes in data collection and methodology, therefore we monitor carbon intensity too, ensuring trends can be compared effectively year on year.

Based on the data currently available to NFU Mutual the carbon intensity of our property investment emissions (tCO_{2e}/m²) have reduced by 74%. Absolute emissions associated with our property investment portfolio, based on existing data, have reduced by 80% compared to a 2019 baseline year.

More information on NFU Mutual's emissions targets can be found in section Our Emissions Performance Section of our Climate Change Report.

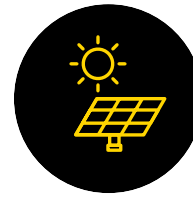
Operations highlights 2025



2nd phase of our low emission company car scheme



Business wide climate & nature communication campaign



Continued to benefit from our head office solar panels

■ Operations

As a business we recognise the need to decarbonise our own operations as well as actively engage with climate-related industry initiatives. The following section highlights some examples of activities that have taken place in 2025, for more details please visit Our Operations section of the Climate Change Report.

In 2024 we installed 560 solar panels on the roof of our Head Office buildings. Since their installation, they have generated 274,693kWh across 2024 and 2025.

Since the introduction of our revised company car scheme in 2024, with a new third-party provider, we have seen the emissions associated with company cars reduce by 74% within our eligible employee population. Due to the success of this programme, we are now providing the scheme to every employee (pending eligibility checks) across the business. This will enable our employees to access low emissions vehicles through our internal benefits scheme.

In 2025 the Climate Change Team, in collaboration with stakeholders from across the business, delivered our second annual Climate Change Communications Week.

This year we widened the scope of the campaign to include nature and biodiversity to highlight the interdependencies that climate and nature have on one another.

We also delivered Carbon Literacy training to over 200 colleagues, with all attendees achieving Carbon Literacy Certification. The training increases understanding of the fundamentals of climate change and outlines the personal and professional changes individuals can make to play a part in tackling climate change.

Climate change factors are incorporated into our senior manager remuneration as part of the long-term incentive plan, with 5% of the scheme, being linked to achievement of our own emissions targets.

We are continuing to improve our ability to capture and report on our emissions footprint with the implementation of an emissions inventory. This has streamlined emissions reporting across the business, expanded the range of emissions captured and improved data controls. The emissions inventory provides a much clearer picture of NFU Mutual's emissions footprint and allows us to focus action on key emissions factors.

■ Emissions Reporting

The Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard categorises emissions into three different scopes. NFU Mutual's emissions targets above include emissions from across all three scopes.

To allow for transparent comparison of our

emissions performance and to meet SECR reporting requirements, the following tables summarise our emissions performance by scope.

For ease of reading, we have shortened greenhouse gases to GHG across the following tables.

Table 1 – Scope 1 Absolute Emissions

The following table shows NFU Mutual's absolute emissions performance for scope 1:

| | 2025 | Change against base year | 2024 | Change against base year | 2019 |
|---|------------|--------------------------|------------|--------------------------|--------------|
| Fuel Combustion: Transport – Company Cars | 225 | -84% | 478 | -65% | 1,383 |
| Scope 1 Direct GHG Emissions (tCO ₂ e) | | | | | |
| Fuel Combustion – Natural Gas | 313 | -61% | 420 | -48% | 800 |
| *Emissions associated with air-conditioning | 161 | N/A | - | N/A | N/A |
| Fuel used in backup generators | 55 | N/A | 11 | N/A | N/A |
| Scope 1 Total | 754 | -65% | 909 | -58% | 2,183 |

*This includes Fugitive Emissions and any emissions associated with re-gassing our units.



Table 2 – Scope 2 Absolute Emissions

Within the GHG Protocol, there are two methods for allocating emissions from the generation of acquired and consumed electricity emissions to end users:

Location based – reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).

Market based – reflects emissions from electricity that companies have purposefully chosen.

We have provided both figures for transparency, as well as a separate number for emissions associated with electricity used by electric and plug-in hybrid electric (EV/PHEV) company cars. This is to highlight the different contributions of electricity usage by premises and vehicles, with company car usage likely to increase as we transition to an entirely low emissions vehicle fleet.

NFU Mutual has been purchasing renewable electricity for our occupied premises, where possible, since 2019. The market-based methodology therefore represents our actual emissions most accurately.

The following table shows NFU Mutual’s absolute emissions performance for scope 2:

| | | 2025 | Change against base year | 2024 | Change against base year | 2019 |
|---|--|------|--------------------------|------|--------------------------|-------|
| Scope 2 Indirect GHG Emissions (tCO ₂ e) | Purchased Electricity Location Based: | 632 | -63% | 900 | -47% | 1,685 |
| | Market Based: | 50 | -96% | 57 | -96% | 1,365 |
| | Electricity use associated with travel Location Based: | 137 | N/A | 99 | N/A | N/A |

Table 3 – Scope 3 Absolute Emissions

Within the GHG protocol, scope 3 emissions are broken down into 15 different categories. We are disclosing emissions performance for the scope 3 categories we currently have the capability to measure.

The following table shows NFU Mutual’s absolute emissions performance for scope 3:

| Scope 3 GHG (Value Chain) emissions (tCO ₂ e) consisting of the following categories: | | 2025 | Change against base year | 2024 | Change against base year | 2019 |
|--|--|----------------|--------------------------|----------------|--------------------------|----------------|
| Category 3 | Electricity Transmissions & Distribution Losses ¹ | 81 | -48% | 84 | -46% | 156 |
| Category 3 | Well-to-Tank ² | 415 | - | - | - | - |
| Category 6 | Business Travel | 905 | -32% | 985 | -26% | 1,339 |
| Category 15 | Investments ³ | 677,692 | -20% | 600,369 | -29% | 845,178 |
| Total | | 679,093 | -20% | 601,438 | -29% | 846,673 |

¹ Emissions resulting from energy lost during transmission and distribution of electricity.

² Emissions from the production and delivery of fuels. Well-to-tank emissions are now included in our emissions inventory and will continue to be included from 2025. No amendments to our baseline emissions have been made.

³ Emissions from both the General and Life Discretionary funds and aggregate emissions reduction achieved across both funds.

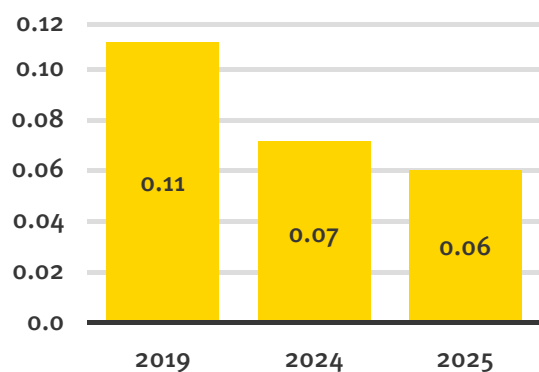
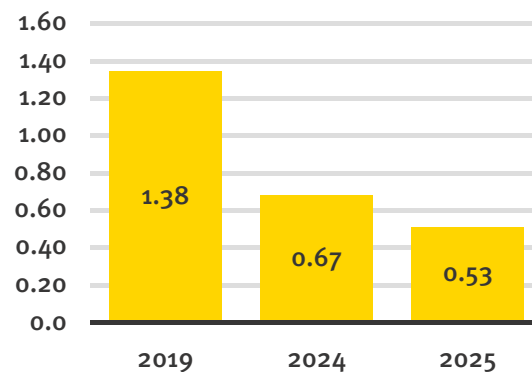
In addition to reporting on total emissions, we also disclose emissions intensity. This shows emissions per unit and is an alternative way of measuring emissions performance.

Table 4 – Operational Emissions Intensity

The following table shows our own emissions scope 1, scope 2 and business travel related scope 3 emissions intensity metrics by FTE and floor area.

| | 2025 | % change compare to base year | 2024 | % change compare to base year | 2019 |
|---|-------------|-------------------------------|-------------|-------------------------------|-------------|
| tCO ₂ e | 2,429 | -55% | 2,891 | -46% | 5,363 |
| Floor area (m ²) | 41,718 | -18% | 42,024 | -17% | 50,917 |
| Number of Full Time Employees | 4,578 | 18% | 4,342 | 12% | 3,894 |
| Intensity tCO₂e/m² | 0.06 | -45% | 0.07 | -35% | 0.11 |
| Intensity tCO₂e/FTE | 0.53 | -61% | 0.67 | -52% | 1.38 |

The graphs demonstrate the trend in emissions intensity in comparison to base year 2019.

Intensity (tCO₂e per m²)Intensity (tCO₂e per FTE)**Table 5 – Investments Intensity Metrics:**

Total Carbon Footprint (tonnesCO₂e/£M invested) for our General Insurance and Life Funds.

| Emissions Source | Financed Carbon Emissions (S1&2 tCO ₂ e/£m Invested) 2019 | Financed Carbon Emissions (S1&2 tCO ₂ e/£m Invested) 2025 | % Change 2019 - 2025 |
|-----------------------|--|--|----------------------|
| General and Life Fund | 95 | 73 | -23% |

Table 6 – Energy Consumption:

The following table outlines an annual comparison of energy consumed from activities for which NFU Mutual is responsible reported in kilowatt-hours (kWh). This includes all scope 1 and scope 2 emissions, plus business mileage travelled by employees in their own vehicles. Emissions associated with other business travel, including rail and air transport and business stays in hotels are excluded, as NFU Mutual does not operate these services.

Emissions are calculated by multiplying the energy consumption (kWh) by a conversion factor for that fuel for the appropriate year, with an additional step to cover mileage for transport. Emission conversion factors, particularly those for electricity, can change each year as the proportion of renewables and biomass within the energy mix in the grid increases, or when new fuels are added, such as biomethane.

Energy consumption by year (kWh)

| Emissions Source | 2025 (kWh) | 2024 (kWh) | 2025 % Share | YoY variance (%) |
|--------------------------------|------------------|-------------------|--------------|------------------|
| Natural Gas | 1,711,994 | 2,292,766 | 18% | -25% |
| Electricity* | 4,340,462 | 4,568,944 | 44% | -5% |
| Transport Fuel | 3,689,555 | 4,815,788 | 38% | -23% |
| Total Consumption (kWh) | 9,742,011 | 11,677,498 | 100% | -17% |

* Inclusive of Premises & Energy used for Company Cars.

■ Methodology used

An ‘operational control’ approach has been used to define the greenhouse gas emissions boundary, using the methodology outlined in the Greenhouse Gas Protocol’s Corporate Accounting and Reporting Standard. This includes all sites where NFU Mutual has authority to introduce and implement operating policies, and therefore excludes our agency network and investment properties, including joint ventures. This approach captures emissions associated with the operation of buildings, plus company owned and grey fleet transport. All NFU Mutual operations are UK based, therefore reporting also aligns with SECR requirements for Non-Quoted Large Companies. This information was collected and reported in line with the methodology set out in the UK Government’s Environmental Reporting Guidelines, 2019.

We use actual data for business travel emissions when possible and apply the “average car” emission factor when fuel type is unknown.

Fugitive emissions are calculated using the methodology provided by the UK Government.

Emissions have been calculated using the following conversion factors:

- Energy used in occupied premises – conversion factors published by the UK Government.
- Company cars – vehicle manufacturer stated emissions for make / model of vehicle.
- Business travel – conversion factors published by the UK Government.
- Fugitive emissions - conversion factors published by the UK Government.
- Oil used in back-up generators – conversion factors published by the UK Government.

The Greenhouse Gas Protocol’s Corporate Accounting and Reporting Standard categorises emissions into three different scopes.

- **Scope 1** – these are emissions directly generated by NFU Mutual from our owned or controlled sources.
- **Scope 2** – these are emissions from energy we purchase from third parties, such as electricity.
- **Scope 3** – these include all other indirect emissions (not included in Scope 2). These are emissions generated externally to NFU Mutual, however they arise as a direct consequence of our activities, for example supply chain or employee commuting emissions, and therefore form part our overall emissions footprint.

There are no material omissions from the SECR mandatory reporting scope.

Less than 1% of 2025 electricity and gas data has been proxy estimated, based on 2024 consumption. Actual data from the prior year’s reporting cycle is utilised to ensure that a complete year's data is incorporated into the calculation, where actual data is not available for the current year.



■ Investment Emissions Methodology

We have provided total carbon emissions to reflect the allocated footprint of our investment portfolios and presented these in absolute terms in tonnes of CO₂ equivalent (CO₂e). Financed emissions have been calculated by using an enterprise value including cash, which estimates the value of a company by adding back in cash and cash equivalents to the enterprise value of a company. This method has been preferred to using market capitalisation to attribute ownership of carbon as it allows for the fact that our portfolios contain both equities and corporate bonds. However, this metric is sensitive to changes in the scale of the holding.

We have also provided the emissions intensity of our investment portfolios as tonnes of CO₂e/£M invested. This metric allows comparison and benchmarking between funds.

For financed emissions calculations, it is generally acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability and quality of GHG emissions data from third parties, resulting in reliance on estimated or proxy data.

All metrics for our investment portfolio emissions have been provided in scope 1 and 2. Data coverage can and does vary significantly across asset classes and tends to be better in more developed markets.

Where coverage gaps exist, we have assumed these gaps have the same profile as the rest of the portfolio. For calculation purposes, we have capped the Emerging Market Debt fund with 30% of its valuation contributing to emissions and the High Yield Bond fund at 90%. This reflects that a proportion of these funds are invested in assets such as government bonds and the fact that assessing emissions relating to these assets are outside the scope of our 2030 and 2050 ambitions.

For 2019 figures, we have used the emissions metrics of our own US corporate bond fund as a proxy for an external fund we held at the time. To calculate the emissions in tonnes for the portfolio, we added the value of investment we held in that fund at the end of 2019 to the value of our US corporate bond fund.

For our internally managed corporate bond funds in the Life Fund we have used the General Fund as a proxy for the 2019 emissions.

All portfolio positions have been taken as at 31/12/2025, and emissions data has been provided for equities and corporate bonds.

Our disclosures do not currently extend to our cash or sovereign bond portfolios.

When considered with our Property Investment Portfolio, this reflects disclosures for approximately 72% of the assets under management for our General and Life Funds.

This disclosure was developed using information from MSCI ESG Research LLC, its affiliates or its information providers. Although The National Farmers Union Mutual Insurance Society Limited's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component of any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.



■ Key Methodological Changes for 2025

In line with Streamlined Energy and Carbon Reporting (SECR) legislation, and to improve accuracy and alignment with best practice, this year we have included an additional scope 2 emissions source for purchased electricity for electric vehicles. Following the implementation of our revised emissions inventory there has also been some minor reclassification of previously reported emissions. Reporting on indirect scope 2 emissions resulting from electricity used for transport provides transparency around the emissions impact

associated with transitioning to an electric based company car fleet, which while providing significant emissions reductions, does not eliminate all mileage related emissions. This scope 2 addition has corresponding well-to-tank (WTT) and transmission & distribution (T&D) emissions, which will be reported alongside other WTT and T&D figures in scope 3 category 3. This addition does not affect 2019 baseline emissions, as no EV/PHEVs were included in our fleet at that time.

For full transparency, the emissions included in our reporting are as follows:

| Scope | Emission source | Included in emissions reporting | Included in emissions target |
|-------|--|---------------------------------|------------------------------|
| 1 | Emissions from mileage travelled in company cars | Y | Own emissions |
| | Natural gas used to heat occupied premises | Y | |
| | Fugitive emissions | Y | |
| | Oil used in back up generators | Y | |
| 2 | Purchased electricity used in occupied premises | Y | |
| | Emissions from mileage travelled in EV and PHEV company cars | Y | |
| 3 | Category 6 - Business Travel | Y | No |
| | Category 3 – T&D and WTT | Y | |
| | Category 15 – Property Investments | Y | No |
| | Category 15 – investments* | Y* | Investments ¹ |

¹ The target is a combined target across both the General and Life Discretionary funds and will be measured as the aggregate emissions reduction achieved across both funds. The scope of the target is limited to the investments owned by NFU Mutual. Investments owned by our members (retail funds) and the Matching Adjustment portfolio are excluded.

LONG-TERM VIABILITY DISCLOSURE

NFU Mutual's strategic long-term objectives of sustainable profitable growth, great company to do business with and being a great place to work are integral to the Group's prospects for the long term which are reflected in our business model and strategy (pages 9 to 13).

Given the strong financial position of the Group, the Directors have determined that a period of three years is an appropriate period over which to provide its viability statement. This timescale is consistent with the period over which the Group's regulatory ORSA requirement has been considered, as well as the time horizon over which its medium-term business plan has been constructed.

The long-term nature of the life business is reflected in technical provisions which allow for expected cash flows over the lifetime of these policies and their ongoing capital requirements.

The Directors have assessed the prospects and viability of the Group over the next three years, taking into account:

- the continued strength of the balance sheet and the Group's overall solvency and liquidity position;
- the operation of the Group's governance and internal control framework as set out in the Governance Report (pages 93 to 119);
- the robust and embedded Risk Management Framework (page 39), which identifies and reports to the Board (via the Risk Director), key operational risks that could threaten the Group's business model along with mitigating management actions;
- the review of principal financial risks (market and insurance as shown on pages 41 to 45) undertaken within the ORSA process where we consider strategic business planning, risk and capital management as an integrated process;

- ongoing extensive stress testing undertaken on the Group's solvency, liquidity and financial performance resulting from events such as a significant General Insurance losses and extreme financial market volatility. The scenarios cover a range of topics across the Group, including addressing an area of regulatory challenge relating to the General Insurance fund and an industry-level stress test for Life fund that we were not required to take part in by the PRA but viewed as useful for our own purposes. In 2025 scenario testing also analysed the impacts of geopolitical risks given the heightened geopolitical uncertainty. All analysis is reported and reviewed by Risk Committees and subcommittees. In each case the analysis showed the group to be in a robust position, with management actions in place where required to enable solvency levels to be retained at acceptable levels;
- the impact of climate change (see full report pages 47 to 71) and the ongoing challenges of the geo-political landscape on both the financial and operational position of the company (see further detail in Going Concern Statement on page 85).

Based on the robust assessment of the principal risks and uncertainties facing the Group and the stress testing performed during the year, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, over the period to 31st December 2028.

NFU MUTUAL GROUP TAX STRATEGY

NFU Mutual recognises its duty of care and responsibilities to its policyholders and society to pay the right amount of tax, at the right time. Our tax strategy reflects our strong risk management culture and core values as a mutual organisation. The publication of the Group's tax strategy complies with the requirements of Paragraph 16(2) of Schedule 19 of Finance Act 2016.

Approach to tax risk management and governance arrangements

The NFU Mutual Board has established a structure of risk governance committees to which they delegate authority for overseeing all risks faced by the Group.

The Group's Senior Accounting Officer appointed in accordance with Finance Act 2009 (Sch.46), and supported by the Head of Taxation Strategy, is responsible for the tax strategy and managing tax risk within the Group. Ultimate responsibility is placed with the Finance Director. The Group's tax risk position is regularly reported to the Audit Committee. The Group operates three lines of defence with the active third line supported by Group Internal Audit.

The tax strategy is aligned with the Group's ESG philosophy and risk and governance framework, which includes a formal assessment of tax related risks and a reporting process with the aim to ensuring the business is managed in line with risk appetite. The risk rating of an issue will determine how far it is escalated through the risk governance committees, including ultimately to the Board.

The main tax risks linked to our business include operational risks through changes in legislation, meeting our compliance obligations

across all taxes and managing tax risk during business change programmes. The risks are managed using the Group's risk framework and the tax risk management activities of the Group tax function.

Attitude to tax planning

We are committed to paying the right amount of tax, at the right time, across the entire Group. This means complying with tax legislation and meeting our responsibility to provide value for our policyholders while seeking to safeguard NFU Mutual's reputation with the public, HMRC, our employees and our policyholders.

NFU Mutual is a UK based insurer with operations extending to the Channel Islands and Isle of Man. NFU Mutual has a policy to not engage in arrangements for tax avoidance purposes, including tax havens, that are unacceptable to HMRC. The main taxes managed by the Group are Corporation Tax, Value Added Tax, PAYE, National Insurance, Stamp Duty taxes, Insurance Premium Tax and other policyholder taxes. International taxes borne by the Group include global minimum taxes where relevant; and withholding taxes on overseas investment income received by the Group's investment funds. Taxes and levies are paid to other tax jurisdictions for certain insurance risks located outside the UK.

NFU Mutual continues to evolve as an organisation in an ever-changing economic and regulatory environment and we seek to maintain awareness of and compliance with ongoing tax consultations and legislative change. Tax in the financial services sector is complex and external tax advice is sometimes necessary in order to safeguard the interests of our policyholders and ensure our tax position is managed efficiently within the law.

The level of tax risk the Group is prepared to accept

NFU Mutual’s risk management framework includes risk appetites that articulate the amount of risk the business is prepared to accept in pursuit of our long term strategic objectives. We have in place clear escalation processes within our risk management framework to ensure risks are appropriately reviewed, controlled, and accepted, with support from an appropriately qualified tax team. We manage and mitigate risks relating to taxation by maintaining a register of tax risks and working closely with advisers, industry representatives, and HMRC, to bring risks to an acceptably low level. This reflects our responsibility to all our stakeholders.

Approach to working with HMRC

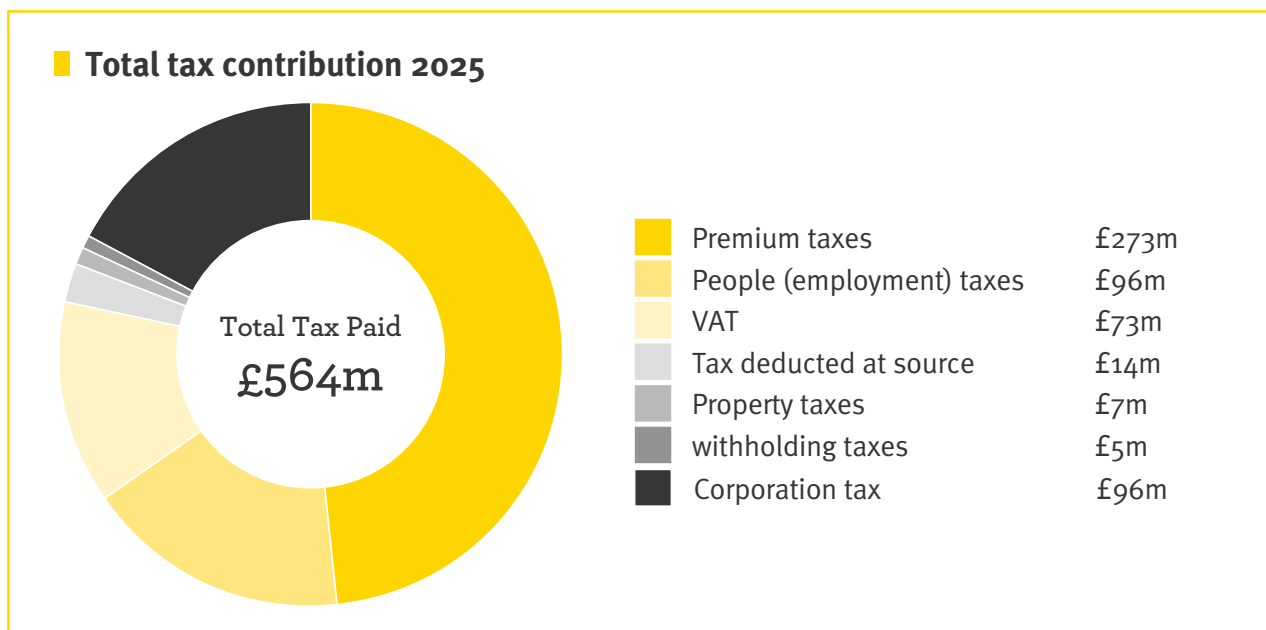
We meet our statutory obligations by adopting an open and transparent approach in our dealings with HMRC. This includes annual review meetings with the Customer Compliance Manager and regular discussions during the year on developments within the business and how the Group is responding to changes in tax legislation which may impact us.

We are committed to engaging professionally with HMRC in matters concerning any current, future or past tax risks. If clarification is required in the application of tax legislation, we will seek to raise this with HMRC and work with them to reach agreement before tax returns are submitted.

We seek to maintain our “low risk” rating within HMRC’s business risk rating program, and to deliver accurate and timely tax returns, including relevant additional information to aid HMRC’s understanding of our business transactions.

Total tax contribution

The Group’s 2025 total tax contribution was £564m (2024: £477m) summarised in the chart below. The tax contribution consists of taxes borne of £209m (2024: £129m) and taxes collected of £355m (2024: £348m). Taxes borne by the Group such as corporation tax directly impact the Group’s business results. Taxes collected by the Group are received from employees and policyholders for onward payment to HMRC and other tax authorities. Insurance premium tax collected of £273m (2024: £260m) was paid by our policyholders.



Non-financial and sustainability information statement

In accordance with sections 414CA and 414CB of the Companies Act 2006, which set the requirements for non-financial reporting, the table below is intended to show where content needed to understand our development, performance, position, and the impact of our activities regarding specified non-financial matters can be found.

| | |
|--|--|
| Environmental matters including climate-related financial disclosures | Climate Change pages 47 to 71 Risk and Risk management pages 36 to 46 |
| Employees | Directors' report pages 78 to 87 |
| Social matters | Chief Executive's statement on pages 7 to 8 Responsible business pages 23 to 35 |
| Human rights | Directors' Report pages 78 to 87 |
| Anti-bribery and anti-Corruption | Directors' Report page 84 |
| Business Model | Business Model and Strategy pages 9 to 13 |
| Non-Financial key performance Indicators | Strategic Objective KPI's pages 14 to 15 |
| Principal risks and uncertainties | Principal risks and uncertainties pages 41 to 46 Longer-term viability statement on page 72 |

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Strategic report

The information that fulfils the Companies Act requirements for the strategic report can be found as follows:

| | |
|---|---|
| Business Model and Strategy | Business Model and Strategy pages 9 to 13 |
| Principal risks and uncertainties | Risk Management pages 36 to 46 |
| Performance and development during the year | Group Chief Executive's Statement pages 7 to 8 Business Review pages 16 to 22 and Directors' Report pages 78 to 87 |
| Information about future developments | Chief Executives statement on page 8 |
| Employee information and Corporate Social Responsibility (CSR) | Directors' Report pages 78 to 87 and Responsible Business pages 23 to 35 |
| Financial and non-financial KPIs | Key Performance Indicators and Business Review pages 14 to 22 Responsible Business pages 23 to 35 |
| Corporate Governance Statements (Section 172) | S.172 Statement on page 101 |

Approved by the Board for signature and issue.



Jim McLaren
Chair



Nick Turner
Chief Executive



Governance

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DIRECTORS' REPORT

The Directors present their report and the audited, consolidated financial statements of the parent company and its subsidiaries for the year ended 31st December 2025.

Results and Mutual Bonus

The consolidated profit after tax, including realised and unrealised gains and losses for the year, was £729m (2024: consolidated profit of £360m). The Mutual Bonus to policyholders for 2025 was £236m (2024: £238m).

The financial results and balance sheet position have been compiled in compliance with United Kingdom Accounting Standards, including Financial Reporting Standards 102 and 103.

Status of the company

The National Farmers Union Mutual Insurance Society Limited is a company limited by guarantee, registered under the Companies Act 2006.

Directors

Brief biographies of the current Directors are set out on pages 88 to 92. All Directors held their positions for the duration of the financial year and up to the date the financial statements were signed, except for Sally Williams, who joined the Board on 1st December 2025. The Company Secretary for the Group is Sian Johns, a Fellow of the Chartered Governance Institute and a qualified solicitor.

Throughout 2025 and up to the date of signing the financial statements, the Group maintained an insurance policy that provides indemnification for Directors and Officers against losses or legal liabilities incurred while performing their duties. Additionally, the Group has executed deeds of indemnity for the benefit of its Directors and Company Secretary,

as well as those of its associated companies. These deeds constitute qualifying third-party indemnity provisions in accordance with the Companies Act 2006.

Our Employees

■ Our people strategy

One of our three long-term objectives is being a 'Great place to work' and our aim here is to create a world class employee experience where our people do the best work of their careers. Our people play a vital role in delivering the long-term objectives, and our People Strategy has been designed to enable this.

The six People Strategy elements are:

1. Offer an exceptional employee experience
2. Create and sustain a diverse and inclusive workforce
3. Provide industry-leading learning to our employees and the agency network
4. Evolve our strong culture to empower our people
5. Use data, technology and analytics to support our customers and employees
6. Develop commercially grounded people to provide great leadership.

■ Key people metrics

The table illustrates the overall size of our workforce as of 31st December 2025, with 2024 figures shown for comparison. Employee numbers have increased by 2.4% year on year.

In 2025, NFU Mutual's voluntary turnover rose between 2024 and 2025 from 6.7% to 6.9%, and we are performing better than the industry average of 10.8%. Employee tenure remains high at 8 years 7 months.

■ Key people metrics

| Year End | Number of employees | % Female | % Male | Average Age | Average length of service | Voluntary Turnover Rate | Involuntary Turnover Rate |
|----------|---------------------|----------|--------|-------------|---------------------------|-------------------------|---------------------------|
| 2025 | 4,842 | 51% | 49% | 42 years | 9 years | 6.9% | 1.4% |
| 2024 | 4,716 | 50% | 50% | 42 years | 8 years | 6.7% | 1.4% |

As of 31st December 2025, 85% of our employees work full-time hours, and 15% work part-time hours.

■ Employee engagement

The 2025 Employee Engagement survey results, which were announced in July 2025, saw NFU Mutual achieve world-class engagement levels for the eleventh consecutive year.

A highest ever participation rate of 95%, and a 99th percentile score reflects consistently excellent levels of employee engagement. Only five other organisations globally achieved 99th percentile against the Gallup Overall Company-Level database in 2025, which holds data from over 24 million respondents, across 709 global clients with more than 1,000 employees. In recognition of our continued high performance in this area, we are proud to be named a ‘Gallup Exceptional Workplace’ winner for the tenth time, this year with distinction, and were the only UK headquartered company to receive this accolade and one of only seven globally.

We adopt a comprehensive approach to employee engagement, ensuring it is firmly embedded across the organisation and consistently championed by leaders and managers. By listening actively, fostering open dialogue, and offering tailored support, we aim to create an environment where every voice is valued, and our people can thrive.

In 2025 the Top Employers Institute recognised NFU Mutual as a certified UK Top Employer for the third successive year. This is an endorsement of our dedication to providing a great work environment and to demonstrating excellent people practices.

■ Health, Safety and Employee Wellbeing

NFU Mutual is committed to providing and maintaining a safe and healthy working environment for all employees. Our Health and Safety Policy sets out our general approach to managing Health and Safety and outlines the responsibilities for ensuring compliance with Health and Safety legislation and managing health and safety risks throughout our organisation. Our accompanying employee handbook, safe working procedures and guidance documentation helps all colleagues understand how to stay safe and healthy at work including the actions they need to take. We have a proactive approach to managing health and safety, conducting regular risk assessments, audits, workplace inspections and training. We have a Health and Safety committee in place, who meet formally 3 times per year to review health and safety performance and compliance, and agree ongoing initiatives and actions to continually improve safety and wellbeing across all locations.

NFU Mutual promotes employee health and wellbeing, and we have a comprehensive suite of wellbeing resources and support available. We recognise that wellbeing is multi-dimensional and have built a comprehensive approach around our five wellbeing pillars: sense of purpose, mental wellbeing, physical wellbeing, financial wellbeing, and social wellbeing. Our aim is to promote healthy ways of working and provide the right support so colleagues can perform at their best.

We have a dedicated wellbeing hub, a central resource that brings together guidance, learning opportunities, and signposting to internal and external support. Our internal wellbeing support to employees includes access to a 24/7 online GP service for a wide range of health concerns, alongside our Employee Assistance Programme, which offers immediate support from qualified counsellors and practical tools to help manage day-to-day wellbeing. We delivered over 1,290 hours of interactive health and wellbeing training in 2025. This included both face-to-face sessions and webinars, working in partnership with The Wellbeing Project, a global consultancy of business psychologists and wellbeing specialists, as well as other trusted external organisations. It also included additional wellbeing support sessions arranged by our Employee Network Groups, further strengthening awareness and everyday wellbeing practices across the organisation. In February, as part of Time to Talk Day, we welcomed Warwickshire Mind to two of our offices to share resources and encourage open conversations about mental health. At the end of 2025, we also have 102 trained Mental Health First Aiders across the business.

As a Great Place to Work, we understand the importance of balancing professional and personal life, and also that one size doesn't fit all. Our family-friendly policies and practices are designed to provide flexibility and support for life's important moments, helping colleagues balance work and personal commitments. In 2025 6.74% of employees took family leave (up from 4.96% in 2024). Through our informal homeworking model, employees are empowered to choose where they work - which can be up to 80% from home depending on their role, team operations, and customer needs. In our 2025 Employee Engagement survey, 96% of employees agreed (84% strongly agreed) that they can achieve peak performance working from home.

Our commitment to supporting wellbeing is reflected in feedback received from employees. Results from our 2025 Employee Engagement survey evidenced positive sentiment, and we

achieved an 89th percentile score for work-life balance and an 83rd percentile score for overall wellbeing.

Building a Healthy Working Community for our employees is a key ambition of our Responsible Business Strategy. To learn more about our commitments against an Environmental, Social and Governance (ESG) framework, see page 23.

■ Employee voice

Employee voice remains an important part of how we create a Great Place to Work. We have a multi-channelled approach that helps us understand what matters most to our people and take meaningful action.

We encourage employees to participate in our Mutual Forum employee consultation group, where elected delegates represent all areas of our business. This forum meets formally three times a year and provides a structured opportunity for consultation and dialogue. It enables management to share matters affecting the business and its stakeholders, and for employees to raise ideas and feedback, ensuring decisions are informed by the perspectives of those closest to our customers.

We also formally recognise Unite, the union representing its members within NFU Mutual. Through regular Joint Negotiating Committee (JNC) meetings and negotiation on the annual pay award, we maintain open and constructive dialogue on a range of topics, including proposed business changes and HR policies and procedures.

Beyond these formal mechanisms, our approach to employee voice is multi-channel and continuous. We combine active listening - through surveys, focus groups, and forums - with passive listening, such as analysing engagement trends, to build a richer picture of the employee experience. This enables us to move beyond single points in time and unlock insights that inform both local and organisation-wide action plans.

■ Diversity and Inclusion

We believe that every employee has the right to be treated with equality, dignity, and respect, and we remain committed to creating a supportive workplace where all colleagues can thrive. Diversity and inclusion (D&I) enhances our organisation by broadening perspectives, strengthening decision-making, and driving innovation.

In 2025, we focused on further embedding the initiatives established in 2023 and 2024, including our Mutual Mentoring programme, the Inclusive Language learning programme, and our partnerships with the LGBTQ+ Insurance Network (LINK) and the Group for Autism, Insurance, Investment and Neurodiversity (GAIN) to better support LGBTQ+ and neurodivergent colleagues. We also continued to refine our inclusive recruitment practices, such as skills-based hiring, diverse assessment methods, and mixed interview panels, which received positive feedback from candidates. This year, we also strengthened the governance and frameworks supporting our Employee Network Groups (ENGs).

Our progress was recognised with the 2025 Silver Standard TIDE Award from Onvero, a significant milestone in our D&I journey. Our score rose from 37% in 2023 to 75% in 2025, placing us above both the UK average of 66% and the insurance sector average of 59%.

In 2025, we deepened our understanding of colleague experience through an expanded programme of qualitative analysis. This included delivering the GAIN Benchmarking Survey, which offered valuable insight into the lived experiences of neurodivergent colleagues and identified opportunities to enhance workplace adjustments, communication, and support. We also partnered with Gallup to better understand the themes raised by colleagues, identify barriers to inclusion, and target our D&I activity where it can make the most meaningful impact. In parallel, a digital accessibility review assessed how effectively our online platforms

support colleagues and customers with disabilities.

We are fully committed to creating a supportive environment of positive working relationships to ensure a 'Great Place to Work' for all employees. As a Level 2 Disability Confident Employer, our policies and practices ensure full and fair consideration to all applications from disabled candidates, assessing each applicant on their skills, aptitudes, and abilities. We also support colleagues who are, or may become, disabled during their employment. Through occupational health referrals, reasonable adjustments, and personal support plans, we work with individuals to maintain continuity of employment wherever possible. This may include training, redeployment where feasible, and ensuring colleagues can continue to perform and develop in their roles.

During National Inclusion Week, we continued our flagship Inclusion Markets across key office locations, bringing colleagues together and showcasing the breadth of our D&I activity. This year's programme also included a panel event, Now Is The Time: A Conversation on Allyship, Sponsorship and Leadership, which engaged over 150 colleagues both online and in person. The discussion, supported by our ENG Senior Sponsors, emphasised the importance of embedding inclusion, increasing sponsor visibility, and ensuring strategic alignment.

■ Gender and representation

Our median Gender Pay Gap is 14.1%, an improvement from 20.4% the previous year. This positive shift reflects increased female representation at senior levels across the organisation at the time the reporting data was captured. Our full Gender Pay Gap Report for the year to 5 April 2025 will be available from April 2026 at nfumutual.co.uk. We remain committed to reducing this gap further in the years ahead, in line with our Gender Pay Gap action plan. The activities within our wider Diversity and Inclusion programme continue to support the development and progression of women into senior roles and remains a key focus moving forward.

In 2025, we achieved our Women in Finance Charter target, with women representing over 40% of our senior management population, exceeding the average of 36% across Charter signatories as at the time of writing. As one of the organisations recognised for meeting our Charter target, we are proud to play our part in driving sector-wide progress. We recognise that achieving gender balance in senior leadership requires sustained action, an inclusive culture, and meaningful engagement; we will continue to implement a range of initiatives designed to foster gender diversity and inclusion across the organisation as well as support our Women in Finance Charter commitments.

Further details of our approach can be found at nfumutual.co.uk/about-us/women-in-finance-charter

■ Employee groups

We continue to strengthen inclusion through our Employee Network Groups (ENG's). We now have four company-wide ENG's and three regional/divisional groups. The company wide ENG's are Mutual Pride, Gender Equity Network, Neurodiversity Network and enABLE Disability Network Group. The divisional groups are RISE Customer Services (Respect. Inclusion. Solidarity. Equity), Sales & Agency D&I Group and Customer Services D&I Leadership Group.

In 2025, we appointed four senior sponsors for these groups with another being appointed in 2026. Our ENG's offer a safe, supportive place for employees with shared identities or experiences and they engage members through events, blogs and activities such as panel events or external speaker events. Alongside our ENG's we have five informal support groups who come together to provide mutual support, share experiences, and discuss challenges related to specific issues, such as menopause, mental health, grief or other personal or professional concerns.

■ Developing our people

We offer learning and development opportunities to help employees grow and develop in all areas of our business. Overall, in 2025 we recruited 55% of roles from our own workforce, evidencing our success in developing our people. This is higher than our industry peers benchmark of 33%. Importantly, the proportion of female internal senior management appointments reached 59% in 2025, up from 50% in 2024. In our 2025 Employee Engagement survey our employees scored us very highly.



We achieved 99th percentile for providing opportunities to learn and grow, and 99th percentile for supporting their progress.

In 2025, we commenced implementation of our Agency Learning Strategy, delivering more than 80 commercial training opportunities across the agency network and internal teams. Additionally, we introduced an updated suite of learning within our Agency Leadership Framework, as well as new introductory modules under the Route to Competence initiative. These efforts are designed to support both our agency network and internal teams.

We have also launched a new Farm Immersion course in partnership with The School of Sustainable Food and Farming at Harper Adams University, available to both internal employees and members of the agency network. This course will be incorporated into the Route to Competence, meaning all new starters in the agency network will attend at the start of their journey. Furthermore, we are developing comprehensive farm learning materials companywide to enhance skills and knowledge for all employees and the agency network.

NFU Mutual has a network of trained mentors totalling 246 at the end of 2025 who are available to guide employees at every level and across all business areas, helping them to achieve their professional goals. Our robust network of accredited internal coaches (48 at the end of 2025) further enables staff to achieve their full potential throughout all stages of their careers.

Our commitment to talent development continues through our Early Careers Strategy. The Professional Trainee Programme attracts high-calibre graduates, while our Internship Programme offers university students valuable work experience. Now in its second year, our Work Experience Programme allows school students to gain insight into the workplace. In addition, Apprenticeships are available to both new and existing employees, supporting skill growth in various business areas.

We plan to transfer 20% of the levy to the agency network and are exploring the potential to transfer a further 20% to the rural community in 2026.

■ Managing performance

All employees understand their role in delivering our company strategy through regular objective-setting which aligns to our strategic objectives. Our Performance Management framework includes a Managing Achievement appraisal of performance against objectives twice a year, Personal Development Plans to encourage career planning and skills development, and Supporting Me conversations which provide useful feedback to People Managers from the individuals in their team.

■ Reward and recognition

Reward includes base pay, variable pay and employee benefits. At NFU Mutual, our Reward package is designed to attract and retain talented people, to encourage employees to align with our values and objectives, to recognise the contribution that our people make towards the success of the business and to allow employees to share in our success. Governed by our Remuneration Committee, all elements of our Reward Framework are regularly reviewed to align them with our strategic objectives and are market competitive.

Carbon emissions reduction targets form part of the targets in the executive long-term incentive plan, supporting our Climate Change strategy. In September 2025 we launched a new employee car scheme expanding the number of employees able to choose ultra-low emission cars. The carbon emissions of our company car fleet have reduced by 77.9% against the 2019 baseline (Q4 2025).

All employees can join the NFU Mutual Retirement Benefit Scheme which supports their financial wellbeing by offering an easy way to save for retirement. We provide generous employer contributions of up to 12% of pay, a benefit which is highly valued by our employees.

All employees benefit from four times salary life assurance cover, a gym subsidy and a healthcare cash plan, as well a choice of flexible benefit options such as holiday trading, health assessments and private medical schemes.

We want our employees to feel recognised and valued for a job well done, and we encourage them to do this via our Mutual Rewards recognition scheme.

■ Our plans for 2026

We will continue to strive to provide a truly inclusive and diverse workplace where all employees can thrive and do the best work of their careers. We will develop our talent management maturity and define our culture to enhance our approach so we are better positioned to attract and retain people who will enable us to meet our future business goals.

In 2026, we will prioritise learning opportunities for employees in our agency network and regions, with the enhancement and development of new commercial learning modules and agency leadership course. Whilst already offering a range of leadership development solutions, we will strengthen the impact of these by aligning them to a clear definition of leadership at NFU Mutual, developed through our work on culture, that will inform expectations and development needs to drive leadership that is fit for the future and able to drive our strategic growth ambitions.

We plan to further invest in technology to bring process efficiencies and improve employee experience. We are also continuing to explore ways to take advantage of AI to boost productivity.

Compliance

NFU Mutual is committed to full compliance with all applicable laws and regulations in every jurisdiction where we operate. Our comprehensive anti-bribery and anti-corruption policy encompasses all employees, Directors, contractors, and any other individuals representing the company.

Charitable donations

In 2025, charitable donations totalled £4 million (2024: £3.25 million). This included contributions of £1.2 million to the NFU Mutual Charitable Trust, which distributes awards at its discretion; £370,000 to the Farm Safety Foundation; £2.33 million through the Agency Giving Fund; and £100,000 to the Community Champions Scheme.

Refer to the Responsible Business section on pages 23 to 35 for detailed information about our community, charity, and environmental activities.

Statement of engagement with suppliers, customers and others

Details regarding the Group's engagement with suppliers, customers, and others who hold a business relationship are available in the Governance Report on pages 93 to 119.

Statement of corporate governance arrangements

Information on how NFU Mutual applies the UK Corporate Governance Code can be found in the Governance Report on pages 93 to 119.

Principal risks

The Directors have conducted a comprehensive evaluation of the principal risks facing the Group, as detailed on pages 41 to 45. This includes consideration of any risks that could impact the Group's business model, future performance, solvency, or liquidity, thereby supporting the Long-Term Viability Statement presented on page 72.

Indication of future developments

An indication of the likely future developments of the Group can be found on page 8.

Energy and carbon disclosures

Details of the Group's energy use and carbon emissions can be found on pages 59 to 71.

Going concern basis of accounting

The accounts have been prepared on a going concern basis.

The Directors have reviewed the Group's business activities, financial position, principal risks and uncertainties and financial commentary as set out in the Long-Term Viability Statement and Strategic Report on page 72. As part of NFU Mutual's Risk Management Framework, the group produces its Own Risk & Solvency Assessment (ORSA) to demonstrate an integrated approach to strategic planning, risk management and capital management. This is presented to the Board annually.

Ongoing extensive stress testing is undertaken on the Group's solvency, liquidity and financial performance resulting from events such as significant General Insurance losses and extreme financial market volatility. The scenarios cover a range of topics across the Group, including addressing an area of regulatory challenge relating to the General Insurance fund and an industry-level stress test for the Life fund that we were not required to take part in by the PRA but viewed as useful for our own purposes. In 2025 scenario testing also analysed the impacts of geopolitical risks given the heightened geopolitical uncertainty. In each case the analysis showed the group to be in a robust position, with management actions in place where required to ensure solvency levels can be retained at acceptable levels.

The ORSA is key in providing the Board with assurance that the Going Concern Basis of Accounting remains appropriate. The following

points are highlighted as key considerations for the Directors when approving the going concern basis of accounting.

Solvency: NFU Mutual has remained robustly solvent throughout 2025 and its Solvency Coverage Ratio (SCR) was maintained within the Risk Appetite set by the Board. The Group's SCR Coverage Ratio sits at 238% at 31st December 2025 (221%: 2024).

Liquidity: The company holds £10.5bn at 31st December 2025 (£9.5bn: 2024) of broadly liquid assets (i.e. available within 1 month). This puts the company in a robust position to manage its liquidity risk and meet its obligations to pay claims and suppliers over the next 12 months.

Resilience: The Executive Committee has continued to lead the company through the year, to ensure service is maintained to customers. Operational issues and working practices are kept under constant review. The financial performance of key strategic suppliers are monitored monthly, to identify any early warning indicators of impending financial difficulty. Regular benchmarking is performed to assess the maturity of our cyber resilience and ensure we're meeting industry standards. NFU Mutual has robust technical controls in place to identify threats, detect attacks and respond swiftly.

NFU Mutual continued to provide support to customers and the community in 2025, with £2.33m allocated to the Agency Giving Fund and £1.2m to our Charitable Trust, as well as continuing to support The Farm Safety Foundation in its efforts to make farming safer.

Given all the above, the Directors consider that NFU Mutual and the Group have adequate resources to continue in operation for a period of at least 12 months and are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law obliges the Directors to prepare financial statements for each financial year. In accordance with this requirement, the Directors have prepared the Group and parent company financial statements in conformity with United Kingdom Accounting Standards, including FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Company law requires Directors to approve financial statements only if they believe these statements fairly represent the company's and Group's financial position and results for the period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- consider the annual Report and Accounts taken as a whole to ensure that it is fair, balanced and understandable and provides the information necessary for members to assess the company's performance, business model and strategy.



The Directors are accountable for maintaining adequate accounting records, ensuring they are sufficient to accurately reflect and explain the company’s transactions, and to disclose, with reasonable accuracy at any point in time, the financial position of both the company and the Group. This responsibility enables compliance with the Companies Act 2006 regarding financial statements. Additionally, the Directors are tasked with safeguarding the assets of the company and the Group, which includes implementing appropriate measures to prevent and detect fraud and other irregularities. The Directors affirm that they have diligently fulfilled these responsibilities and regard the Annual Report and Accounts, considered in its entirety, as fair, balanced, and understandable, providing all necessary information for members to evaluate the company’s performance, business model, and strategy.

There have been no post-balance sheet events that require disclosure in the financial statements, we have considered the likely future events in the Chair’s statement on pages 2 to 4.

Disclosure of information to auditors

The Directors confirm that, to the best of their knowledge, there is no relevant audit information of which the Society’s auditors are not aware. Each Director has taken all necessary steps, as required in their capacity, to become aware of any relevant audit information and to ensure that such information has been communicated to the Society’s auditors.

Independent auditors

A resolution regarding the reappointment of Deloitte LLP as auditors will be presented at the Annual General Meeting (AGM) in 2026.

Approved by the Board for signature and issue.



Jim McLaren
Chair

19th March 2026



Nick Turner
Chief Executive

OUR BOARD OF DIRECTORS



Jim McLaren MBE
Chair

Jim was appointed to the Board in 2012 and appointed Chair in 2019. He is also Chair of the Nomination Committee. Jim served as President of NFU Scotland from 2007 to 2011, having served as Vice President in 2006. He was Chair of Quality Meat Scotland Limited from 2012 to 2019 and is a former Director of Scotland's Rural College. Jim is a mixed beef and arable farmer from Perthshire in Central Scotland and a Fellow of the Royal Agricultural Societies.



Nick Turner
Group Chief Executive

Nick was appointed NFU Mutual Group Chief Executive in 2021. He was appointed to the Board in 2013 and was previously Sales and Agency Director where he led the growth of the General Insurance and Life businesses. Nick joined NFU Mutual from AXA where he was Managing Director, Intermediary & Partnerships - Personal Lines. His career spans more than 40 years, largely in the fields of General Insurance, Life Assurance and Wealth Management. Nick is a former President of the Chartered Insurance Institute and was previously President of the Personal Finance Society.



Jon Bailie
Non-Executive Director

Jon was appointed to the Board in 2018. He is Senior Independent Director and is Chair of the Board Investment Committee and of the Board of NFU Mutual Unit Managers Limited. He has extensive investment management experience, having held senior positions at Pioneer Investments, AXA Investment Managers, Pantheon Ventures and Russell Investments. He is a Non-Executive Chair of CCLA Fund Managers and was previously a Non-Executive Director of the Pensions Infrastructure Platform.



Ali Capper
Non-Executive Director

Ali was appointed to the Board in 2018 and is Chair of the Remuneration Committee. She is Chair of Horticulture Crop Protection Ltd, Executive Chair of British Apples and Pears, a member of the Ceres Investment Committee and the Agricultural Forum and is a Nuffield Scholar. Ali is a partner with her husband in their family farm and is also a Deputy Lieutenant for Worcestershire.



John Deane
Non-Executive Director

John was appointed to the Board in 2022. He is Chair of the With-Profits Committee and Chair of the Trustee of the Group's Staff Retirement Benefit Scheme. A Fellow of the Institute of Actuaries, John has over 40 years' experience working in listed, mutual, and private companies. John was previously Group Chief Executive Officer - Executive Director at Chesnara and held senior positions at Royal London Group, Old Mutual, and Century Life. He has also held Non-Executive Directorships with Atom Bank and Theatre-Rites.

OUR BOARD OF DIRECTORS



Alan Fairhead
Non-Executive Director

Alan was appointed to the Board in 2020, is Chair of the Board Risk Committee and a member of the Nominations Committee. A Chartered Insurer and Fellow of the Chartered Insurance Institute, he has over 45 years' domestic and international General Insurance experience. After a career spanning 21 years at Guardian Royal Exchange, he progressed through Zurich Insurance Group to become Global Chief Underwriting Officer. Alan was formerly an Independent Non-Executive Director of Everest Insurance (Ireland) DAC where he was also Chair of their Board Risk Committee.



Rachel Kelsall
Customer Services Director

Rachel was appointed to the Board in 2023. With a focus on driving outstanding levels of customer service and satisfaction, Rachel's responsibilities include General Insurance Underwriting, Pricing, Claims, Customer Service operations at our Head Office and regional centres. Previously Head of Underwriting and Claims, Rachel has also held roles at NFU Mutual leading Pricing, Underwriting, Claims, Operations, Compliance and Finance departments.



Richard Morley
Financial Director

Richard joined NFU Mutual in 2011 and was appointed to the Board in 2018. His responsibilities include Financial & Regulatory Reporting, Financial Planning & Analysis, Investments, Property and Commercial Services. He has held a variety of Finance leadership roles for Thames Water, BNP-Paribas and Lloyds Banking Group. Richard is a qualified accountant (FCMA) and is a Non-Executive Director of The Institute of Agriculture & Horticulture.



David Roper
Non-Executive Director

David was appointed to the Board in 2019 and is Chair of the Audit Committee. He graduated from Cambridge University with a degree in Music and subsequently trained as an accountant before joining PwC in 1990. He rose through that organisation to become a Director and then a Partner specialising in the financial services sector, working in London, Manchester, and Birmingham. He is the Senior Independent Director of Atom Bank and is also Chair of the National Youth Choirs of Great Britain and a trustee of E-ACT multi academy trust and LAMDA.



Sarah Simpson
Non-Executive Director

Sarah was appointed to the Board in 2024. She is Director of Simpson Farms Ltd, a Trustee at the Hannah Dairy Research Foundation, and sits on the Tarff Valley and the Scottish Government's Agriculture Reform Implementation Oversight Board. Sarah has over 20 years' experience in shaping rural policy. She spent more than a decade in senior positions at NFU Scotland and has held an advisory position with the National Council of Rural Advisers. In 2023 she was awarded a Fellowship by the Royal Agricultural Societies for her outstanding contribution to UK agriculture.



Dave Smith
Non-Executive Director

Dave was appointed to the Board in 2023 and is a member of the Audit, Risk, and Remuneration Committees. He served as Managing Director of the personal and commercial lines business for Zurich Insurance Group, and also as CEO of Zurich's UK General Insurance business. Dave is currently Senior Independent Director and Chair of Risk Committee for AIG UK Ltd, and Chair of Lockton Companies LLP. He previously held Non-Executive positions with AA Insurance Services Ltd, Bupa Insurance Ltd, and Altitude plc. Dave is also a Chartered Engineer.

OUR BOARD OF DIRECTORS



Nick Watson
Sales and Agency Director

Nick was appointed to the Board in 2021 as Sales and Agency Director. He has over 30 years of financial services experience including both Life and General Insurance. Nick joined NFU Mutual from AXA, where he was Commercial Distribution and Trading Director, leading their broker distribution and trading strategy in the UK Commercial market. Prior to AXA, Nick spent 13 years with Aviva, leading distribution and operations functions within GI and Life divisions. Nick has also previously led part of the Towergate MGA business and an online wholesale broking business.



Sally Williams
Non-Executive Director

Sally was appointed to the Board in December 2025. She began her career at PwC, where she qualified as a chartered accountant, and went on to hold senior roles in risk management and audit. She was Group Risk & Governance Director at Aviva, Head of Risk at National Australia Bank London, and Risk & Governance Director at Marsh UK. Sally is Chair of the Audit Committee at Lancashire Holdings, a member of the Audit and Risk Committees at Close Brothers Group, and Trustee and Chair of the Audit and Risk Committee at Ovarian Cancer Action.

GOVERNANCE REPORT

Trust is fundamental to mutuality. Over generations, we have established trust with our members by understanding their needs and acting with integrity. Strong governance forms the foundation of our values and culture, shaping our business practices and service to members. It enables us to fulfil our core purpose to provide our members with insurance cover and financial planning through high-quality products at fair prices, supported by exceptional personal service.

NFU Mutual is dedicated to upholding business integrity, high ethical standards, and professionalism across all its operations. Central to this commitment, the Board endorses the highest levels of corporate governance. The Board assumes responsibility for guiding and supervising the Group's governance, as well as establishing the Group's culture, values, and behaviours. As Chair, my duty is to ensure that the Board consistently advances exemplary governance practices throughout the Group. Our governance framework seeks to ensure decisions are made appropriately for our members and supports the Group's long-term success. In a constantly evolving environment, strong corporate governance facilitates effective deliberation, constructive challenge, and ongoing alignment with our strategic objectives.

Sally Williams joined the Board as a Non-Executive Director in December 2025. As a chartered accountant with extensive experience in the banking and insurance industries, she brings over three decades of expertise in risk,



Jim McLaren
Chair

audit, and governance. Her appointment is expected to contribute significant value to the Board.

Stakeholder engagement remains a priority for us. Our June AGM is an important chance for the Board to connect with members. Other events, such as national and local shows, NFU conferences, and Regional Advisory Board meetings, allow us to discuss Group plans and progress with members, staff, Agents, and the wider community. These forums also enable members to share interests or concerns directly with the Board. Together with my fellow Board members, I maintain regular meetings with the farming unions to gain a thorough understanding of the challenges confronting the agricultural sector and rural communities.

Directors maintain regular engagement with the Prudential Regulatory Authority to communicate NFU Mutual's ongoing efforts to fulfill its purpose and strategic objectives for customers. These meetings also provide opportunities for them to gain insight into our governance practices and build confidence that we are operating appropriately to deliver sustainable, long-term products and services to our customers.

The Board recognises its decisions affect members, customers, employees, suppliers, the community, and the environment. This year, we reviewed our Responsible Business strategy and will keep refining it, focusing on climate change, diversity and inclusion, responsible investments, and community support.

■ Corporate Governance Code

NFU Mutual has chosen to adopt the UK Corporate Governance Code for a number of years, highlighting its commitment to good governance for long-term sustainability. For the year ended 31 December 2025, the company has adhered to the requirements of the 2024 UK Corporate Governance Code, with the sole exception of the provision regarding the Chair's tenure. The Code suggests that the Chair's tenure should not exceed nine years from their initial appointment to the Board. Jim McLaren was appointed as a Non-Executive Director in January 2012 and assumed the role of Chair in October 2019; as a result, his cumulative service on the Board exceeds nine years.

The Board has carefully evaluated this matter and considers the position to be suitable for NFU Mutual. Jim McLaren served as a Non-Executive Director for several years prior to his appointment as Chair. The Board is of the view that Mr McLaren's tenure has enabled him to acquire comprehensive knowledge of the technical complexities associated with operating as a composite insurer that also provides investment products. This expertise is essential for the Chair to lead the Board effectively.

To maintain stability and enable effective succession planning, it is considered appropriate for a Chair to serve an extended term, contingent on satisfactory performance and annual re-election. Although Jim McLaren has been on the Board for over nine years, the Board believes his ongoing tenure supports the Group's long-term success.

Provision 29 of the 2024 UK Corporate Governance Code, effective from January 2026, will require the Board to, at least annually, continue to carry out a review of the effectiveness of the company's risk management and internal control framework but also formally make a declaration to the effectiveness of material controls at the balance sheet date. The key focus for 2025 has been agreeing an approach to material control identification and preparing NFUM to evidence compliance with these new requirements, in readiness for our financial year end 31st December 2026.



NFU Mutual has consistently adhered to the UK Corporate Governance Code over several years, demonstrating its dedication to robust governance practices that support long-term sustainability.



Leadership and company purpose

■ Purpose

As detailed in the Business Model and Strategy section on pages 9 to 13, NFU Mutual operates with a clear purpose and strategic direction that form the foundation of all its activities. Its purpose is to protect the lives and livelihoods of our customers and support rural communities.

NFU Mutual is dedicated to supporting rural communities, customers, employees, farming, rural businesses, and the environment by conducting business responsibly.

The company collaborates to deliver outstanding service and strives to support its customers when they need assistance most.

NFU Mutual assists clients in preparing for unforeseen events and making informed financial decisions to safeguard what is most important to them. Through its extensive

network of agency offices across the country, NFU Mutual provides an excellent personal service, fostering strong relationships with clients and actively engaging with their communities.

■ Governance framework

The Board establishes the governance, culture, and values that guide the Group. Its key responsibility is to drive NFU Mutual's long-term success by defining a clear purpose and developing a sustainable strategy that benefits members, customers and the broader community. This strategy is effectively implemented and monitored through robust governance systems, with our governance framework at the core, outlining decision-making powers and responsibilities.

The Board provides entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed. It is responsible for stewardship of the Group, overseeing its

conduct and affairs to create sustainable value for the benefit of the members. It sets the Group's strategic aims, monitors management's performance against those strategic aims, sets the Group's risk appetite and seeks to ensure the Group is adequately resourced and that effective financial controls and risk management systems are in place. The Board also supports the culture of the Group.

■ Board Activity

The Board maintains a comprehensive understanding of the Group's leadership, operations, business performance, principal risks, and ongoing developments. Directors are expected to evaluate the long-term implications of their decisions on employees, relationships with suppliers and members, environmental and community impacts, adherence to the Group's high standards of business conduct, and the necessity of acting equitably towards all members.

The Board incorporates these considerations into all of its decisions, maintaining a focus on the company's long-term interests. In collaboration with its Committees, the Board regularly reviews corporate strategy, evaluates business performance, and oversees effective risk management.

The Board regularly discusses strategy-related matters at each meeting, as part of its duty to guide NFU Mutual's overall strategic direction. The Board conducted two dedicated strategy sessions in 2025: one focused on reviewing the revised General Insurance strategy, and the other was dedicated to assessing the annual and medium-term plans. An overview of the Board's key activities is set out on the next page.

The Board convened on 10 occasions throughout the year. Further information regarding Director's attendance at these meetings is provided below.

| Name of Director | A | B |
|------------------------------------|----|----|
| Chair | | |
| Jim McLaren | 10 | 10 |
| Senior Independent Director | | |
| Jon Bailie | 10 | 10 |
| Chief Executive | | |
| Nick Turner | 10 | 10 |
| Executive Directors | | |
| Rachel Kelsall | 10 | 10 |
| Richard Morley | 10 | 10 |
| Nick Watson | 10 | 10 |
| Non-Executive Directors | | |
| Ali Capper | 10 | 10 |
| John Deane | 10 | 10 |
| Alan Fairhead | 10 | 10 |
| David Roper | 10 | 10 |
| Sarah Simpson | 10 | 10 |
| Dave Smith | 9 | 10 |
| Sally Williams ¹ | 1 | 1 |

1. Appointed to the Board 1st December 2025

A = Meetings attended

B = Maximum meetings

■ Strategy and business results

- The Board reviewed and approved the revised General Insurance strategy.
- The Board reviewed and approved the 2026-2028 Medium Term Plan and 2026 Business Plan.
- The Board received and considered the monthly business results which reported performance against plan.
- The Board received updates on the agency network's profile and future evolution.
- The Board reviewed developments in farming, as well as the commercial, home, and personal motor markets, along with NFU Mutual's strategy for each area, to ensure it can meet future challenges and members' needs while supporting sustainable, profitable growth.
- Throughout the year, the Board received regular reports on the Key Strategic Change Initiatives which are reported in the Chief Executives statement on page 7.
- The Board approved the Mutual Bonus and Mutual Investment Bonus rates.
- The Board reviewed the work being undertaken to deliver outstanding customer experience to customers, including the results of benchmarking.
- The Board received the annual report on Consumer Duty and the Customer Outcomes Framework.
- The Board received updates on the performance against NFU Mutual's Net Zero targets for own emissions and the investment portfolios.
- The Board approved the key performance indicators and targets to support NFU Mutual's Responsible Business strategy ambitions.
- The Board received and reviewed reports on people, engagement and culture related activities and was comfortable with the outcomes. More detail on the people strategy outcomes can be found on page 78.

■ Financial reporting, risk and controls

- The Board approved the Annual Report and Accounts and the Solvency and Financial Condition Report.
- The Board monitored the Group's financial performance and its solvency coverage.
- The Board reviewed and approved the ORSA (Own Risk and Solvency Assessment) report.
- The Board considered the Risk Director's Report and regular reviews of risks during the year such as those related to interest rates, inflation and geopolitical risks.
- The Board received updates from the Audit Committee and Board Risk Committee Chairs on key areas discussed, including risks and controls.
- The Board received annual reports from the Head of Compliance and Money Laundering Officer.
- The Board considered our exposure to information security risk and approach to the PRA's operational resilience requirements with the aim of ensuring that operational resilience is embedded across the business.

■ Governance

- The Board discussed the outcome of the Board's performance review and the Chair's appraisal.
- The Board considered Board and senior management succession planning.
- The Board approved the arrangements for NFU Mutual's AGM.
- The Board considered its compliance with the UK Corporate Governance Code.
- The Board approved Non-Executive Director appointments.
- The Board approved Committee membership appointments.
- The Board approved the With-Profits reversionary and terminal bonus rates.
- The Board approved the Report to With-Profits Policyholders.
- The Board considered and approved charitable donations to the NFU Mutual Charitable Trust and Farm Safety Foundation and through the Agency Giving Fund and Community Champions Scheme.

■ Stakeholder engagement

The Board acknowledges that NFU Mutual's long-term sustainable success relies on robust engagement with key stakeholders to address their current and future requirements. The Directors appreciate the significance of each stakeholder group in contributing

to our achievements and understand the responsibilities we hold towards them. By evaluating stakeholder perspectives, the Board can incorporate consideration of the potential effects of its decisions on these groups, ensuring their interests and concerns are taken into account during strategic discussions.

Members and Customers

Why they are important

Our customers play a central role in our business, as they are the users of our products and services. Additionally, our members not only own the company but are also among our valued customers.

How we are engaging

The Group primarily engages with customers and members through its Regional Advisory Boards, which consist exclusively of members. These Boards maintain strong connections with the Board and senior management via scheduled meetings, and engage with members through a network of Member Forums. The Regional Advisory Boards receive regular briefings on the Group's performance and strategic initiatives and provide constructive feedback to both management and the Board.

There are currently seven Regional Advisory Boards, four in England and one each in Scotland, Wales and Northern Ireland. Each Regional Advisory Board meets twice a year with the Chairs attending a further two meetings a year. Directors and members of senior management attend each of these meetings. In addition, 12 Member Forum meetings were held during the year.

NFU Mutual's AGM is an important opportunity for the Group to communicate with members. All Directors attended the 2025 AGM and members were invited to ask questions of the Board during the meeting. In addition, all questions submitted in advance of the meeting were responded to by the business or by Directors directly as appropriate.

NFU Mutual conducts extensive surveys and research to gain a thorough understanding of its customers' opinions, needs, and expectations. The company is expanding its Voice of the Customer initiative to capture customer feedback at every interaction, aiming to better understand how customers experience NFU Mutual's products and services. When issues are found, steps are taken to enhance the customer experience.

Our People

Why they are important

Our people are essential to meeting our purpose and delivering the required products and services to our members.

How we are engaging

The Board and management team are dedicated to maintaining open communication, actively listening to, and consulting with employees, ensuring that employee perspectives inform all pertinent Board decisions. NFU Mutual operates a national employee consultation body, the Mutual Forum, which serves as a representative platform for strategic business matters. The Mutual Forum is composed of elected delegates from across the organisation, facilitating effective two-way communication on issues impacting the business and its stakeholders. In addition, NFU Mutual recognises Unite, the Union, which represents its members within the workforce.

The Board receives regular reports regarding employee engagement, informed by the results of the annual engagement survey. The Board is pleased to note that NFU Mutual has once again ranked above the 90th percentile within Gallup's large company database for engagement. NFU Mutual recognises the importance of open and transparent communication with its workforce and utilises a range of channels for this purpose, including weekly newsletters for staff and leadership, the intranet, ongoing campaigns throughout the year, and dedicated strategy update webinars. Topics addressed through these engagement channels have encompassed hybrid working arrangements, office space utilisation, responsible business practices, diversity and inclusion initiatives, and employee well-being.

Our Agents

Why they are important

Our Agents are also essential to meeting our purpose and delivering the required products and attentive, local, personal service to our members.

How we are engaging

NFU Mutual interacts with its Agents through the Agency Liaison Group and the National Association of Group Secretaries, both of which represent the Agents. Directors also meet regularly with individual Agents during scheduled Agency visits. Additionally, several strategic change programmes that may affect Agents and their offices have established focus groups to involve Agents in discussions and ensure their opinions are considered, particularly regarding how these change programmes are implemented.

Business Suppliers and Partners and Companies we invest in

Why they are important

Our business suppliers and partners help run and improve the business and help us deliver a quality service to our customers.

How we are engaging

NFU Mutual maintains active engagement with its suppliers throughout the entire supplier life cycle—including selection, onboarding, and ongoing performance management. The organisation collaborates with suppliers on essential topics such as operational efficiency, contract administration, risk mitigation, ESG considerations, and the pursuit of opportunities for added value and innovation. Business Relationship Managers conduct regular meetings with key suppliers to ensure consistent communication aligned with established procurement policies and practices. Engagement regarding ESG matters is intensifying; NFU Mutual is working closely with principal suppliers to assess their carbon footprints and Net Zero transition strategies, as well as broader ESG-related concerns. To further guide supplier engagement and influence, climate change maturity assessment criteria have been developed and implemented.

NFU Mutual, a signatory to the UN Principles for Responsible Business and the UK Stewardship Code, regularly engages with its investee companies on governance, directors' pay and workload, and ESG issues like Net Zero plans. It prioritises high carbon emitters in its equity and bond portfolios to monitor and influence emissions reduction. Engagement occurs directly and through collective platforms. NFU Mutual also works with property landlords and tenants on ESG goals, aiming to lower the portfolio's carbon footprint.

Communities

Why they are important

NFU Mutual seeks to tackle a wide range of issues that are essential to building a more sustainable future for the communities we support.

How we are engaging

The Board receives regular reports on the Responsible Business activities, including on the activity of the NFU Mutual Charitable Trust, the Farm Safety Foundation, the Agency Giving Fund and Community Champions Scheme. The Board also receives regular updates on NFU Mutual's progress towards its Net Zero target.

Regulators

Why they are important

NFU Mutual is subject to financial services regulations and requires regulatory approval to operate.

How we are engaging

NFU Mutual is committed to maintaining exemplary standards of regulatory compliance to deliver good outcomes for customers. Regular meetings are held between the Board, senior management, and regulatory authorities as part of a structured oversight programme.

NFU Mutual provides information to regulators upon request and often contributes to regulatory consultations, either directly or through the Association of British Insurers. The Board and its Committees examine important correspondence from regulators and reply when needed. They also receive frequent updates on the progress of major regulatory changes.

■ S.172 statement

S.172 of the Companies Act 2006 stipulates that Directors must act, in good faith, in a manner they reasonably believe will best promote the success of the company for the benefit of its members collectively. In fulfilling this duty, Directors are expected to consider factors influencing the long-term prosperity of the company, including the potential consequences of decisions, the interests of employees, customer needs, relationships with suppliers, regulators, and other stakeholders, as well as the impact on the wider community and the company's reputation.

The preceding section outlines NFU Mutual's primary stakeholders and the main methods through which the organisation communicates with them. The significance of each stakeholder group may vary depending on the issue under consideration by the Board. It is acknowledged that, at times, decisions made by the Board may not yield favourable outcomes for every stakeholder group. Nevertheless, the Board diligently evaluates the interests of all relevant stakeholders within its decision-making processes. This comprehensive approach, combined with a focus on long-term implications and the commitment to upholding a reputation for exemplary business conduct, is fundamental to the Board's operations.

The Board receives stakeholder perspectives both through reports from management and through direct engagement by Directors. Stakeholder interests are central to our operations as an organisation. Our members and customers are integral to our strategy, and our strategic objectives are closely aligned with the requirements set out under S.172:



To be a great company to do

business with – requires the Board to prioritise our customers and members in all activities; it also ensures that suppliers and business partners, including Agents, are appropriately taken into account.



To deliver sustainable profitable

growth – requires the Board to evaluate the long-term implications of its decisions and to focus on the interests of our customers.



Be a great place to work

– obligates the Board to take into account employees' needs and expectations, including their level of engagement.



Examples of some of the key Board decisions are provided below.

During the year the Board considered the strategy for the General Insurance business for the next ten years. The Board confirmed its commitment to the three long term objectives set out on the previous page and approved the strategy to deliver the objectives. Further information on the strategy can be found on page 9. In doing so the Board paid particular attention to:

- the long term sustainable growth of NFU Mutual, including its future solvency;
- the impact of the strategy on employees, customers, and members, our Agents and suppliers;
- the desire to continue to provide the high levels of service that our customers and members expect in pursuit of our purpose;
- the desire to continue to be a socially responsible and inclusive business.

Following on from the strategy review the Board reviewed and approved the Medium Term Plan for 2026 to 2028, including the annual business plan for 2026. The plans focus on ensuring the foundations are in place to deliver against that ten year strategy and the Board took account of similar factors when approving them.

Division of responsibilities

■ Board roles

A distinct separation exists between executive and non-executive functions to ensure robust accountability and effective oversight. The roles of Chair and Chief Executive are occupied by different individuals, with their respective duties clearly defined and documented.

Chair

- Accountable for the efficient operation of the Board, ensuring it maintains a suitable balance to achieve the Group's strategic objectives.
- Fosters a culture founded on strong governance principles, promoting transparency, open debate, and constructive challenge.
- Guarantees that the Board, collectively, contributes effectively to strategic development and that adequate time is allocated for thorough discussion.
- Facilitates robust engagement and communication among Board members.
- Ensures all stakeholder perspectives are acknowledged and appropriately considered during Board deliberations.

Senior Independent Director

- Serves as a confidential advisor to the Chair on matters related to governance and Board performance.
- Remains accessible to members who have concerns not addressed through standard company communication channels.
- Leads, at least once annually, a meeting of Non-Executive Directors in the absence of the Chair to evaluate the Chair's performance.
- Functions as an intermediary for Non-Executive Directors when required.

Non-Executive Directors

- Provide constructive challenge to executives and assist in formulating strategic proposals.

- Evaluate management's effectiveness in achieving established objectives and oversee performance reporting processes.
- Assess Group financial data, ensuring that internal control and risk management frameworks are sound and reliable.
- Establish appropriate remuneration policies and determine compensation levels for senior executives.
- Appoint or, when required, remove senior management, and review succession planning for the Board and key senior leadership roles.
- Provide independent perspective and support informed by relevant expertise.
- Drives alignment with the Group's culture and values so that all business activities are conducted with the highest standards of integrity.

Chief Executive

- Implements the Group's strategy and long-term objectives and acts on decisions of the Board and its committees.
- Informs the Chair and Board of significant and strategic matters impacting the Group.
- Drives alignment with the Group's culture and values so that all business activities are conducted with the highest standards of integrity, in alignment with the Group's culture and values.
- Oversees the management of the Group's risk profile.

Other Executive Directors

- Assist the Chief Executive in formulating and executing strategic initiatives.
- Supervise the daily operations of the Group.
- Lead, inspire, and develop personnel.
- Collaborate with the Board to create comprehensive business plans.
- Drive consistent implementation of Board-established policies and practices across all levels of the Group.

Company Secretary

- Adheres to Board protocols and provides support to the Chair.
- Provides the Board with comprehensive information, sufficient time, and appropriate resources to operate effectively and efficiently.
- Keeps the Board informed regarding developments in corporate governance and offers guidance as required.
- Manages all aspects of organising the Annual General Meeting.
- Offers advice, services, and assistance to Directors as needed.

■ Board independence

To ensure the effective operation of the Board, it is essential that a majority of its members remain independent. This independence enables Non-Executive Directors to provide constructive challenge and supports the maintenance of integrity in Board proceedings. The Board conducts an annual assessment of each Non-Executive Director's independence, with the exception of the Chair, by evaluating any relationships or circumstances that may influence or appear to influence their judgement. Additionally, the outcomes of the Board's performance evaluations are considered as part of this review process.



The Board ensures the integrity of its proceedings by annually assessing the independence of Non-Executive Directors and considering the results of Board performance evaluations.

In 2025, all Non-Executive Directors except for the Chair were regarded as independent in accordance with the Code. At least once a year, our Non-Executive Directors hold meetings without the Executive Directors, and they also meet informally on a regular basis. These sessions help ensure their independence by allowing them to share their perspectives in a private setting.

Any Director with reservations regarding the management of the Group or any proposed action is encouraged to voice such concerns, which will subsequently be recorded in the minutes.

Each Director has affirmed their ability to dedicate adequate time to fulfil their duties in an effective manner.

Non-Executive Directors maintain direct access to the senior management team. Engagement with both business operations and employees is encouraged, as it enables the development of a more comprehensive understanding of the Group's activities and facilitates targeted information requests. Cultivating these relationships with management enhances the effectiveness of Non-Executive Directors and strengthens their capacity to provide constructive challenge and informed guidance on strategic decision-making.

Directors must promptly inform the Chair upon identifying any circumstances that may present an actual or potential conflict of interest. The Board conducts regular reviews of the register of potential conflicts to maintain its accuracy and relevance. The Board is confident that all potential conflicts have been appropriately addressed over the course of the year. Non-Executive Directors are required to obtain Board approval prior to accepting any additional roles, enabling the Board to assess whether such commitments could affect their capacity to effectively discharge their duties to the Group.

Composition, succession and evaluation

■ The Board

The Board is made up of both Executive and Non-Executive Directors, collectively offering a blend of agricultural and broader commercial expertise, with an emphasis on financial services. This composition is considered to provide the necessary balance to effectively manage the business and address the requirements of our core customer base. All Board appointments undergo a rigorous selection process, details of which are outlined in the Nomination Committee report on the following page. This approach seeks to ensure that NFU Mutual appoints Directors who are best qualified to lead the organisation, taking into account the Group's scale and complexity. The Board and its Committees possess the requisite breadth and depth of skills, experience, knowledge, and independence to fulfil their duties and responsibilities effectively.

Every Director must be elected by members at the Annual General Meeting (AGM) after their initial appointment, and all Directors are subject to annual re-election. Non-Executive Directors serve three-year terms but must still be re-elected each year. When a Director's three-year term ends, the Nomination Committee carefully reviews whether to recommend them for re-election at the next AGM.

■ Board performance review

The Board is dedicated to continually enhancing both its effectiveness and the Group's overall performance. To support this goal, it uses a three-year review cycle: one year features an external performance review, while the other two years involve individual appraisals with Directors led by the Chair. After Board Alchemy conducted an external review in 2023, an internal evaluation followed in 2025, which found that the Board was functioning well overall.

The Senior Independent Director coordinated the annual appraisal of the Chair, with input from all Directors. The appraisal determined that Jim McLaren continues to demonstrate effective leadership of the Group.

■ Board induction and development

New Non-Executive Directors take part in a thorough induction programme that is customised to their individual needs. This programme covers key information about the Group's structure, strategy, operations, the roles and responsibilities of Non-Executive Directors, corporate governance, and Board Committees. Directors are introduced to key managers and get the chance to visit different areas of the business, helping them develop a solid understanding of its activities. Every new Non-Executive Director also receives guidance from a mentor during their initial months on the Board. The aim of this induction is to make sure new Directors are well-informed and prepared for Board discussions, with strong knowledge of the long-term strategy, business functions, market and industry trends, and the Group's culture.

The Board believes strongly in the development of Directors and employees. Each Director is required to commit to continuing their professional development. Any knowledge or skills gaps identified during the appraisal process are addressed in a timely manner. During 2025, Continuing Professional Development (CPD) sessions were provided on a number of subjects including our General Insurance strategy, AI strategy, insight into our customer base, Agency commission structure, IT system migrations, carbon markets and biodiversity net gains. In addition, the Board receives regular market and company updates as part of the Board agenda.

Nomination Committee report

■ Committee composition

The Committee consists of the Chair and Non-Executive Directors, with a requirement that the majority of its members be independent. The Committee is chaired by the Chair unless it is considering the succession of the Chair, when it will be chaired by the Senior Independent Director or another independent Non-Executive Director if the Senior Independent Director is one of the candidates for the role of Chair.

| Name of Director | A | B |
|-------------------------------|---|---|
| Jim McLaren (Committee Chair) | 8 | 8 |
| Jon Bailie | 8 | 8 |
| Ali Capper | 8 | 8 |
| Alan Fairhead ¹ | 8 | 8 |
| John Deane ² | - | - |

1. Resigned from the Committee 1st November 2025

2. Appointed to the Committee 1st November 2025

A = Meetings attended

B = Maximum meetings

■ Role of the Committee

The Committee holds ultimate responsibility for overseeing the Board appointment process, ensuring that new members possess the requisite skills and experience to support the Board's development and oversight of the Group's strategy. In fulfilling this mandate, the Committee regularly evaluates the Board's structure, size, and composition to confirm that it consists of individuals with the appropriate expertise while actively promoting diversity of perspective and approach within its membership.

The Committee's key responsibilities are:

- Conduct regular evaluations of the Board's structure, size, and composition, and provide recommendations for any necessary changes.
- Review the criteria for selecting and nominating candidates, ensuring alignment with the requirements for prospective appointments, including relevant skills and capabilities.
- Address succession planning for Directors and senior executives, considering diversity and inclusion, current and future challenges and opportunities, as well as the expertise required to maintain the Group's competitive position in the market.
- Assess the time commitment expected from Non-Executive Directors and review their other significant obligations to ensure they can continue to fulfil their responsibilities effectively.

■ The Committee's focus in 2025

In 2025, the Committee oversaw the selection process for Non-Executive Director Sally Williams. Relying on succession planning and insights from the Board performance review, the Committee assessed the skills and expertise required by the Board for the coming years. This evaluation led them to prioritise candidates with deep accounting knowledge, audit experience, and a background in Financial Services. To support this process, Egon Zehnder was engaged to conduct an external search and present a shortlist of qualified candidates. Additionally, Egon Zehnder provides NFU Mutual with internal senior talent recruitment and development assessments. After a comprehensive and rigorous interview process, the Committee recommended Sally Williams for appointment as Non-Executive Director.

The Committee remains dedicated to succession planning for both Board members and senior management, with an emphasis on cultivating a diverse talent pool through programmes like the Women in Finance Charter. At least once a year, the Committee evaluates the current list of candidates who could potentially fill Board and senior management roles in the short, medium, or long term. In making succession decisions, the Committee weighs the value of developing existing team members alongside recruiting externally to bring in fresh perspectives and expertise. For Board appointments, efforts are made to attract Directors with relevant skills well before any planned retirements, ensuring the Board retains a balanced mix of capabilities and experience. The skills matrix is regularly assessed to identify and address any areas where additional expertise may be needed.

■ Diversity and Inclusion

The Nomination Committee and Board remain committed to ensuring that Directors collectively bring a diverse range of skills, experience, knowledge, and perspectives to support the long-term success of the Group. We believe that diversity enhances the breadth and quality of debate, thus improving the overall effectiveness of decision-making and ultimately strengthening governance and delivering better outcomes for our members.

The Board recognises that diversity is a wide principle, and values aspects such as skills, experience or diversity of approach as well as diversity across the nine protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. All aspects of diversity are equally valuable in enhancing the quality of collective decision-making.

NFU Mutual, as a mutual, is not required to comply with the FCA’s Listing Rules on Diversity and Inclusion for Boards. However, in recognising the value of Board diversity, the Board have chosen to voluntarily align with the diversity targets set out in the FCA’s Listing

rules. We have therefore set the following targets:

- i) At least 40% of the Board are women.
- ii) At least one of the senior Board positions (Chair, CEO, SID, CFO or, for NFU Mutual, Vice Chair, if one is appointed) is held by a woman.
- iii) At least one member of the Board is from a minority ethnic background.

In addition, NFU Mutual is committed to balanced gender representation and will also target that at least 40% of the Board are men.

We aim to meet these targets by 2030. Progress against the targets will be reported in NFU Mutual’s Report and Accounts as part of the Nomination Committee report.

The Board’s decision to adopt these targets reflects our commitment to transparency, accountability, and being a responsible business. The Nomination Committee has responsibility for leading the process for Board appointments, and for identifying and nominating, for approval by Board, candidates for appointment to the Board. New appointments are made based on objective selection criteria highlighting the specific skills and experience needed to oversee the running of a complex and significant Financial Services company. The Committee has previously undertaken unconscious bias training to further support its drive to ensure that appointment processes are fully inclusive and, when seeking to make a new Board appointment, also expects that independent executive search firms consider the widest possible pool of candidates, recognising the importance of diversity to us.

During 2025, the Board Diversity Policy was formally updated to reflect these commitments and targets. This update highlights the continued evolution of the Board’s approach to diversity and inclusion.

As of 31st December 2025, the gender balance ratio among members of the Executive Committee, the Company Secretary, and their direct reports was 22:37 (female to male).



Audit, risk, and internal control

■ Accountability



The Board of Directors has ultimate accountability for ensuring that all risks to which the Group is exposed are managed effectively.

The Board also oversees the effectiveness of risk management via its risk governance framework, which consists of committees from Board level to divisional level and divisional level that seek to ensure effective Group-wide risk oversight.

The risk governance committees oversee the effectiveness of risk management for the areas within their scope in line with delegated accountabilities and act as an escalation point for issues. This framework of business focused oversight and flow of information throughout the risk governance framework is designed to ensure that the Board is appropriately informed of risks and related mitigating actions.

Control Environment

The NFU Mutual Control Environment comprises an ongoing series of processes and frameworks designed to facilitate effective risk management, fulfil regulatory and customer requirements, and support the achievement of our business objectives by:

- ✓ Demonstrating integrity while exercising skill, care, and diligence.
- ✓ Conducting operations prudently and ensuring that sufficient financial resources are maintained.
- ✓ Implementing robust risk strategies and comprehensive risk management frameworks.
- ✓ Managing and overseeing the business responsibly and effectively, with well-defined resolution strategies in place.
- ✓ Upholding market conduct standards.
- ✓ Delivering positive customer outcomes by providing suitable advice, meeting informational requirements, safeguarding client assets, and appropriately managing conflicts of interest.
- ✓ Maintaining transparent and constructive relationships with regulatory authorities.

While managers hold responsibility for maintaining the effective operation of the Control Environment within their respective business units, the Board and its Committees provide ongoing oversight of compliance with these processes and frameworks by:

- Reviewing and critically evaluating reports from business units
- Monitoring management information
- Assessing the outcomes of assurance reviews and audit reports.

Additionally, as outlined in the Audit Charter, the Group Head of Internal Audit delivers an

annual report summarising the governance, risk, and control framework observed at NFU Mutual during audit activities.

The Own Risk and Solvency Assessment (ORSA) forms an integral part of Solvency II legislation. This ongoing process requires insurers to maintain a forward-looking perspective on their solvency position, considering the following elements:

- Strategic and business planning processes
- Risk management frameworks and procedures
- Capital management strategies and capital requirements
- Decision-making practices, including risk profile monitoring, solvency oversight, assessment of risk appetite, support for strategic initiatives, and documentation of risk governance and Internal Model utilisation.

The ORSA process is designed to ensure that NFU Mutual maintains adequate capital to support its strategic objectives and business plans, while also enhancing transparency around risk and capital in the context of strategic and operational decision-making.

In its annual review, the Board considered the Group's key risks, the operation of the risk framework, and the evolving control culture. These systems are designed to provide reasonable, not absolute, assurance against material misstatement, loss and fraud. Controls aim to manage, not eliminate, risks to business objectives, support efficient operations and reporting integrity, and maintain regulatory compliance

Following this review, the Board is satisfied that the Company's risk management and internal control systems are effective, with any identified weaknesses addressed through management oversight and action plans. This assessment is supported by the work of the Audit Committee and Board Risk Committee, as detailed further in the Committee reports on pages 110 and 115.

Audit Committee report

■ Committee composition

The Committee is comprised exclusively of independent Non-Executive Directors. Collectively, its members bring substantial financial and commercial expertise from diverse industry backgrounds. David Roper and Sally Williams fulfil the requirement that at least one Committee member possesses recent and relevant financial experience. Overall, the Committee demonstrates robust competence in areas pertinent to the company's sector.

| Name of Director | A | B |
|-------------------------------|---|---|
| David Roper (Committee Chair) | 5 | 5 |
| Jon Bailie | 5 | 5 |
| Sarah Simpson | 5 | 5 |
| Dave Smith | 5 | 5 |
| Sally Williams ¹ | 1 | 1 |

1. Appointed to the Committee 1st December 2025

A = Meetings attended

B = Maximum meetings

■ Role of the Committee

The Audit Committee's primary role is to assist the Board by monitoring the integrity of the Group's financial statements, monitoring and reviewing significant accounting judgements, evaluating the effectiveness of internal control systems, and safeguarding the independence and objectivity of both internal and external auditors. Its primary duties include:

Financial reporting

- Monitor the integrity of annual financial statements and Solvency II disclosures.
- Assess if accounting policies and practices are suitable.
- Review the significant issues and judgements considered in relation to the financial statements, including how each was addressed.
- Advise the Board on whether the Annual Report and Accounts are fair, balanced, and understandable.

External audit

- Assess and oversee the external auditor's objectivity and independence, including the establishment of policies governing non-audit services.
- Evaluate and monitor both the effectiveness of the external audit process and the ongoing relationship with the external auditor.
- Advise the Board regarding the tendering of the external audit contract, as well as matters related to appointment, remuneration, and terms of engagement for the external auditor.

Risk Management and internal control

- Assess and oversee the performance of internal control and risk management systems, concentrating specifically on aspects pertinent to accounting processes and financial reporting.
- Evaluate the framework and underlying analysis supporting both the going concern and long-term viability statement.
- Oversee appropriate whistleblowing arrangements.

Internal audit

- Review and approve the Internal Audit Plan and monitor its implementation.
- Review and monitor the effectiveness of the Internal Audit function.

■ The Committee's focus in 2025

Financial reporting

The Group operates within a comprehensive internal control and risk management framework designed to support the preparation of consolidated financial statements. The framework includes policies that support the maintenance of appropriate accounting records and the accurate recording of transactions, thereby enabling the Annual Report and Accounts to provide a fair, balanced, and understandable evaluation of the Group.

The Committee has reviewed the going concern assumptions and principles underpinning the viability statement and considers that these remain appropriate.

During the year the Committee reviewed the external auditor's proposed audit plan. The debate around the plan included consideration of Deloitte's risk assessment of the Group, the significant audit risks it would focus on and the impact of these risks on the proposed audit work.

NFU Mutual aims to be transparent in its operations and proper disclosures about major issues are reviewed by the Committee regarding the financial statements, including how these matters were managed. When reviewing the Annual Report and Accounts, the Committee focuses on fair representation, reasonable significant judgment factors, and suitability of key accounting policies applied during preparation. The review also evaluates whether the Annual Report and Accounts include sufficient information for members to understand the Group's status, performance, business model, and strategy.

Significant issues

The significant judgements and issues that the Committee considered during the year are set out as follows.

General Insurance reserves

The valuation of General Insurance reserves requires a significant degree of expert judgement. The Committee has focused closely on the underlying assumptions and methodologies underpinning the valuation process, including material expert judgements. Management provides the Committee with regular updates detailing the key reserving assumptions, claims trends, and the impact of industry factors and emerging developments, including claims inflation, weather events, and evolving regulatory or market changes. As past claims experience informs assumption setting, it is essential to incorporate emerging developments into forward looking assumptions. Additionally, the Committee reviews assessments of the General Insurance reserves from independent experts including the second line Actuarial Function, external audit opinions as well as third-party reserve rejections.

The Committee received a comprehensive report from management setting out the year end position of the claims reserves and highlighting the reasons for movements in the reserves during the year. This included consideration of inflation, in particular wage and care cost inflation, as well as emerging injury claims data on the new claims handling reserving basis and claims experience following weather events and a subsidence surge event. The paper also set out the key assumptions underlying the reserves and the robust governance process followed in setting the reserves.

The Committee thoroughly reviewed Deloitte's audit report, which assessed the reasonableness of the General Insurance reserves. After carefully considering all received reports and challenging management, where appropriate, the Committee concurred with management's assessment of the General Insurance reserves and the appropriateness of the underlying methodology and assumptions used.

Life Insurance reserves

Assessing the value of Life Insurance reserves requires considerable judgement. When valuing liabilities for certain types of business, the results are particularly affected by assumptions about policyholder mortality and longevity. These assumptions rely on industry guidelines as well as NFU Mutual's historical data and expectations for future trends. Persistency assumptions also play a role in determining how much should be held in reserves; these are established using past experience and take into account regulatory changes, market developments, and product modifications that could influence whether policyholders keep or cancel their policies. Expense assumptions are closely monitored to confirm their reliability.

The Committee was presented with a detailed report from management outlining the year end status of reserves and explaining the factors contributing to changes in those reserves over the course of the year. Consideration was given to the prevailing interest rate environment and the ongoing cost of living crisis, as well as the potential short- and long-term effects of the Coronavirus pandemic on all reserve assumptions, with adjustments made where necessary.

After thoroughly reviewing and, when necessary, challenging the reports from management and Deloitte, the Committee concurred with management's assessment of the life insurance reserves and the

appropriateness of the underlying methodology and assumptions used.

Additionally, over the course of the year, the second line actuarial function has conducted assurance reviews across a broad spectrum of General Insurance and Life reserving processes and assumptions. This activity offers the Committee an enhanced level of assurance.

Levels of materiality

The external auditors set a level of materiality to assist them with planning their audit work; further details of which can be found in Deloitte's Audit Report on pages 135 to 141. The Committee has requested that Deloitte bring to the Committee's attention any findings as a result of their audit work with a monetary value for the Group of over £2.4 million. In addition, there are certain areas, such as fraud, where the Committee's tolerance is such that any findings from either internal or external audit are brought to the Committee's attention.

The Committee has reviewed the basis upon which the external auditors have determined auditing materiality for the Annual Report and Accounts, and is satisfied that an appropriate threshold has been established. Management continues to oversee activities at levels deemed by the Committee to support key performance indicators. The Committee concurs that these materiality levels are suitable and appropriately reflect the interests of the members.





Annually, the Committee assesses the external auditor's effectiveness, performance, independence, and objectivity, before making a recommendation to the Board regarding their appointment.

External audit

The Committee manages the Group's relationship with external auditors and reviews their performance. In compliance with legal requirements, the Board commits to a formal auditor tender every ten years; the latest in 2017 led to Deloitte's appointment from 2018. The next audit tender is required for the financial year ending 31st December 2028, and the Group intends to run the tender process for this in 2026. The audit engagement partner rotates every five years to ensure independence, in line with legal requirements. The 2025 financial year marked Matthew Perkins' third year as the audit engagement partner.

Each year, the Committee reviews the external auditor's effectiveness, performance, independence, and objectivity, then recommends to the Board whether to appoint, reappoint, or remove the auditor. These recommendations are then put to the members for approval at the AGM. The Committee's conclusion was that it was satisfied that Deloitte continues to perform a high quality and

effective audit and that it provides objective and independent challenge to management. Therefore, it recommended that Deloitte should continue to act as the Group's external auditor.

The Committee acknowledges that maintaining the external auditor's independence is crucial for protecting the interests of NFU Mutual's members. The Group has established policies that seek to ensure the auditor's independence and impartiality, including rules regarding non-audit work. Under these rules, the external auditor may only provide services that do not undermine their independence, and any engagement for non-audit tasks requiring fees above a certain limit must first be approved by the Committee. Additionally, the auditors can only perform specific services for the Group, as defined by the FRC's Ethical Standard.

The Committee regularly assesses the types and amounts of non-audit services the external auditor provides to the Group, and receives at least yearly confirmation from the auditor that, in their professional judgement, they remain independent regarding the audit.

Deloitte undertook a small number of non-audit assignments during 2025; these were mostly assurance activities related to the audit work. In 2025, Deloitte was paid £2.33m for audit services and £6.3k for non-audit services. All non-audit services were approved by the Committee in accordance with the policy and are considered to be consistent with the professional and ethical standards expected of the external auditor in this regard. All audit and non-audit fees are disclosed in Note 14.

The committee reviewed a letter from the external auditor to management, setting out certain findings and recommendations in respect of the control environment observed during their audit, together with management responses in each area identified.

Internal controls

The Board holds ultimate responsibility for the Group's system of internal control and risk management, as well as for reviewing its effectiveness. Working in conjunction with the Board Risk Committee, the Audit Committee seeks to ensure the Group operates within a robust framework of prudent and effective controls, facilitating the identification, assessment, and management of risks.

The Committee was presented quarterly with a report from the Group Head of Internal Audit, and reviewed findings relating to the control environment and management responses.

In addition, the Group Head of Internal Audit presented an annual assessment of the effectiveness of the Group's governance, risk and control framework for discussion, together with an analysis of themes and trends from the internal audit work performed and their impact on the Group's risk profile. During this review, the Committee did not identify any weaknesses which were determined to be significant to the preparation of the financial statements. Where areas for improvement were identified, processes are in place to ensure that the necessary actions are taken, and progress is monitored by the Committee.

Internal audit

The primary function of Internal Audit is to support the Board and management in safeguarding the Group's assets, reputation, and long-term viability. This is accomplished by delivering an independent, objective, and impartial assessment to both the Committee and management, ensuring that robust controls, governance frameworks, and risk management processes are in place and aligned with the Group's risk appetite.

The Internal Audit charter, available at [nfumutual.co.uk](https://www.nfumutual.co.uk), outlines the function's purpose, scope, responsibilities, and its independence from first and second line management. To help ensure this independence, the Head of Internal Audit

reports directly to the Chair of the Audit Committee. The Committee Chair holds regular meetings with the Head of Internal Audit, while the entire Committee meets with the Head of Internal Audit, without management present, on a quarterly basis.

The Committee reviewed and approved the activity of Internal Audit during 2025 and confirmed its satisfaction that Internal Audit has the appropriate resources to undertake its work in 2026. The audit plan is based on the audit universe, key business risks, emerging issues, and industry trends. Audits covered a wide range of controls and business units, including regular operations and major change initiatives, in line with the strategic objectives. The Committee received quarterly updates on audit results, management's responses, and issue resolution progress. Reports highlighted recurring themes, enabling the Committee to challenge management when necessary. If any significant concerns were to arise, relevant Directors would be required to attend meetings to outline improvement actions.

The Committee remains satisfied with the effectiveness of the Internal Audit department. Every five years, Internal Audit is required to undergo an External Quality Assessment. This was completed in 2024 by Board Alchemy. The review found the Internal Audit function to be effective, and made some recommendations for further improvements, which have been considered and completed as appropriate during 2025.

Whistleblowing

The Committee oversees the Group's confidential processes for employees to report concerns about potential misconduct, including issues in financial reporting. David Roper, Chair of the Audit Committee, serves as NFU Mutual's Whistleblower's Champion, ensuring that whistleblowing policies remain independent, autonomous, and effective. The Committee reviews an annual whistleblowing report and receives regular updates on concerns raised through different reporting channels.

Board Risk Committee report

Committee composition

The Committee consists exclusively of independent Non-Executive Directors. Collectively, its members contribute extensive financial and commercial expertise spanning multiple industries. The Board is satisfied that several Committee members meet the specific requirement for at least one member of the Committee to have recent and relevant risk management experience.

| Name of Director | A | B |
|---------------------------------|---|---|
| Alan Fairhead (Committee Chair) | 4 | 4 |
| Ali Capper | 4 | 4 |
| John Deane | 4 | 4 |
| David Roper | 4 | 4 |
| Dave Smith | 4 | 4 |

A = Meetings attended
 B = Maximum meetings

Role of the Committee

The primary function of the Board Risk Committee is to support the Board in overseeing the Group's risk management, with particular emphasis on the Group's risk appetite, risk profile, and the effectiveness of its risk management framework.

The Committee evaluates and recommends the Group's risk appetite, limits, and constraints to the Board. In formulating advice regarding risk appetite strategy, it takes into account both current and projected macroeconomic and

financial conditions. The Committee regularly reviews risk assessment procedures, ensuring that both qualitative and quantitative metrics inform the Board's decisions. It verifies that all significant risks to the Group are identified and that robust management and mitigation arrangements are established. Additionally, the Committee oversees and critically assesses the design and implementation of stress and scenario testing, monitors emerging risks, and considers their potential impact on the Group.

The Committee is responsible for approving and overseeing adherence to the ORSA policy, thereby providing assurance that NFU Mutual maintains adequate capital to achieve its strategic objectives and execute its business plans. It further integrates into all strategic and business decision making processes, and considerations of risk and capital.

The Committee's focus in 2025

Cyber security management continued to be a focus for the Committee during the year and it concluded that good results and positive actions had been achieved following NFU Mutual's cyber maturity assessment and Cyber Strategy refresh. With cyber and information security risks constantly evolving, the Committee will continue to oversee and focus on NFU Mutual's risk mitigations in this area.

Stress and scenario planning remained as a key tool for understanding and managing risk within NFU Mutual. As well as undertaking any stress and scenario tests required by the PRA, NFU Mutual uses these tools to better understand risks and to inform its decision-making process.



During the year the Committee considered the results of the stress tests undertaken which included a three stage evolving financial market stress, impact of unithised charges cap, General Insurance capital requirements allowance for economic and geopolitical risks and capital adequacy in Financial Services (FS) subsidiary companies.

The Committee considered the financial risk appetite and capital optimisation work to ensure the continued resilience of the Group's solvency position. As part of this, the Committee reviewed the Group and Life Solvency positions over the next 10 years and considered different scenarios and the impacts on the business. This showed the strength of NFU Mutual's Solvency and provided assurance of sufficient coverage with management actions to be performed as appropriate.

At each of its meetings the Committee considered the various risk dashboards, MI and key risk activity and continued to consider

the work around operational resilience. The Committee continues to receive regular reports from the Chief Actuaries for Life and General Insurance covering, amongst other things, their Underwriting and Reinsurance Opinions and progress on actions resulting from their second line reviews.

The Committee also receives regular reports on any changes impacting the Internal Model and on the independent validation of that model. In addition, the Committee reviews the highest materiality expert judgements relating to the Internal Model on an annual basis.

Lastly the Committee received updated on the required enhancements to Provision 29 of the UK Corporate Governance Code and the work undertaken during the year on material control identification and preparations to evidence compliance with the new requirements, in readiness for our financial year end 31st December 2026.

With-Profits Committee report

Committee composition

The Committee is required to have a majority of independent members. It is currently comprised of three independent Non-Executive Directors and one member of management with appropriate expertise to the duties of the Committee.

| Name of Director | A | B |
|------------------------------|---|---|
| John Deane (Committee Chair) | 4 | 4 |
| Ali Capper | 4 | 4 |
| Sarah Simpson ¹ | 2 | 2 |

1. Appointed to the Committee 1st August 2025
 A = Meetings attended
 B = Maximum meetings

Role of the Committee

The With-Profits Committee advises the Board on the management of the Group’s With-Profits business and monitors compliance with its Principles and Practices of Financial Management (PPFM) for With-Profits business. The Committee plays an important role in setting bonus rates for With-Profits products and makes recommendations to the Board. With the aim of ensuring all With-Profits policyholders are protected, the Committee receives regular updates on these projects and initiatives that could affect these individuals.

The Committee’s focus in 2025

The strategic plan for the With-Profits business was reviewed and updated. The plan sets out the areas that the Committee wants to review and develop from a strategic point of view over the next few years. The plan will continue to evolve. The Committee considered the plan in the context of the wider Life business strategy and the Group strategy.

The Committee examined the methods and assumptions used for determining the reversionary and terminal bonus rates, and approved these rates for recommendation to the Board. Additionally, the Committee reviewed the Report to With-Profits Policyholders and the Policyholders’ Reasonable Expectations to confirm they align with the PPFM. This review took into account significant decisions from the previous year as well as payouts relative to target ranges.

The Committee considered the level of Mutual Investment Bonus taking account of the financial strength of the fund and recommended that the Board increased the level of enhancements to asset shares of eligible With-Profits policies from 1.85% to 1.9% per year with effect from January 2026. It also reviewed the assumptions and judgements used for the calculation of the asset share including investment returns, mortality costs and expenses and was comfortable with these. The Committee also considered strategic investments in the Life fund.

Board Investment Committee report

■ Committee composition

The Committee is comprised of two Non-Executive and two Executive Directors and one member of senior management with expertise appropriate to the duties of the Committee.

| Name of Director | A | B |
|------------------------------|---|---|
| Jon Bailie (Committee Chair) | 4 | 4 |
| John Deane | 4 | 4 |
| Richard Morley | 4 | 4 |
| Nick Turner | 4 | 4 |

A = Meetings attended

B = Maximum meetings

■ Role of the Committee

The Board Investment Committee oversees the Group's investment activities and the establishment of an appropriate investment strategy. The Committee seeks to ensure that the strategy is implemented effectively and that all investment actions align with established objectives. Responsibilities include reviewing, challenging, and approving fund asset allocations; overseeing investment mandates, operating models, and service providers; and monitoring the framework of constraints, limits of authority, and any significant outsourcing of investment management. Additionally, the Committee maintains comprehensive oversight of all risks associated with investment operations, including climate change-related risks.

■ The Committee's focus in 2025

Over the course of the year, the Committee thoroughly reviewed the Group's investment portfolio strategies, performance, and related risks. They also evaluated how the strategic asset allocation for the year was developed and set suitable benchmarks for each fund. Additionally, the Committee approved the report confirming NFU Mutual's adherence to the Stewardship Code.

The Committee reviewed progress towards achieving the carbon reduction target within the investment portfolio, which aims for a 50% reduction in the equity and corporate bond portfolio (relative to the 2019 baseline) by 2030. To date, meaningful progress has been observed. The Committee acknowledges that the portfolio's carbon footprint will evolve as asset composition changes. The potential impact of any adjustments to the strategic asset allocation on the portfolio's carbon emissions was noted. The Committee is confident that NFU Mutual is well positioned to meet the targeted reduction by 2030. NFU Mutual will continue to engage with its investee companies—particularly those with substantial carbon footprints—to understand their transition strategies and emission reduction targets. Additionally, NFU Mutual will promote increased disclosure and encourage robust target-setting in this area.

Subsequent to the 2024 strategic review of UK Equities management, ongoing monitoring of both the implemented actions and the performance of the UK equity portfolio was conducted throughout 2025.

Remuneration Committee

Committee composition

The Committee is comprised entirely of independent Non-Executive Directors. Ali Capper had more than 12 months' experience on a Remuneration Committee prior to appointment as Chair as required by the Code.

Details of the work of the Remuneration Committee can be found in the Directors' Remuneration Report on page 123.

| Name of Director | A | B |
|------------------------------|---|---|
| Ali Capper (Committee Chair) | 4 | 4 |
| David Roper | 4 | 4 |
| Sarah Simpson | 4 | 4 |
| Dave Smith | 4 | 4 |

A = Meetings attended
B = Maximum meetings



Jim McLaren
Chair



Nick Turner
Chief Executive

19th March 2026



CORPORATE GOVERNANCE



1. NFU Mutual Board of Directors

Chair – Jim McLaren

The Board establishes the strategic direction and policies for NFU Mutual, setting clear guidelines for the management of the business. It collaborates closely with management to oversee the adequacy of financial and managerial resources required to achieve the company's objectives. Non-Executive Directors contribute independent oversight, external perspectives, and specialist expertise to the Group.

2. Nomination Committee

Chair – Jim McLaren

The Committee reviews the structure, size and composition of the Board, taking into account the skills, knowledge and experience of Directors, and makes recommendations to the Board on potential candidates for Board and Committee appointments.

3. Audit Committee

Chair – David Roper

The Committee assesses and challenges the effectiveness of risk management frameworks, internal control systems, and audit processes. It offers strategic oversight to Group Internal Audit and critically evaluates management's actions and judgements regarding the annual financial statements prior to their submission to the Board.

4. Remuneration Committee

Chair – Ali Capper

The Committee determines and agrees with the Board the framework for the remuneration of executive management, sets the level of remuneration for the Group Chief Executive, members of the Executive Committee and the Company Secretary. The Committee also sets the proposed level of fees for the Chair, having taken advice from external Remuneration Consultants and Executive Directors.

5. Board Risk Committee

Chair – Alan Fairhead

The Committee is responsible for developing, implementing, and maintaining the Group's Risk Management Framework, including its risk appetite, strategy, principles, and policies, making sure they align with current regulatory requirements, corporate governance standards, and industry good practices. In addition, the Committee monitors the Group's risk exposures and seeks to ensure that Non-Executive Directors are actively involved in addressing risk matters. It also enforces compliance with Group risk policies and standards and regularly reviews the activities of the Group Risk function.

6. Executive Committee

Chair – Nick Turner

The Committee integrates all elements of risk management across the Group, systematically monitors the Group's risk profile against the risk appetite established by the Board, and provides critical oversight of both the current risk profile and overarching strategy. Additionally, the Committee reviews the formulation and execution of strategy, operational plans, policies, and budgets, ensuring thorough assessment and control of risks, as well as the effective prioritisation and allocation of resources throughout each area of operation.

7. Group Operational Risk Committee

Chair – Iain Baker*

The Committee evaluates and advises on the Group's operational risk appetite, framework, and overarching policies related to operational risk management.

*Risk Director

8. With-Profits Committee

Chair – John Deane

The Committee considers the interests of With-Profits policyholders and assumes responsibility for monitoring capital management and risks related to With-Profits funds, ensuring compliance with all applicable regulatory requirements.

9. Board Investment Committee

Chair – Jon Bailie

The Committee provides oversight over the Group's investment activity.

DIRECTORS' REMUNERATION REPORT



Ali Capper
Chair of the Remuneration Committee

I am pleased to present the Remuneration Committee's report for the year to 31st December 2025. The report has been structured to reflect many of the disclosure requirements that apply to publicly listed UK companies, and seeks to ensure that our remuneration policies and practices are presented in a clear and informative way.

NFU Mutual's remuneration policies are designed to attract and retain the talent needed to run the business successfully. The annual and long-term incentives help to align the total remuneration package directly to the performance delivered for our members and other stakeholders.

The incentive schemes incorporate a wide range of financial and non-financial measures which are aligned to the Company's long-term business strategy and these schemes enable all staff to share in the success of the Company.

Overview of 2025

NFU Mutual delivered a strong 2025 performance with a profitable underwriting result as well as strong returns on investments. This led to an overall Group profit for the year of £729m (2024: £360m).

The Group continues to focus on long-term growth and we are proud to be able to reward and support our members during both challenging and profitable years as a result. In 2025 we provided £236m (2024: £238m) in Mutual Bonus savings to our valued renewing General Insurance members.

In 2025 we became the first UK company to win the Gallup Exceptional Workplace Award for ten consecutive years and were certified as a UK Top Employer by the Top Employers Institute for the third year running.

The average pay increase effective 1st May 2025 was 3.48%, taking account of prevailing rates of salary inflation and the need to recognise employee development in role.

The Committee continues to monitor the effectiveness of our policies and seeks to ensure that they support the business and the interests of our members and meet regulatory requirements.

The Committee would welcome your support at the AGM.

Remuneration Committee

- Ali Capper (Chair)
- David Roper
- Dave Smith
- Sarah Simpson




The Remuneration Committee

All members of the Committee are Non-Executive Directors, and the Committee reports to the meetings of the Board, on the Committee's work.

The Committee, within the terms of the policy agreed by the Board, sets and monitors the level of remuneration for the Group Chief Executive, members of the Executive Committee, the Company Secretary and other Material Risk Taker roles. It also sets the proposed level of fees for the Board Chair. Fees and remuneration for all of these roles take account of comparative market information and objective advice from our external remuneration consultants.

The composition and performance of the Committee is reviewed annually by the Board. The Committee's Terms of Reference are available, on request, and appear on the Group's website.

The purpose of reward at NFU Mutual is to:

-  Encourage employee alignment to the required performance and values of the business.
-  Fairly recognise the contribution that employees make to the success of the business. Allow all employees to share in that success.
-  Attract and retain employees with skills and knowledge important to the success of the business.

The Committee considers the reward package of other Group employees when determining the Directors' remuneration for the year.

This includes annual base salary, benefits and bonus schemes.

The Committee's practice is to appoint external remuneration consultants. The main adviser during 2025 was the Executive Compensation Services practice of Alvarez & Marsal. Aon plc also provided market benchmarking information. Alvarez & Marsal and Aon plc are signatories to the Remuneration Consultants' Code of Conduct, which requires any advice to the Committee to be objective and impartial.

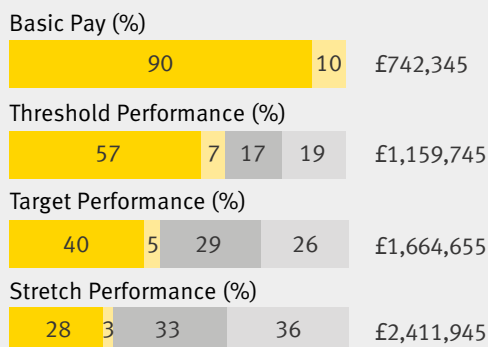
Remuneration policy

Reward at NFU Mutual is a combination of base salary, variable pay and a market competitive pension and benefits package. Reward supports our values and business culture by balancing the need to recognise and reward high performance with the requirement to support our culture of collaboration, fairness and consistency.

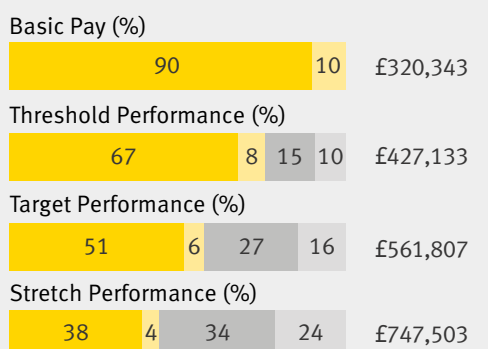
The Remuneration Policy Table, which summarises the different elements of the Executive Directors' and Non-Executive Directors' remuneration at NFU Mutual, is available at [nfumutual.co.uk](https://www.nfumutual.co.uk)

The Group has structured remuneration to comply with the best practice principles set out in the Financial Conduct Authority's Remuneration Codes, and the Prudential Regulation Authority's remuneration requirements for insurance firms. The corporate schemes are subject to review by the Remuneration Committee. Proposed reward schemes that are separate to the corporate schemes are subject to review by Group Operational Risk and Compliance Functions to ensure that behavioural, regulatory and operational risks are identified and measures are in place to ensure appropriate management. In addition, bonus schemes are also reviewed by the Financial Planning & Analysis team to deliver alignment with the Group's financial plans and business objectives.

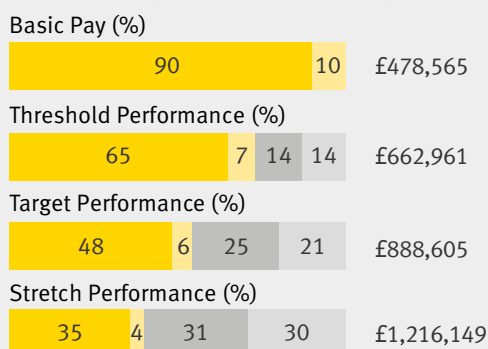
Chief Executive (Nick Turner) total remuneration potential for the 2025 performance year



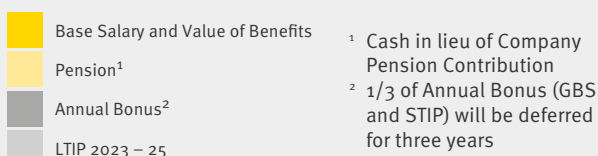
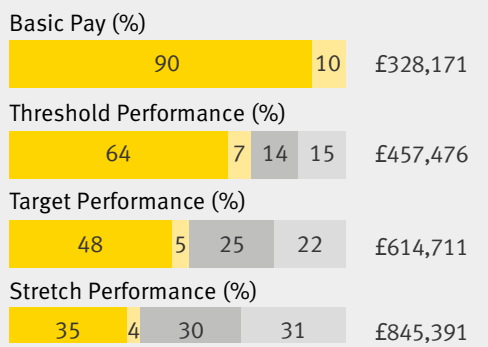
Customer Services Director (Rachel Kelsall) total remuneration potential for the 2025 performance year



Finance Director (Richard Morley) total remuneration potential for the 2025 performance year



Sales & Agency Director (Nick Watson) total remuneration potential for the 2025 performance year



Comparing remuneration policy for executives with other employees

Base salary, pension and benefits: these apply to all employees. The Committee takes into account the Group’s overall salary budget and percentage increases made to the wider workforce when setting Executive salaries. Benefits are offered on similar terms throughout the Group although some benefits available vary by job level, such as car allowances.

Executive Directors’ pension allowances are set at 12% which is aligned with employees’ pension benefits.

Annual Bonus: the Group Bonus Scheme (GBS) applies on the same terms throughout the Group, dependent on Group performance. The Short-Term Incentive Plan (STIP) participation is for staff above a certain job level, whose roles more directly influence the success of the business. The maximum bonus opportunity varies by job level.

One third of the total annual bonus award (GBS and STIP) for the CEO and other Executive Directors is deferred for three years post award.

Long-Term Incentive Plan (LTIP): Executives and senior managers are eligible to participate in the LTIP.

The variable elements of Directors’ remuneration are subject to Malus and Clawback conditions, as outlined on page 130.

Gender pay gap

Since 2018, all UK organisations with over 250 employees have been required to report on their Gender Pay Gap. This measures the differences between the average pay of all men and women in the organisation regardless of their roles. The Gender Pay Gap measurement is different from the assessment of ‘equal pay for equal work’, which focuses on earnings for men and women doing the same (or similar) work.

NFU Mutual's Remuneration Policy is designed to be fair for all employees, regardless of gender, ethnicity, disability, or any other characteristic. We are committed to applying this policy consistently with the aim of providing equal opportunities for everyone.

NFU Mutual's Gender Pay Gap results for the year to 5th April 2025 compare positively with the data published for the Finance and Insurance Activities sector by the Office of National Statistics (ONS) in 2025.

NFU Mutual's median Gender Pay Gap is 14.1% compared to the ONS figure of 27.2%. Our full Gender Pay Gap Report for the year to 5th April 2025 will be available from April 2026 at [nfumutual.co.uk](https://www.nfumutual.co.uk)

CEO pay ratio

The Committee monitors the ratio of the CEO's total remuneration to the median total remuneration of employees in NFU Mutual, and compares this to similar organisations. For 2025 the NFU Mutual ratio was 39:1, this was lower than the median ratio of our peer group of insurers, which was 49.5:1.

Relative importance of remuneration elements

Performance-related elements of the remuneration package for Executive Directors comprise a substantial portion of the total. This serves to drive behaviours that promote the best interests of the business, while ensuring that rewards outturns are aligned with the performance of the Group.

The charts on page 124 explain the mix in 2025, between the fixed pay and performance-related pay of Executive Directors at threshold, target and stretch performance levels.

Recruitment, retention and service contracts for Executive Directors

The Company's policy is to pay appropriately to attract individuals with the skills and experience required for each role. This also takes into account remuneration across the Group, including for other senior appointees, and remuneration offered by other similar-sized companies. Base salaries are set taking account of market data and internal comparisons. All other elements of remuneration are aligned to our policy.

Considerations elsewhere in the group

In setting the remuneration policy for Executive Directors, the Remuneration Committee takes into account the pay arrangements of other colleagues in the Group.

The same principles apply to the remuneration policy for all colleagues: pay is benchmarked against relevant markets which seeks to ensure competitiveness, and performance-related pay elements are aligned with, and help drive, the achievement of the Company's business strategy.

NFU Mutual adopts a transparent approach to communicating its pay philosophy and publishes its pay bands and guidance, which all employees can access. The remuneration policy is applied consistently across the entire workforce, including the Executive management team. We negotiate with Unite, which represents its members within the NFU Mutual workforce, regarding the annual pay award.

Remuneration in 2025

The tables below show actual total remuneration for Executive Directors for the 2024 and 2025 calendar years.

| 2025 | Base | Pension | Benefits ¹ | Annual Bonus ² | 2023 - 2025 LTIP | 2025 Total | Fixed Pay | Variable Pay |
|-----------------------------|----------|---------|-----------------------|---------------------------|------------------|------------|-----------|--------------|
| Nick Turner | £651,584 | £78,190 | £12,571 | £684,747 | £823,302 | £2,250,394 | £742,345 | £1,508,049 |
| Rachel Kelsall ³ | £273,214 | £32,786 | £14,343 | £211,847 | £169,175 | £701,365 | £320,343 | £381,022 |
| Richard Morley | £416,805 | £50,017 | £11,743 | £313,378 | £351,410 | £1,143,353 | £478,565 | £664,788 |
| Nick Watson | £280,221 | £33,627 | £14,323 | £212,199 | £254,964 | £795,334 | £328,171 | £467,163 |

| 2024 | Base | Pension | Benefits ¹ | Annual Bonus ² | 2022 - 2024 LTIP | 2024 Total | Fixed Pay | Variable Pay |
|-----------------------------|---------|---------|-----------------------|---------------------------|----------------------|----------------------|-----------|----------------------|
| Nick Turner | 632,205 | 75,865 | 16,079 | 710,112 | 531,528 | 1,965,789 | 724,149 | 1,241,640 |
| Rachel Kelsall ³ | 240,909 | 28,909 | 12,763 | 199,273 | 103,398 ⁴ | 585,252 ⁴ | 282,581 | 302,671 ⁴ |
| Richard Morley | 391,988 | 47,039 | 10,418 | 324,952 | 242,676 | 1,017,073 | 449,445 | 567,628 |
| Nick Watson | 267,193 | 32,063 | 15,842 | 215,237 | 184,434 | 714,769 | 315,098 | 399,670 |

1. Benefits figures include car allowance.

2. 1/3 of Annual Bonus payment will be deferred for three years.

3. Mrs Kelsall was appointed on 1 April 2023.

4. £1,500 more than the amount disclosed last year due to administrative error that has now been corrected.

Base salaries and benefits

The average base salary increase across the Group in May 2025 was 3.48%. The annual base salary levels of the Executive Directors with effect from 1 May 2025 were as follows:

| Name | May 2025 | May 2024 | Increase |
|----------------|----------|----------|----------|
| Nick Turner | 657,972 | 638,808 | 3.00% |
| Rachel Kelsall | 284,527 | 250,588 | 13.54%* |
| Richard Morley | 420,891 | 408,632 | 3.00% |
| Nick Watson | 285,000 | 270,663 | 5.30% |

* The salary of Mrs Kelsall (appointed 1 April 2023) is progressing in line with our established practice and our principle of aligning over a period of time with market pay levels.

The Company provides Death in Service cover for Mr Turner, Mrs Kelsall, Mr Morley and Mr Watson at four times salary.

Variable pay

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. Performance incentive plans for senior managers and Executive Directors are structured to ensure a strong focus on both short and long-term business performance.

The amounts paid depend on the Committee's measurement of Company performance against the business targets for the relevant period. In addition to the Group Bonus Scheme (GBS), Executive Directors and senior managers participate in two variable performance incentive plans:

- A one-year Short-Term Performance Incentive Plan (STIP)
- A three-year Long-Term Performance Incentive Plan (LTIP).

Payments made under these plans are not pensionable.

Short-term incentive plan (STIP) – 1 year performance period

| Role | Maximum STIP Bonus (% of base salary) |
|---------------------|---------------------------------------|
| Chief Executive | 123% (113% STIP; 10% GBS) |
| Executive Directors | 88% (78% STIP; 10% GBS) |

The STIP measures annual achievement in respect of Group strategic goals (e.g. annual business targets for growth in premium income, controlling costs, customer retention and profitability).

In 2025, the same measures (bar Employee Engagement) were used in the STIP as in the Group Bonus Scheme (GBS) which is payable to the majority of employees. These are aligned to support the Group's long-term objectives.

The tables below detail the balanced scorecard of performance measures for the bonus schemes in 2025. All Executive Directors participate in both the STIP and the GBS.

One third of the CEO's and Executive Directors' total bonus award (including the Group Bonus Scheme award) is deferred for three years post award (i.e. a one-year performance period followed by three-year deferral). Growth in value of the deferred bonuses over the 3-year deferral period is linked to the average annual pay increase percentages for all employees of the Group.

Group Bonus Scheme 2025 measures

| Long Term Objective | Weighting | Measure | % of GBS |
|-----------------------------------|-----------|------------------------------|----------|
| Sustainable Profitable Growth | 65% | GI Profitability – COR | 25% |
| | | FS Operational Profitability | 5% |
| | | GI Growth – GWPI | 30% |
| | | FS Growth – AC | 5% |
| Great Company to Do Business With | 35% | GI Policy Persistency | 30% |
| | | Customer Experience (CX) | 5% |

Short-Term Incentive Plan for Executives 2025 measures

| Long Term Objective | Weighting | Measure | % of STIP |
|-----------------------------------|-----------|-------------------------------|-----------|
| Great Place to Work | 20% | Q12 Engagement Survey Results | 20% |
| Sustainable Profitable Growth | 55% | GI Profitability – COR | 21% |
| | | FS Operational Profitability | 4% |
| | | GI Growth – GWPI | 26% |
| | | FS Growth – AC | 4% |
| Great Company to do Business With | 25% | GI Policy Persistency | 20% |
| | | Customer Experience (CX) | 5% |

Bonus scheme measures

The metrics used in the bonus schemes are reviewed by the Remuneration Committee with advice from its external advisers, on an annual basis and amended as appropriate.

Long-term incentive plan (LTIP) – 3-year performance period

Principles of the LTIP

The NFU Mutual LTIP is a cash-based plan, vesting after three years subject to performance conditions, which are based on long-term objectives consistent with the overall objectives of the Group. These are that NFU Mutual should achieve Sustainable Profitable Growth, be a Great Company to do Business With, and be a Great Place to Work.

2025 – 2027 LTIP Grant

A new LTIP grant was made in 2025 to cover the performance period 2025 to 2027. The 2025-2027 LTIP grants were set at the levels detailed in the table below:

| Role | Maximum payment following year-end 2025 (% of base salary at time of grant) |
|---------------------|---|
| Chief Executive | 166% |
| Executive Directors | 108% |

The 2025– 2027 LTIP will vest on 31st December 2027, dependent on the extent to which performance objectives in relation to that grant are achieved.

Performance conditions

The table below sets out the performance conditions applicable to the current LTIP schemes.

2023-2025 LTIP performance period

| Objective | Overall Objective Weighting | Weighting | Metric |
|-----------------------------------|-----------------------------|-----------|---|
| Great Place to Work | 20% | 20% | Employee Engagement (three-year average of annual results against target) |
| Sustainable Profitable Growth | 55% | 21% | Three-year average GI Combined Operating Ratio over the LTIP period |
| | | 26% | GI Company Growth – Total GWPI over the LTIP period |
| | | 4% | FS Business – Total AC over the LTIP period |
| | | 2% | FS Business – Total Manufacturer Profitability over the LTIP period |
| | | 2% | FS Business – Total Distribution Profitability over the LTIP period |
| Great Company to do Business With | 25% | 22.5% | GI Company Persistency – three-year average over the LTIP period |
| | | 2.5% | CO ₂ Emissions Reduction – Total over the LTIP period |

2024-2026 LTIP performance period

| Objective | Overall Objective Weighting | Weighting | Metric |
|-----------------------------------|-----------------------------|-----------|---|
| Great Place to Work | 20% | 20% | Employee Engagement (three-year average of annual results against target) |
| Sustainable Profitable Growth | 55% | 21% | GI Combined Operating Ratio over the LTIP period with each year of performance contributing one third |
| | | 26% | GI Company Growth – Total GWPI over the LTIP period |
| | | 4% | FS Business – Total AC over the LTIP period |
| | | 4% | FS Business – Total Operational Profitability over the LTIP period |
| Great Company to do Business With | 25% | 20% | GI Company Persistency – three-year average over the LTIP period |
| | | 5% | CO ₂ Emissions Reduction – Total over the LTIP period |

2025-2027 LTIP performance period

| Objective | Overall Objective Weighting | Weighting | Metric |
|-----------------------------------|-----------------------------|-----------|---|
| Great Place to Work | 20% | 20% | Employee Engagement (three-year average of annual results against target) |
| Sustainable Profitable Growth | 55% | 21% | GI Combined Operating Ratio over the LTIP period with each year of performance contributing one third |
| | | 26% | GI Company Growth – Total GWPI over the LTIP period |
| | | 4% | FS Business – Total AC over the LTIP period |
| | | 4% | FS Business – Total Operational Profitability over the LTIP period |
| Great Company to do Business With | 25% | 20% | GI Company Persistency – three-year average over the LTIP period |
| | | 5% | CO ₂ Emissions Reduction – Total over the LTIP period |

Summary of LTIP grants and vesting

The table below details the vesting outcomes from the 2023-2025 LTIP scheme and the value of the grants made in 2024 and 2025.

| 2025 | Plan start date | Cycle ending | Grant value | Vesting date | 2023 - 2025 scheme performance | 2026 payment |
|----------------|-----------------|--------------|-------------|--------------|--------------------------------|--------------|
| Nick Turner | 01-Jan-23 | 2025 | 860,295 | 31-Dec-25 | 95.70% | £823,302 |
| | 01-Jan-24 | 2026 | 1,027,540 | 31-Dec-26 | | |
| | 01-Jan-25 | 2027 | 1,060,421 | 31-Dec-27 | | |
| Rachel Kelsall | 01-Jan-23 | 2025 | 176,776 | 31-Dec-24 | 95.70% | £169,175 |
| | 01-Jan-24 | 2026 | 239,274 | 31-Dec-25 | | |
| | 01-Jan-25 | 2027 | 270,635 | 31-Dec-26 | | |
| Richard Morley | 01-Jan-23 | 2025 | 367,200 | 31-Dec-25 | 95.70% | £351,410 |
| | 01-Jan-24 | 2026 | 387,396 | 31-Dec-26 | | |
| | 01-Jan-25 | 2027 | 441,323 | 31-Dec-27 | | |
| Nick Watson | 01-Jan-23 | 2025 | 266,420 | 31-Dec-24 | 95.70% | £254,964 |
| | 01-Jan-24 | 2026 | 281,073 | 31-Dec-25 | | |
| | 01-Jan-25 | 2027 | 292,316 | 31-Dec-26 | | |
| Steve Bower* | 01-Jan-23 | 2025 | 285,393 | 31-Dec-25 | 95.70% | £22,760 |
| | - | - | - | - | | |
| | - | - | - | - | | |

* Mr Bower retired effective 31 March 2023. He retains his existing LTIP award on a pro-rata basis for the portion of the performance period in which he was in service. This will vest at the normal vesting date, subject to the normal performance conditions.

A new LTIP grant will be made in 2026 to cover the performance period 2026 to 2028, and this will vest at the end of 2028 dependent on the extent to which performance objectives in relation to that grant are achieved.

Malus and clawback of variable pay

Malus and clawback (known as ex-post risk adjustment) of part or all of any variable pay award (GBS, STIP or LTIP) including vested and already paid, can apply at the Remuneration Committee's discretion if certain circumstances arise. A list of events that may trigger ex-post risk adjustment may include, but is not limited to:

- Audit findings (internal and external)
- Financial Risk status (Solvency coverage)
- Investigation findings
- Ineffectiveness of Internal Control
- Material Operational risk failings
- Risk events and/or material risk failings
- Notifiable events
- Regulatory considerations, including conduct risk
- Material downturn in financial performance
- Misbehaviour or misconduct case
- Regulatory considerations, including conduct risk.

In accordance with the Group’s Ex-Post Risk Adjustment (Malus and Clawback) Policy, NFU Mutual may apply ex-post risk adjustment if it becomes aware of information that would either impact an ‘in-year’ variable remuneration decision or would have impacted a past decision about an individual’s variable remuneration in the prior three years (or longer as may be appropriate).

Ex-post risk adjustment was not applied by the Remuneration Committee in respect of the 2025 performance year.

Directors’ pension arrangements

Mrs Kelsall is a member of the Defined Benefit section of the Group’s pension scheme. She ceased accruing pension under the scheme in December 2016. This scheme provides a pension-in-payment of one sixtieth of final

pensionable salary for each year’s membership of the pension scheme, subject to a Scheme Specific Cap on pensionable salary (£237,600 in 2025) which limits the amount of salary that counts towards pension benefits.

Mrs Kelsall’s Defined Benefit membership terms were altered with effect from 31st December 2016. From this date, no further pensionable service was accrued in the Defined Benefit section of the Scheme and Mrs Kelsall was no longer required to contribute to the scheme. Mrs Kelsall registered for Individual Protection 2016 with HMRC in 2019.

The following table relates to the Executive Directors’ pension arrangements through the Group’s Retirement Benefit Scheme.

The pension cost of any Executive Director with a Defined Benefit pension is charged over their estimated service life, based upon actuarial advice.

| | Single Pension Figure at 31.12.2025 | Single Pension Figure at 31.12.2024 | Transfer value of accrued pension at 31.12.2025 (£) | Accrued pension at 31.12.2025 (£) | Normal pension age |
|----------------|-------------------------------------|-------------------------------------|---|-----------------------------------|--------------------|
| Rachel Kelsall | - ¹ | - ¹ | 1,302,400 | 81,100 | 60 |

All figures shown are to the nearest £100.

¹ Based on the member ceasing to accrue pension from 31 December 2016, although she continues to accrue contingent spouse’s benefits on death-in-service and death-after retirement, which is reflected in the calculation of the transfer value at 31 December 2025. The Administrators have confirmed that the continued accrual of contingent spouse’s benefits was unaffected by the broader Closure of the Scheme to future accrual.



Directors' contracts

The Executive Directors do not have a set duration of appointment. Their service contracts can be terminated by NFU Mutual or by the Director by giving 12 months' notice.

Any Director appointed by the Board during the year holds Board office only until the next Annual General Meeting (AGM) and must then

stand for re-election to continue in office.

None of the Non-Executive Directors accrue pension benefits with NFU Mutual. Some former Non-Executive Directors or their Widows still receive a pension, on an ex-gratia, non-contractual and unfunded basis. The total cost of these pensions for 11 former Directors or widows in 2025 was £198,953 (2024: £200,389).

| | Date of contract | Unexpired Term as at 31st December 2025 | Notice period |
|----------------|------------------|---|---------------|
| Nick Turner | 1st April 2021 | 12 months rolling period | 12 months |
| Rachel Kelsall | 1st April 2023 | 12 months rolling period | 12 months |
| Richard Morley | 1st May 2018 | 12 months rolling period | 12 months |
| Nick Watson | 1st May 2022 | 12 months rolling period | 12 months |

Non-Executive Directors

| Non-Executive Directors | 2025 Committee Responsibilities | 2025 Total Fees (£) | Taxable Expenses | | |
|-------------------------|---|---------------------|--|--|-----------|
| | | | from 1st January 2025 - 31st December 2025 (£) | from 1st January 2024 - 31st December 2024 (£) | |
| Jon Bailie | Senior Independent Director Board Investment Committee Chair N.F.U. Mutual Unit Managers Limited Chair Audit Committee Member Nomination Committee Member | 103,601.28 | 6,171.13 | 99,462.51 | 5,403.77 |
| Ali Capper | Board Risk Committee Member With-Profits Committee Member Remuneration Committee Chair Nomination Committee Member | 95,481.24 | 2,698.17 | 95,906.22 | 3,150.63 |
| John Deane | With Profits Committee Chair Chair of the Company's Pension Scheme Trustee Board Investment Committee Member Board Risk Committee Member Nomination Committee Member (from 1st November 2025) | 106,481.29 | 7,302.38 | 102,312.54 | 5,055.87 |
| Alan Fairhead | Board Risk Committee Chair Nomination Committee Member (until 1st November 2025) Director of N.F.U. Mutual Unit Managers Limited | 94,256.21 | 6,045.73 | 92,312.46 | 6,083.13 |
| Jim McLaren | Chair Nomination Committee Chair | 243,647.79 | 15,207.98 | 228,924.54 | 13,545.77 |
| David Roper | Audit Committee Chair Remuneration Committee Member Board Risk Committee Member | 87,962.49 | 4,364.63 | 85,187.46 | 4,233.84 |
| Sarah Simpson | Remuneration Committee Member (from 1st September 2024) Audit Committee Member (from 1st September 2024) With-Profits Committee Member (from 1st August 2025) | 74,312.50 | 9,435.61 | 20,000.00 | 2,015.76 |
| Dave Smith | Audit Committee Member Board Risk Committee Member Remuneration Committee Member | 81,543.75 | 2,932.17 | 78,781.26 | 2,013.61 |
| Sally Williams | Audit Committee Member (from 1st December 2025) | 5,168.75 | - | - | - |

Non-Executive Directors' letters of appointment

The Non-Executive Directors do not have contracts of service but have letters of appointment. Such appointments are initially for a three-year term, although in accordance with the UK Corporate Governance Code, all Directors stand for re-election by members each year at the Company's Annual General Meeting

(AGM). The letters of appointment set out the time commitment expected of the Non-Executive Directors in the performance of their duties.

Non-Executive Directors are not eligible to participate in any incentive plans, or Company pension arrangements, and are not entitled to any compensation for any early termination of their appointment.

| Non-Executive Directors | Date of letter of appointment | Unexpired term as at 31st December 2025 | Notice period |
|-------------------------|-------------------------------|---|---------------|
| Jon Bailie | 1st February 2018 | 1 year 2 months | 3 months |
| Ali Capper | 15th March 2018 | 1 year 3 months | 3 months |
| John Deane | 8th August 2022 | 2 years 10 months | 3 months |
| Alan Fairhead | 5th October 2020 | 10 months | 3 months |
| Jim McLaren | 30th September 2019 | 1 year | 6 months |
| David Roper* | 8th April 2019 | 3 months | 3 months |
| Sarah Simpson | 24th May 2024 | 1 year 8 months | 3 months |
| Dave Smith | 16th November 2022 | 3 years | 3 months |
| Sally Williams | 7th October 2025 | 2 years 10 months | 3 months |

* David Roper will be retiring from the Board on 31 March 2026.

Note: No Non-Executive Directors have contracts with compensation for early termination. There are no other provisions relevant to determining liability for early termination. With the exception of David Roper, all Directors will stand for election or annual re-election at the AGM, regardless of their unexpired term.



Ali Capper
Chair of the Remuneration Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL FARMERS UNION MUTUAL INSURANCE SOCIETY LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of The National Farmers Union Mutual Insurance Society Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 33, excluding the capital adequacy disclosures in note 3 calculated in accordance with the Solvency II regime which are marked as unaudited.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and Financial Reporting Standard 103 "Insurance Contracts".

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit

services provided to the group and parent company for the year are disclosed in note 14 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- General business claims outstanding: non-latent reserving assumptions and methodology for motor and liability claims in excess of £1m; and
- Long-term business provision: annuitant mortality improvement assumptions.

Materiality

The materiality that we used for the group financial statements was £120m which was determined on the basis of 1.45% of the consolidated members' reserves and equity.

Scoping

We performed an audit of the entire financial information of the parent company, which is the main trading entity within the group, and one of the subsidiary entities. All testing was performed by the group engagement team. On an absolute basis, testing covered 97% of consolidated Profit Before Tax (PBT), 99% of consolidated revenue and 99% of consolidated net assets.

Significant changes in our approach

Due to the absence of conclusive claims, the planned phased run-off, and the reduced quantum of the reserve position, we no longer consider latent reserving to warrant separate disclosure as a key audit matter. Furthermore, the key audit matter related to mortality improvement assumptions for the life business has been refined, compared to prior periods, reflecting reduced reserve sensitivity from higher interest rates and no significant changes identified in recent experience studies.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging management’s key assumptions underpinning the going concern basis of accounting, by assessing the reasonableness of underlying assumptions applied in forecasting cash flows and considering their consistency with our understanding of the group’s businesses;
- Assessing the parent company’s Own Risk and Solvency Assessment Report (ORSA) to support our understanding of the key risks faced by the parent company and its ability to continue as a going concern;
- Assessing management’s stress and scenario testing by challenging the appropriateness of the selected variables and the severity of the stress scenarios;
- Evaluating the historical accuracy of forecasts made by management by comparing them to actual results; and
- Evaluating the appropriateness of disclosures in the financial statements relating to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s and parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. .

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| 5.1. General business claims outstanding: non-latent reserving assumptions and methodology for motor and liability claims in excess of £1m | |
|---|--|
| Key audit matter description | <p>The valuation of the general business claims outstanding is a complex process involving inherent uncertainty and is one of the most significant areas of judgement within the group’s financial statements.</p> <p>The most significant and sensitive judgements in the determination of the carrying value of non-latent general insurance claims outstanding are the assumptions and methodology for Motor and Liability claims in excess of £1m. The determination of the non-latent assumptions and methodology for Motor and Liability claims above £1m is considered to be inherently more complex given the specific judgements applied to individual cases. These reserves combine individual case reserves with actuarial techniques to estimate the incurred but not yet reported (IBNYR) and incurred but not enough reported (IBNER) reserves.</p> <p>Included in liabilities are general business claims outstanding reserves, with a balance at 31 December 2025 of £2,702m (2024: £2,689m), as set out in note 8 to the financial statements. Given the size of the non-latent reserves for Motor and Liability claims above £1m as a proportion of the total balance of the general business claims outstanding reserves, inappropriate or inconsistent determination or application of the assumptions and methodology could materially affect the financial statements. The accounting and risk management policies are set out in notes 1 and 2 respectively, with insurance risk being discussed in note 2c. Due to the high level of judgement and estimates involved, we have determined that there exists a potential risk of fraud through possible manipulation of this balance.</p> <p>The Audit Committee refers to this key audit matter in their report on page 111.</p> |
| How the scope of our audit responded to the key audit matter | <p>With the involvement of our actuarial specialists, we performed the following procedures:</p> <ul style="list-style-type: none"> • obtained an understanding of the relevant controls around the non-latent reserve valuation process, specifically controls identified in relation to the assumption setting process and methodology; • assessed and challenged management’s methodology and key assumptions, including evaluation of changes in assumptions compared to the economic and market environment and comparison of methodology to market peers; • Inspected management’s reserving model through walkthrough procedures to assess consistency between the model implementation and the documented reserving methodology; • assessed the incurred and paid claims development against management’s selected ultimate costs to identify and quantify potential outliers; and • assessed whether the financial statement disclosures in relation to the valuation of the general insurance liabilities are appropriate. |
| Key observations | <p>We found management’s general business claims outstanding: non-latent reserving assumptions and methodology for motor and liability claims in excess of £1m to be reasonable and aligned to accounting requirements.</p> |

5.2. Long-term business provision: annuitant mortality improvement assumptions

| | |
|--|--|
| <p>Key audit matter description</p> | <p>The valuation of the long-term provision for the life business is a complex process involving inherent uncertainty and is another significant area of management judgement within the group's financial statements.</p> <p>Improvement assumptions for annuitant mortality are made in the actuarial reserving process for the valuation of the long-term business provision. These assumptions are fundamental in ensuring that the appropriate level of actuarial liabilities is held in respect of the life business.</p> <p>Based on our risk assessment process and understanding, we focused on the most material annuity products that are highly sensitive to changes in the annuitant mortality improvement assumptions. The setting of the assumptions requires management interpretation of population trends, internal analysis, industry analysis and related developments in respect of the future rate of mortality improvements, in particular, the most recent Continuous Mortality Investigation ("CMI") 2024 tables.</p> <p>Included in liabilities is the long-term business provision, with a balance at 31 December 2025 of £4,991m (2024: £4,716m) as set out in note 4 to the financial statements. Given the annuitant mortality related provisions are material to the total long-term business provision, an inappropriate determination or application of the assumptions could materially affect the financial statements. The accounting and risk management policies are set out in notes 1 and 2 respectively, with insurance risk being discussed in note 2c. Due to the high level of judgement and estimates involved, we have determined that there exists a potential risk of fraud through possible manipulation of this balance.</p> <p>The Audit Committee refers to this key audit matter in their report on page 112.</p> |
| <p>How the scope of our audit responded to the key audit matter</p> | <p>With involvement of our actuarial specialists, we performed the following procedures on annuitant mortality improvement assumptions:</p> <ul style="list-style-type: none"> • obtained an understanding of the relevant controls around the setting of long-term business annuitant mortality improvement assumptions; • challenged key judgements made around adopted annuitant mortality improvement assumptions by referring to the latest available CMI Mortality Projections Model and underlying data while considering the appropriateness of fit to the underlying book; • Assessed whether adjustments made by management to the latest available CMI model were appropriately supported by evidence, by testing the adjustments for consistency with management's documented analysis and rationale; • where appropriate, we compared the assumptions selected by management to our experience of those used by peer annuity companies; and • assessed whether the financial statement disclosures in relation to the long-term business provisions are appropriate. |
| <p>Key observations</p> | <p>We found management's long-term business provision: annuitant mortality improvement assumptions to be reasonable.</p> |

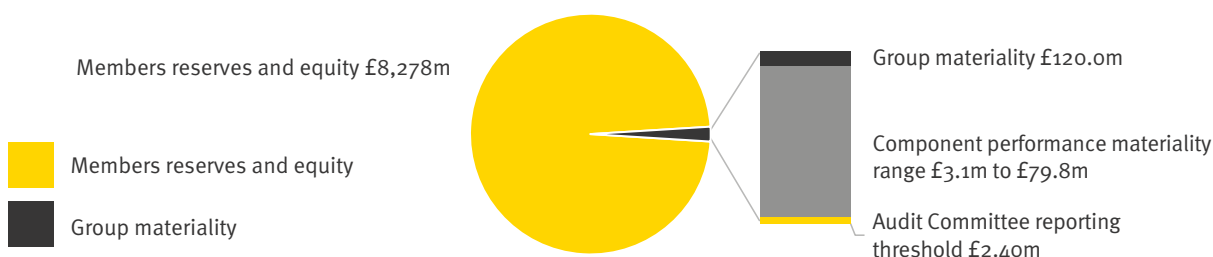
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | Group financial statements | Parent company financial statements |
|--|--|--|
| Materiality | £120m (2024: £108m) | £114m (2024: £102m) |
| Basis for determining materiality | 1.45% (2024: 1.45%) of consolidated members' reserves and equity. | The parent company's materiality equates to 1.37% (2024: 1.36%) of members' reserves and equity, capped at 95% (2024: 95%) of group materiality. |
| Rationale for the benchmark applied | We have used members' reserves and equity as a basis for our materiality to reflect the parent company's and group's strategic ambition as a mutual to deliver longer-term stability and improve overall member value. | |



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

| | Group financial statements | Parent company financial statements |
|--|--|---|
| Performance materiality | 70% (2024: 70%) of group materiality | 70% (2024: 70%) of parent company materiality |
| Basis and rationale for determining performance materiality | In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"> • the quality of the parent company's and group's control environment, our ability to take a controls reliance approach in the areas specified in section 7.2; and • the low number and value of corrected and uncorrected misstatements identified in the prior year audit. | |

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £2.4m (2024: £2.2m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Components were identified based on the individual legal entities within the group structure. Based on that assessment, we performed an audit of the entire financial information of the parent company, which is the main trading entity within the group, and

Avon Insurance plc. We also scoped in other components for procedures on one or more classes of transactions, account balances or disclosures.

On an absolute basis, testing covered 97% of consolidated profit before tax, 99% of consolidated revenue and 99% of consolidated net assets. For the parent company component, we applied a component performance materiality of £79.8m; for Avon Insurance plc, we used an individual component performance materiality level determined on the basis of their individual financial statements, which was £3.1m. At group level we also tested the consolidation process.

7.2. Our consideration of the control environment

The group IT control environment includes a number of IT systems, applications and tools used to support business processes and financial reporting. We identified the relevant IT systems, applications and tools used to support key business processes and financial reporting across the group, including the general ledger system,

policy administration systems across the long-term and general insurance businesses, and the investment management system. With the involvement of our IT specialists, we tested the general IT controls.

As well as our testing of IT controls, we performed walkthroughs to gain an understanding of the overall control environment and the relevant controls for our identified key audit matters and certain other account balances. Based on the testing performed, we were able to rely on controls in relation to claims paid, financial investments, and investment property.

7.3. Our consideration of climate-related risks

As part of our audit, we held discussions with management to understand the process of identifying climate-related risks, and the overall group environmental, social and governance (“ESG”) agenda. The directors have categorised ‘Climate change’ as a principal risk based on its potential to significantly impact the group’s business operations and customers.

We performed our own qualitative risk assessment of the potential impact of climate change on the group’s account balances and classes of transactions. With involvement of our ESG specialists, we read the climate related disclosures in the annual report as outlined on pages 47 to 71 and considered whether they are materially consistent with the financial statements and our knowledge obtained in the course of the audit. We have also evaluated the appropriateness of disclosures included in the financial statements in note 2.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group’s and the parent company’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the Board Risk Committee, Internal Audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including actuarial, tax, property valuations, pensions, IT, and ESG regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- General business claims outstanding: non-latent reserving assumptions and methodology for motor and liability claims in excess of £1m; and
- Long-term business provision: annuitant mortality improvement assumptions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation, tax

legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's regulatory solvency requirements regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

11.2. Audit response to risks identified

As a result of performing the above, we identified the following as key audit matters related to the potential risk of fraud: general business claims outstanding; non-latent reserving assumptions and methodology for motor and liability claims in excess of £1m; and long-term business provision: annuitant mortality assumption. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the PRA and FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements.

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 85;
- the directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 72;
- the directors' statement on fair, balanced and understandable set out on page 86;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 84;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 109; and
- the section describing the work of the Audit Committee set out on page 110.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

15. Other matters which we are required to address

15.1. Auditor tenure

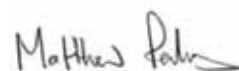
Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 20 June 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2018 to 31 December 2025.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Perkins (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
19th March 2026



Financial Statements

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|-----------------------------------|-----|
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CONSOLIDATED PROFIT AND LOSS ACCOUNT TECHNICAL ACCOUNT – GENERAL BUSINESS

| | 2025 £m | 2024 £m |
|---|--------------|--------------|
| Gross written premium before Mutual Bonus | 2,582 | 2,459 |
| Mutual Bonus | (236) | (238) |
| Gross Written Premium (note 6) | 2,346 | 2,221 |
| Outwards reinsurance | (132) | (139) |
| Net premiums Written | 2,214 | 2,082 |
| Change in gross provision for unearned premiums | (48) | (106) |
| Change in the gross provision for reinsured unearned premiums | (1) | - |
| Change in the net provision for unearned premiums | (49) | (106) |
| Earned premiums, net of reinsurance | 2,165 | 1,976 |
| Allocated investment return transferred from the Non-Technical Account (note 9) | 114 | 110 |
| Total technical income | 2,279 | 2,086 |
| Gross claims paid | 1,480 | 1,463 |
| Reinsurers' share of gross claims paid | (11) | (30) |
| Net claims paid | 1,469 | 1,433 |
| Change in gross provision for claims | 5 | 19 |
| Change in reinsurers' share | 7 | 39 |
| Change in net provisions for claims | 12 | 58 |
| Claims incurred, net of reinsurance | 1,481 | 1,491 |
| Net operating expenses (note 7) | 595 | 552 |
| Other technical charges, net of reinsurance | 9 | 8 |
| Total technical charges | 2,085 | 2,051 |
| Balance on the Technical Account – General Business | 194 | 35 |

CONSOLIDATED PROFIT AND LOSS ACCOUNT TECHNICAL ACCOUNT – LONG-TERM BUSINESS

| | 2025 £m | 2024 £m |
|--|--------------|------------|
| Gross written premium (note 6) | 213 | 195 |
| Outwards reinsurance | (5) | (5) |
| Earned premiums, net of reinsurance | 208 | 190 |
| Investment income (note 9) | 479 | 394 |
| Unrealised gain on investments (note 9) | 650 | 208 |
| Fee income from investment contracts | 29 | 29 |
| Other technical income, net of reinsurance | 38 | 31 |
| Total technical income | 1,404 | 852 |
| Gross claims paid | 426 | 450 |
| Reinsurers' share | (6) | (5) |
| Net claims paid | 420 | 445 |
| Change in gross provision for claims | 8 | (10) |
| Claims incurred, net of reinsurance | 428 | 435 |
| Gross change in Long-Term Business Provision | 275 | - |
| Reinsurers' share | - | 1 |
| Net change in the Long-Term Business provision | 275 | 1 |
| Changes in technical provision for linked liabilities net of reinsurance | 282 | 195 |
| Movements in investment contract liabilities | 167 | 104 |
| Net change in technical provisions | 724 | 300 |
| Net operating expenses (note 7) | 93 | 90 |
| Investment expenses and charges (note 9) | 5 | 6 |
| Tax attributable to the Long-Term Business (note 15) | 67 | 26 |
| Transfer to / (from) the Fund for Future Appropriations | 93 | (3) |
| Loss attributable to minority interest | (6) | (2) |
| Total technical charges | 1,404 | 852 |
| Balance on the Technical Account – Long-Term Business | - | - |

CONSOLIDATED PROFIT AND LOSS ACCOUNT NON-TECHNICAL ACCOUNT

| | 2025 £m | 2024 £m |
|--|------------|------------|
| Balance on the Technical Account - General Business | 194 | 35 |
| Investment Income (note 9) | 350 | 401 |
| Unrealised Gain on investments (note 9) | 538 | 187 |
| Allocated investment return transferred to the Technical Account - General Business (note 9) | (114) | (110) |
| Support payments to the Farmers' Unions | (9) | (9) |
| Other Income | 31 | 24 |
| Other Charges | (71) | (147) |
| Profit on ordinary activities before taxation (note 14) | 919 | 381 |
| Tax charge on ordinary activities (note 15) | (190) | (21) |
| Profit for the financial year (note 24) | 729 | 360 |

All results are derived from continuing operations.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME/(EXPENSE)

| | 2025 £m | 2024 £m |
|---|------------|------------|
| Profit for the financial year | 729 | 360 |
| Actuarial gain on pension scheme (note 28) | 46 | 39 |
| Movement on deferred tax on pension scheme | (12) | (10) |
| Total comprehensive income recognised since last Annual Report | 763 | 389 |

The Group has taken advantage of the exemption under section 408 of the Companies Act 2006 not to include a Company statement of comprehensive income.

The Parent Company's profit for the financial year was £720m (2024: £339m).

CONSOLIDATED AND COMPANY BALANCE SHEETS

| | Consolidated | | Parent Company | |
|---|---------------|---------------|----------------|---------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Assets | | | | |
| Intangible assets | | | | |
| Goodwill (note 32) | 4 | 5 | - | - |
| Other Intangible Assets (note 32) | 26 | - | 26 | - |
| | 30 | 5 | 26 | - |
| Investments | | | | |
| Land and Buildings (note 18) | 1,806 | 1,756 | 1,389 | 1,345 |
| Investments in group undertakings and participating interests (note 16) | 209 | 210 | 1,194 | 1,039 |
| Other financial investments (note 17) | 13,521 | 12,285 | 13,276 | 12,135 |
| | 15,536 | 14,251 | 15,859 | 14,519 |
| Assets held to cover linked liabilities (note 19) | 4,068 | 3,916 | 4,068 | 3,916 |
| Reinsurers' share of technical provisions | | | | |
| Provision for unearned premiums | 3 | 4 | 3 | 4 |
| Long-term business provision | 9 | 9 | 9 | 9 |
| Claims outstanding (note 8) | 171 | 178 | 168 | 176 |
| Technical provision for linked liabilities | 17 | 17 | 17 | 17 |
| | 200 | 208 | 197 | 206 |
| Debtors | | | | |
| Debtors arising out of direct insurance operations | | | | |
| Due from policyholders | 936 | 881 | 919 | 868 |
| Due from intermediaries | 18 | 22 | 18 | 22 |
| Debtors arising out of reinsurance operations | 5 | 7 | 5 | 7 |
| Amounts Due from Group undertakings | - | - | 51 | 38 |
| Other debtors including taxation (note 20) | 60 | 114 | 41 | 147 |
| | 1,019 | 1,024 | 1,034 | 1,082 |
| Other Assets | | | | |
| Tangible assets (note 21) | 36 | 61 | 32 | 57 |
| Cash at bank and in hand | 254 | 235 | 161 | 177 |
| | 290 | 296 | 193 | 234 |
| Prepayments and accrued income | | | | |
| Accrued interest and rent | 82 | 79 | 81 | 78 |
| General business deferred acquisition costs | 161 | 152 | 161 | 152 |
| Long-term business deferred acquisition costs | 16 | 17 | 16 | 17 |
| Other prepayments and accrued income | 26 | 30 | 26 | 28 |
| | 285 | 278 | 284 | 275 |
| Total Assets before Pension scheme asset | 21,428 | 19,978 | 21,661 | 20,232 |
| Pension asset (note 28) | 482 | 415 | - | - |
| Total assets including Pension scheme asset | 21,910 | 20,393 | 21,661 | 20,232 |

CONSOLIDATED AND COMPANY BALANCE SHEETS

| | Consolidated | | Parent Company | |
|--|---------------|---------------|----------------|---------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Reserves | | | | |
| Revaluation reserve | - | - | 486 | 443 |
| Other reserve (note 24) | 250 | 250 | 250 | 250 |
| Profit and loss account (note 24) | 6,741 | 5,978 | 6,298 | 5,578 |
| Equity minority interests | 42 | 42 | - | - |
| Fund for future appropriation (note 24) | 1,245 | 1,152 | 1,313 | 1,209 |
| Total Equity | 8,278 | 7,422 | 8,347 | 7,480 |
| Technical provisions | | | | |
| Provision for unearned premiums | 1,139 | 1,091 | 1,139 | 1,090 |
| Long-term business provision (note 4) | 4,991 | 4,716 | 4,991 | 4,716 |
| Claims outstanding (note 8) | 2,702 | 2,689 | 2,697 | 2,684 |
| | 8,832 | 8,496 | 8,827 | 8,490 |
| Technical provision for linked liabilities - Insurance contracts (note 4) | 70 | 72 | 70 | 72 |
| Technical provision for linked liabilities - Investment contracts (note 4) | 3,940 | 3,773 | 3,940 | 3,773 |
| Provision for other risks and charges (note 26) | 189 | 25 | 69 | 20 |
| | 13,031 | 12,366 | 12,906 | 12,355 |
| Creditors | | | | |
| Creditors arising out of direct insurance operations | 49 | 49 | 44 | 44 |
| Creditors arising out of reinsurance operations | 20 | 20 | 13 | 18 |
| Amounts due to credit institutions (note 31) | 154 | 149 | - | - |
| Amounts owed to group undertakings | - | - | 63 | 68 |
| Other creditors including taxation and social security (note 27) | 209 | 182 | 197 | 169 |
| Accruals and deferred income | 169 | 205 | 91 | 98 |
| | 601 | 605 | 408 | 397 |
| Total liabilities | 21,910 | 20,393 | 21,661 | 20,232 |

These financial statements on pages 143 to 195 were approved and authorised for issue by the Board of Directors on the 19th March 2026 and were signed on its behalf by:

Signed on behalf of the Board of Directors



Jim McLaren
Chair



Nick Turner
Group Chief Executive

NFU Mutual is The National Farmers Union Mutual Insurance Society Limited (No. 00111982).

CONSOLIDATED STATEMENT OF CASH FLOWS – GENERAL BUSINESS

| For the year ended 31 December 2025 | 2025 £m | 2024 £m |
|---|--------------|--------------|
| Net cash from operating activities (note 30) | 257 | (146) |
| Interest and dividend Income | 350 | 401 |
| Taxation paid | (284) | (18) |
| Net cash generated from operating activities | 323 | 237 |
| Cash flow from investing activities | | |
| Payments to acquire tangible assets | (12) | (8) |
| Payments to acquire intangible assets | (3) | - |
| Payments to acquire shares and other variable yield securities | (237) | (192) |
| Receipts from the sale of shares and other variable yield securities | 265 | 134 |
| Payments to acquire debt securities and other fixed income securities | (2,329) | (1,788) |
| Receipts from the sale of debt securities and other fixed income securities | 1,996 | 1,685 |
| Payments to acquire investment properties | (75) | (158) |
| Receipts from the sales of investment properties | 70 | 32 |
| Payments to acquire subsidiary undertakings | (13) | (40) |
| Net Receipts relating to term deposits with a maturity date greater than 3 months | 18 | 31 |
| Net cash used in investing activities | (320) | (304) |
| Net increase / (decrease) in cash and cash equivalents | 3 | (67) |
| Cash and cash equivalents at the beginning of the year | 81 | 148 |
| Cash and cash equivalents at the end of the year | 84 | 81 |
| Cash at bank and in hand (note 30) | 74 | 81 |
| Short term deposits (Included in Other Financial Investments) | 10 | - |
| Cash and cash equivalents at the end of the year | 84 | 81 |

STATEMENT OF CHANGES IN MEMBERS' RESERVES AND EQUITY

| | Revaluation Reserve (Note 24) £m | Other Reserve (Note 24) £m | Profit and Loss Account (Note 24) £m | Fund for Future Appropriations (Note 24) £m | Total members' reserves 2025 £m | Equity Minority Interests £m | Total members' reserves and equity 2025 £m | Total members' reserves and equity 2024 £m |
|---|--|----------------------------------|--|---|---------------------------------------|---------------------------------|--|--|
| Consolidated | | | | | | | | |
| As at 1 January | - | 250 | 5,978 | 1,152 | 7,380 | 42 | 7,422 | 7,032 |
| Transfer to Non-Technical Account | - | - | 729 | - | 729 | - | 729 | 360 |
| Transfer to/(from) the fund for future appropriations | - | - | - | 93 | 93 | - | 93 | (3) |
| Actuarial gain on pension scheme | - | - | 46 | - | 46 | - | 46 | 39 |
| Movement on deferred tax on pension scheme | - | - | (12) | - | (12) | - | (12) | (10) |
| Loss Attributable to Minority Interest | - | - | - | - | - | (6) | (6) | (2) |
| Funding from Minority Interest | - | - | - | - | - | 6 | 6 | 6 |
| As at 31 December | - | 250 | 6,741 | 1,245 | 8,236 | 42 | 8,278 | 7,422 |
| Parent Company | | | | | | | | |
| As at 1 January | 443 | 250 | 5,578 | 1,209 | 7,480 | - | 7,480 | 7,085 |
| Transfer to Non-Technical Account | - | - | 720 | - | 720 | - | 720 | 339 |
| Transfer to the fund for future appropriations | - | - | - | 104 | 104 | - | 104 | 2 |
| Revaluation of subsidiaries | 43 | - | - | - | 43 | - | 43 | 54 |
| As at 31 December | 486 | 250 | 6,298 | 1,313 | 8,347 | - | 8,347 | 7,480 |

NOTES TO FINANCIAL STATEMENTS

1 Compliance statement and accounting policies

Statement of compliance

The Group and parent company financial statements have been prepared under the provision of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (“SI2008/410”) relating to insurance groups and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 & 103, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (FRS102), and the Financial Reporting Standard 103, “Insurance Contracts”, (FRS103) issued by the Financial Reporting Council. The financial statements comply with the provisions of the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention with the exception of land and buildings, and financial assets and liabilities which are stated at fair value. Further details can be found in the Directors’ Report on page 85. A summary of the more important Group accounting policies is set out below:

A) Changes in accounting policy

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

B) Basis of consolidation

The consolidated financial statements include the assets and liabilities at 31st December of the parent company and its subsidiaries and also include the Group’s share of net assets of associated companies. Similarly, the results of the parent company and its subsidiaries are included for the year ended 31st December together with the Group’s share of the results of associated companies. Income from non-insurance subsidiaries is shown either in the Technical Account for Long-Term Business or in the Non-Technical Account for General Business. The accounting policies are applied consistently across the Group. All intercompany transactions, balances and unrealised surpluses and deficits on

transactions between Group companies have been eliminated.

Subsidiaries – The results of subsidiary undertakings acquired or sold during the period are included within the consolidated results from the date of acquisition or up to the date of disposal. On acquisition of a subsidiary undertaking all of its assets and liabilities are recorded at their fair values determined using a valuation technique approach and reflects their condition at that date. Subsidiary undertakings are companies where the Group holds 50% or more of the equity and is able to exercise ultimate control.

Associates – Associated undertakings are companies other than subsidiary undertakings in which the Group holds 20% or more of the equity share capital for the long-term and over which the Group exercises significant influence, but does not have ultimate or joint control. Associated undertakings are accounted for using the equity method of accounting.

Joint Ventures – Joint Ventures are where the Group holds 50% or more of the equity of an undertaking and where there is joint control between invested parties. Joint ventures are accounted for at fair value with changes in fair value recognised in the profit and loss account (non-technical). When a distribution is determined to represent a return of the capital invested, the distribution is recorded against the cost of the original investment. All other distributions, that constitute a return on the investment are recognised through the profit and loss account (non-technical) as investment income.

C) Parent company investments in group undertakings

Group undertaking investments are measured at fair value with changes in fair value recognised in the parent company’s Statement of Other Comprehensive Income. If the value of the Group Undertakings carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount as a result of a revaluation shall be recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in

respect of that asset. If a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

D) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 17 to 22. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the accounts on pages 150 to 195. In particular the notes to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its risk exposures.

The Group has considerable financial resources supported by a book of both Life and General Insurance business with traditionally high persistency levels. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. For this reason the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

E) Product classification

Insurance contracts are defined as a contract under which one party accepts significant insurance risk. As a general guideline the Group defines a significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Linked contracts written by the Group, where the liability under the contract is dependent on the value of the underlying financial assets, derivatives and/or investment property, are classified as investment contracts unless the contracts also contain features that transfer significant insurance risk. All With-Profits contracts contain a discretionary participation feature (DPF) which entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses;

- That are likely to be a significant portion of the total contractual benefits,
- Whose amount or timing is contractually at the discretion of the Group; and
- That are contractually based on:
 - i) The performance of a specified pool of contracts or a specified type of contract;

- ii) Realised and/or unrealised investment returns on a specified pool of assets held by the Group; or
- iii) The profit or loss of the Group, fund or other entity that issues the contract.

The terms and conditions of these contracts, together with UK regulations, set out the basis for the determination of the amounts on which the additional discretionary benefits are based, and within which the Group may exercise its discretion. All With-Profits contracts are classified as insurance contracts under the current accounting rules. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Where a unit linked contract allows a policyholder to select both With-Profits and Investment funds in one contract the With-Profit part of the contract is classified as insurance and the remainder is classified as Investment.

F) Use of judgements, estimates and assumptions

i) The preparation of financial statements requires management to make judgements in the process of applying the Group's accounting policies. In selecting accounting policies where UK GAAP permits a choice of policy, the Directors have applied judgement in determining the most appropriate policy as follows:

- measurement for assets allows a choice of models for financial assets, investment property, group occupied properties and, in the parent company balance sheet, investments in Group entities. This is typically a choice between a cost and a fair value model. The Group and parent company have applied a fair value model to all these assets. The fair value model has been used in order to match asset valuations to the valuation of the related policyholder liabilities;
- the classification of contracts as insurance or investment contracts on initial recognition requires an assessment of whether significant insurance risk has been transferred to the Group;
- the determination of whether the Group has control over an entity. This decision requires the consideration of a number of factors. As set out in note 1 (b) these include the Group's interest of ownership, any other rights it has over the entity and the rights of third parties; and
- the allocation of investment income to the General Business Technical Account requires the use of long-term rates of return and an allocation of the appropriate investment assets.

ii) Details of significant estimation techniques used involving General and Long-Term contracts are set out on pages 160 to 163.

iii) Pension schemes – note 28 sets out the key assumptions used to calculate the pension scheme asset/liability.

iv) The sensitivity of the Group and parent company's assets and insurance contract liabilities to insurance risk and market risk is analysed in note 4.

v) The financial impact of Climate-related matters has been considered but the effect is not currently deemed to be material in the context of the financial statements as a whole.

G) General Insurance business

Premiums and Claims – Premiums written relate to business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the company, less an allowance for cancellations.

Mutual Bonus represents premium discounts due to policyholders relating to business renewing during the year, together with any differences between booked Mutual Bonus for prior year and those previously accrued and include estimates of Mutual Bonus due but not yet paid.

Reinsurance outward premiums are accounted for when paid or payable, depending on the terms of the individual contract. The balance on the Technical Account – General Business is determined after making provision for unearned premiums, unexpired risks, outstanding claims and investment income.

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date. The provision for unearned premiums is calculated on a 365th inception basis. Provision for unexpired risks is maintained, when required, to cover the estimated excess of liabilities over the associated unearned premium after taking into account future investment return.

Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

Claims Provisions – Provision is made at the year end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the company. The provision calculated takes account of handling costs, salvage and other known

recoveries, anticipated inflation, legal costs and trends in settlement.

Notified Outstanding Claims Reserves – The costs of notified but not settled claims are estimated on an individual case by case basis by claims handlers using their experience of past settlements and known and expected legislative changes. Statistical techniques are then used to adjust the claims reserves where appropriate.

Incurred But Not Reported Claims Reserves – The estimation of claims Incurred But Not Reported (IBNR) is generally subject to a greater degree of uncertainty. Classes of business, such as employer's liability, where the IBNR proportion of the total reserve is high, will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. IBNR claims are estimated using techniques which use past trends to forecast separately the expected number of claims and the expected average cost of claims. A separate allowance is made for large claims. An allowance is made for expected changes in future trends, such as changes in company processes, changes in the legal environment, changes in mix of business and changes in expected claims inflation. In addition, exposure based techniques are adopted to estimate reserves required for new sources of loss not significantly evident in historic data. The business of the Group has a specific focus on farming-related exposures whose severity is dependent upon a range of factors (the costs of settling the claims, the number of claims and the likelihood of the event occurring) which have a high degree of uncertainty especially for longer tail risk. We apply a significant degree of caution and expert judgement in reflecting the uncertainties of claims when setting overall reserves (including claims that are subject to dispute or potential litigation). Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amount that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

Unexpired Risks Provision – Provision has been made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision and unexpired risk provision. The expected claims are calculated based on information available at the balance sheet date. Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit within that grouping arises. There is no offset of surpluses and deficits between groups that are not managed

together.

H) Long-term business

Insurance contracts

Premiums – Long-term insurance premiums are accounted for as they fall due for payment.

Claims – Claims arising from death are accounted for in the period in which the event is notified. Maturity claims are accounted for when they become due and surrenders are charged when payment is made or, if earlier, on the date that the policy ceases to be included within the calculation of the Long-Term Business provision. Annuities are charged against revenue in the period in which the annuity becomes due for payment. Claims payable include related internal and external claims handling costs. Reinsurance recoveries are accounted for in the same period as the related claim.

Liabilities – For Non-Participating contracts, and linked insurance business, liabilities are calculated using a gross premium valuation method. The valuation basis for these contracts reflects an assessment of future experience that is more prudent than ‘best estimate’. For With-Profits business, liabilities are calculated in line with the PRA’s realistic reporting regime that existed under Solvency I and consist of the asset shares (or equivalent) plus the cost of underlying policy guarantees associated with the business. These guarantee costs are calculated on a market consistent basis and include an appropriate allowance for both declared and future bonuses. Future reversionary and terminal bonuses are consistent with the Society’s bonus policies as set out in the Principles and Practices of Financial Management (PPFM).

Reinsurance – Reinsurance premiums are accounted for when paid or payable, depending on the terms of the individual contract. Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amount that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

Investment Contracts – Investment contracts are accounted for using deposit accounting, under which amounts collected are credited directly to the balance sheet, as an adjustment to the liability to the policyholder. Financial liabilities in respect of investment contracts are carried in the balance sheet as ‘Technical provisions for linked liabilities – investment contracts’ at amortised cost. The amortised cost of these financial liabilities is the equivalent to the amount payable on demand without penalty. Fees from investment contracts

and investment income gains on contract balances are recognised in the Profit and Loss Account in the year they are received.

I) Investment return

Investment return comprises all investment income, including property rental income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Account is taken of dividend income when the related investment goes ‘ex-dividend’ and other investment income is included on an accruals basis. Property rental income is accounted for on an accruals basis. Realised gains and losses on investments carried at fair value are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Movement in unrealised gains and losses in investments are included in the Profit and Loss Account. The only exceptions to this are movements in the fair value of investment in subsidiaries and associate undertakings within the parent company which are taken to the revaluation reserve, through the Statement of Other Comprehensive Income.

General Insurance Business – Gains and losses on realisation of investments are included within investment income or investment expenses in the Non-Technical Account. Unrealised gains and losses are also included within the Non-Technical Account. Allocations from the Non-Technical Account are made to the Technical Account – General Business based on the longer-term investment return on investments supporting the General Insurance technical provisions, where applicable. When allocating return to the cash and fixed interest securities supporting the technical reserves the actual investment income earned in the period is used. When allocating an investment return to property and equity assets, the longer-term rate of return to investible assets held during the period is used. This ensures that the effect of any short-term market movements is excluded.

The longer-term rate of investment return is an estimate of the long-term trend investment return of the relevant category of investment having regard to past performance, current trends and future expectations.

Long-Term Business – Gains and losses on realisation of investments are included within investment income or investment expenses in the Technical Account. Unrealised gains and losses are also included within the Technical Account.

J) Taxation

Current taxation charged in the Non-Technical Account and the Technical Account – Long-Term Business is based on profits and income including realised gains and losses on all investments for the year as determined in accordance with the relevant tax legislation, together with adjustments in respect of earlier years.

Deferred tax is calculated on material timing differences between taxable profits and total consolidated income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in different periods from those in which they are recognised in the financial statements. Deferred tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to the reversal of the timing difference.

The taxation charge in the Technical Account – Long-Term Business has been calculated in accordance with the Corporation Tax legislation for long-term business which was introduced by the Finance Act 2012 with effect from 1st January 2013.

The Group is within the scope of the Pillar Two – Global Minimum Tax rules which are effective from 1 January 2024. A provision for additional top up tax will be made based on an assessment of the current effective tax rates within the Group. The Group has used the mandatory exemption for accounting for deferred tax arising from Pillar Two legislation.

K) Financial assets and financial liabilities

The Group has chosen to apply the recognition and measurement provisions of IAS39 (as adopted for use in the EU) and the disclosure requirements of FRS102. The Group classifies its Financial Instruments into the following categories: financial assets at fair value through profit or loss (FV), held to maturity and as loans and receivables. Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Liabilities are measured at amortised cost, borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction

costs) and the redemption value is recognised in the Profit and Loss Account over the period of the borrowings using the effective interest method. Creditors are also financial liabilities and are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently stated at amortised cost, using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised at transaction price.

Investments – Listed investments are valued at fair value through the Profit and Loss Account. The fair values of listed investments are based on current bid price on the balance sheet date. For listed investments with no active market, fair value is determined by the use of FT Interactive via a daily price feed. The fair value of unquoted investments, for which no active market exists, are established using various valuation techniques. These include the use of price source data such as FT Interactive data, information taken from the companies' websites or by direct communication with the company to reflect the specific circumstances of the issuer. Net gains or losses arising from changes in the fair value of investments are presented in the Profit and Loss Account under 'unrealised gains on investments' or 'unrealised losses on investments' in the period in which they arise.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has ceased to have contractual ownership.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity where there is the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest rate method.

Derivatives – Derivative instruments are fair valued each year and classified as held-for-trading in accordance with IAS39 as per FRS102. Any movement in value is accounted for in either the Long-Term Business Technical Account or the General Insurance Non Technical Account.

All other Financial Instruments, Loans and Mortgages – The Group classifies other financial instruments, loans and mortgages as loans and receivables, using the effective interest rate method. They are initially measured at the value transferred but subsequently measured at amortised cost making an appropriate allowance for any estimated irrecoverable amounts. Any movement in the impairment provision is charged to the Profit and Loss Account as incurred. No adjustment is made to discount any balances to reflect the time value of money.

L) Land and buildings

Land and buildings consist of investment properties and owner occupied properties.

Investment Properties – Investment property is initially recognised at cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs.

Investment property is measured at fair value at each reporting date by independent external chartered surveyors at open market value, in accordance with the RICS Appraisal and Valuation Manual.

Changes in fair value are recognised through the Non-Technical Profit and Loss Account for General Insurance business and for Long-Term Business the Technical Account.

Owner Occupied Properties – Depreciation is charged at 2% of book cost on owner occupied properties.

Owner occupied properties are valued using the revaluation model. The properties are measured at fair value at the date of valuation less any subsequent depreciation and subsequent accumulated impairment losses in accordance with FRS102. To date the downward revaluation of owner occupied properties is taken through the Profit and Loss Account. Should overall unrealised gains materialise on owner occupied properties, the reported movement would be recorded through the Statement of Other Comprehensive Income.

M) Acquisition costs

General Business – General business acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

Long-Term Business – For the main investment contract open to new business during 2025, Unit Linked Flexibond, along with the main investment products open to top ups during 2025, Stakeholder Pension and Unit Linked Personal Pension Account, certain costs have been deferred that relate to the acquisition of this business. The basis of this deferral has been a straight line method over 25 years for Unit Linked Personal Pension Account, 10 years for Stakeholder and 15 years for pre-retail distribution review Unit Linked Flexibond contracts and 15 years post-retail distribution review. These costs are deferred to the extent that they are expected to be recoverable out of future profits on these contracts. Costs relating to the acquisition of any other investment contracts or insurance contracts are not deferred but charged to the Profit and Loss Account as incurred.

N) Fund for future appropriations

The Fund for Future Appropriations incorporates Long-Term Business amounts which have not yet been attributed to participating policyholders. Transfers between the Fund for Future Appropriations and the Technical Account – Long-Term Business represent the changes in these unallocated amounts between balance sheet dates.

O) Tangible assets

Tangible fixed assets are initially valued at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost of capitalised assets less the estimated residual value of tangible fixed assets, on a straight line basis over their useful economic lives as follows:

| | |
|----------------------------------|--------------|
| Motor vehicles | 3 - 4 years |
| Fixtures, fittings and equipment | 4 - 10 years |
| Computer assets | 1 - 9 years |

P) Retirement benefit schemes

The Group operates a Defined Benefit pension scheme for a number of its employees. The pension surplus or deficit recognised in the balance sheet is the fair value of the scheme’s assets less the present value of its liabilities. The cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. The cost and returns on the pension scheme are taken through the Profit and Loss Account. Actuarial gains and losses are recognised in full in the period in which they occur.

They are recognised outside the Profit and Loss Account and presented in the Statement of Other Comprehensive Income. Deferred taxation is provided on the surplus/deficit in the scheme on the basis described in note 1(j) and is shown separately from the Defined Benefit pension scheme surplus/deficit. Payments to the Defined Contribution retirement benefit scheme are charged as an expense when incurred.

Q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

R) Stock lending

The Group engages in stock lending and receives assets as collateral that it is permitted to sell in the event of default of the owner of the collateral. Stocks that are lent continue to be recognised on the balance sheet as the Group retains the risks and rewards of ownership of these assets; collateral is not recognised except in the event of default of the counterparty.

S) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(T) Intangible assets

Intangible assets are recognised and reviewed at each reporting date for indicators of impairment.

Goodwill

Goodwill represents the excess of the fair value of consideration paid in a business combination (including directly attributable costs) over the fair value of the identifiable net assets acquired. It is capitalised at cost and amortised on a straight-line basis over its estimated useful economic life through the statement of comprehensive income. The amortisation expense is recorded within Net operating expenses.

Other intangible assets

Other intangible assets consist primarily of computer software. Directly attributable costs required to create, produce, and prepare the software for its intended operational use are included in the cost of the asset.

These assets are stated at cost less accumulated amortisation and impairment losses, and are amortised on a straight-line basis over their useful lives, which range from one to ten years. Amortisation commences when the asset becomes available for use.

U) Exemptions for qualifying entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to compliance with certain conditions.

The parent company is a qualifying entity as it is a member of a group that prepares, (and is included in), publicly available consolidated financial statements which follow the true and fair view principles of presentation and disclosure.

The parent company has taken advantage of the exemption from preparing a Profit and Loss Account and from preparing a Statement of Cash Flows as permitted by section 408 of the Companies Act 2006, on the basis that it is a qualifying entity and the Consolidated Statement of Cash Flows, included in these financial statements, includes the parent company's cash flows.

■ 2 Risk Management

A) Risk management framework

The risk management strategy forms an integral part of ensuring that risks are managed in alignment with NFU Mutual's objectives and business strategy, and to maintain the financial stability of our policyholders, our reputation, employees and assets. Further detail on corporate governance structure and the impact of current market conditions are provided in the Governance section, the Group Chief Executive's Statement and the Business Review. Key risks faced by the Group as a result of its activities are as follows:

- Market Risk
- Insurance Risk
- Credit Risk
- Operational Risk
- Liquidity Risk

An explanation of the risk framework and the methods used to monitor and assess risk exposures can be found on pages 36 to 46. The following table presents an analysis of the balance sheet for each distinct category of assets and liabilities which are referred to in this note:

| Consolidated | General Business | | Long-Term Business | | | | Total £m |
|--|-----------------------------------|-------------------------|-----------------------------|----------------------|-----------------------------------|----------------------------|---------------|
| | General Insurance Contracts £m | Corporate General £m | Insurance With-Profit £m | Corporate Life £m | Investment Linked Contracts £m | Insurance Non-Profit £m | |
| As at 31 December 2025 | | | | | | | |
| Shares & other variable securities | 3,014 | 118 | 2,361 | 487 | 3,039 | - | 9,019 |
| Derivatives | 4 | - | - | - | - | - | 4 |
| Land & Buildings | 955 | 265 | 586 | - | - | - | 1,806 |
| Associates and Joint Ventures | 3 | 151 | 55 | - | - | - | 209 |
| Debt securities & other FI stock | 4,509 | - | 1,146 | 931 | 831 | 789 | 8,206 |
| Cash and Deposits | 207 | 69 | 151 | 107 | 58 | 10 | 602 |
| Reinsurance Assets | 180 | - | - | - | - | 25 | 205 |
| Other Assets | 1,258 | 514 | 7 | 68 | 12 | - | 1,859 |
| Total assets | 10,130 | 1,117 | 4,306 | 1,593 | 3,940 | 824 | 21,910 |
| Long Term Business Provision | - | - | 4,237 | - | - | 754 | 4,991 |
| Technical Provision for linked liabilities | - | - | - | - | 3,940 | 70 | 4,010 |
| Provision for unearned premium | 1,139 | - | - | - | - | - | 1,139 |
| Claims Outstanding | 2,632 | - | - | 70 | - | - | 2,702 |
| Derivatives Liabilities | - | - | - | 94 | - | - | 94 |
| Other Liabilities | 188 | 255 | 69 | 184 | - | - | 696 |
| Total liabilities | 3,959 | 255 | 4,306 | 348 | 3,940 | 824 | 13,632 |

| Consolidated | General Business | | Long-Term Business | | | | Total £m |
|--|-----------------------------------|-------------------------|-----------------------------|----------------------|-----------------------------------|-----------------------------------|---------------|
| | General Insurance Contracts £m | Corporate General £m | Insurance With-Profit £m | Corporate Life £m | Investment Linked Contracts £m | Insurance Non-Participating £m | |
| As at 31 December 2024 | | | | | | | |
| Shares & other variable securities | 2,730 | 59 | 2,187 | 447 | 2,925 | - | 8,348 |
| Land & Buildings | 921 | 264 | 495 | 76 | - | - | 1,756 |
| Associates and Joint Ventures | 4 | 152 | 51 | 3 | - | - | 210 |
| Debt securities & other FI stock | 4,028 | - | 1,151 | 749 | 779 | 777 | 7,484 |
| Cash and Deposits | 257 | 33 | 119 | 103 | 56 | 21 | 589 |
| Reinsurance Assets | 188 | - | - | - | - | 27 | 215 |
| Other Assets | 1,358 | 396 | 2 | 22 | 13 | - | 1,791 |
| Total assets | 9,486 | 904 | 4,005 | 1,400 | 3,773 | 825 | 20,393 |
| Long Term Business Provision | - | - | 3,963 | - | - | 753 | 4,716 |
| Technical Provision for linked liabilities | - | - | - | - | 3,773 | 72 | 3,845 |
| Provision for unearned premium | 1,091 | - | - | - | - | - | 1,091 |
| Claims Outstanding | 2,627 | - | - | 62 | - | - | 2,689 |
| Derivatives Liabilities | 7 | - | - | 90 | - | - | 97 |
| Other Liabilities | 234 | 161 | 42 | 96 | - | - | 533 |
| Total liabilities | 3,959 | 161 | 4,005 | 248 | 3,773 | 825 | 12,971 |

Derivative financial instruments represent forward foreign exchange contracts to cover the currency risk associated with foreign currency denominated debt and fixed/variable income collective investment securities being held during the year and at 31st December 2025.

B) Market risk

The Group's Market Risk Policy sets out the principles and framework for the management of the assets of the business. The Group invests in a broad mix of assets to reflect the nature of its underlying liabilities and its financial strength.

The Board Investment Committee (BIC) is responsible for providing independent scrutiny on investment matters and is required to report and make recommendations to the Board.

(i) Equity Risk

Investments held are listed and traded on the UK and other recognised stock exchanges (primarily in Europe, North America, and the Pacific Basin).

General Business – Equity price risk is significant to the General business in that a fall in equity prices will impact Profit Before Tax (PBT) and therefore reserves. It is the Group's policy to maintain a significant proportion of its free reserves, which is represented by the general businesses accumulated profit and loss reserves, in equity investments since its level of capitalisation will allow for short-term fluctuations whilst maximising returns over the longer-term.

Whilst acknowledging this risk, the management of the General business control this risk by predominately matching technical reserves with non-equity assets. In addition, the level of equity is used in determining our Solvency Capital and the level of capital available to support that risk.

A sensitivity analysis to changes in equity prices is given in section (v).

Long-Term Business – Equities are held within unit-linked funds, within asset shares as well as within the Long-Term Business's free assets.

The investment risk on equities within unit-linked funds and backing With-Profits business is primarily passed on to policyholders via a reduction in the value of the unit-linked funds or a reduction in the benefits paid to With-Profits policyholders. However, some residual risk remains with the Long-Term Business Fund. These risks include an increase in guarantee costs on With-Profits business and a fall in expected future management charges on unit-linked and unitised With-Profits business.

A proportion of NFU Mutual's free assets are invested in equities so an equity market fall directly impacts the size of the Long-Term business's free assets. A sensitivity analysis to changes in equity prices is given in section (v).

(ii) Property Price Risk

A property price fall has a much smaller impact on the Group's balance sheet than an equity price fall of similar percentage due to the much lower aggregate holdings of property compared to equities across the Group. A sensitivity analysis to changes in property prices is given in section (v).

(iii) Interest Rate Risk

Asset liability matching significantly reduces the Group's exposure to interest rate risk for both our General and Life businesses as discussed below. Interest rate swaps are additionally used within the Life business to help manage interest rate risk.

General Business – The technical provisions are not discounted for General business with the exception of periodic payment orders so the value placed on these liabilities will not change as interest rates change. In contrast the value of the assets held to match these technical provisions will change as interest rates change. In particular, asset values of fixed interest securities fall as interest rates rise.

Management continually monitors the solvency position of the General business to ensure adequate capital is held to cover these liabilities.

A sensitivity analysis to changes in interest rates is shown in section (v).

Long-Term Business – Liabilities that arise out of the Group's Long-Term business operations are typically long-term in nature. The value of the Long-Term business liabilities is dependent on the level of interest rates. The key reasons for this are that the cost of guarantees on With-Profits business are very sensitive to the prevailing level of interest rates and that Non-Participating liabilities are discounted and hence dependent on valuation interest rates.

The Long-Term business holds fixed interest securities that are subject to interest rate risk. Fixed interest securities are held which, to a significant extent, match the expected liability cash flow on Non-Participating contracts and as such the interest rate risk arising from Non-Participating contracts is relatively small. We do not currently attempt to closely match the guarantee costs arising from With-Profits business, as a result a significant exposure to interest rates arises. However, the use of interest rate swaps within the Long-Term business assets reduces the fund's exposure to the risk of interest rate falls. This exposure is closely monitored to ensure that it remains aligned with the risk appetite set by the Board. Adequate capital is held to cover our exposure to this risk.

(iv) Currency Risk

As described in the risk section on pages 36 to 46 the Group considers its exposure to currency risk to be sufficiently mitigated by the Group's Investment Strategy, which includes the use of investment hedges on overseas fixed security exposures, diversification of currency exposures and caps on the total value of the portfolio that can be invested in non sterling denominated securities. A sensitivity analysis to changes in the value of sterling to other currencies is shown below:

| General Business | 10% increase in Sterling £m | 10% decrease in Sterling £m |
|---|------------------------------------|------------------------------------|
| Net assets at 31 December 2025 | (149) | 149 |
| Net assets at 31 December 2024 | (138) | 138 |
| Long-Term Business | | |
| Fund for Future Appropriation at 31 December 2025 | (42) | 41 |
| Fund for Future Appropriation at 31 December 2024 | (67) | 66 |

NFU Mutual does not have any overseas liabilities. Management continually monitors the solvency position of the business to ensure adequate capital is held to cover any currency exposure.

(v) Sensitivity Analysis

The impact on the Group's results from sensitivities are detailed in the table below. For each sensitivity test the impact of a reasonably possible change in a single factor is shown, with other assumptions left unchanged. The sensitivities used represent an increase and decrease of 10% in the balance sheet value of equity and property investments held at the reporting date, while a 1% increase and decrease in the yields on the fixed interest securities has been used in assessing the profit and loss impact.

Market values and rates can move sharply over short periods. The percentage changes shown in this table are designed to show the sensitivity of our balance sheet to a range of market movements. However, the exact value of the changes are purely representative and are not necessarily of equal probability or minimum or maximum annual changes.

| General Business | 2025 | | | | | | 2024 | | | | | |
|---------------------------------------|---------------------------|------------|------------|--------------|------------|--------------|---------------------------|------------|------------|--------------|------------|--------------|
| | Fixed Interest Securities | | Equity | | Property | | Fixed Interest Securities | | Equity | | Property | |
| | +1% | -1% | +10% | -10% | +10% | -10% | +1% | -1% | +10% | -10% | +10% | -10% |
| Impact on profit before tax £m | (291) | 343 | 313 | (313) | 122 | (122) | (260) | 309 | 279 | (279) | 119 | (119) |
| Total | (291) | 343 | 313 | (313) | 122 | (122) | (260) | 309 | 279 | (279) | 119 | (119) |

| Long-Term Business | 2025 | | | | | | 2024 | | | | | |
|---|---------------------------|-----------|-----------|-------------|----------|------------|---------------------------|-----------|-----------|-------------|----------|------------|
| | Fixed Interest Securities | | Equity | | Property | | Fixed Interest Securities | | Equity | | Property | |
| | +1% | -1% | +10% | -10% | +10% | -10% | +1% | -1% | +10% | -10% | +10% | -10% |
| Impact on Fund for Future Appropriation £m | | | | | | | | | | | | |
| Non-Participating contracts | (19) | 31 | - | - | - | - | (21) | 35 | - | - | - | - |
| With-Profit business | (21) | 32 | 73 | (74) | 6 | (6) | (38) | 37 | 70 | (72) | 5 | (6) |
| Total | (40) | 63 | 73 | (74) | 6 | (6) | (59) | 72 | 70 | (72) | 5 | (6) |

Limitations of sensitivity analysis

The sensitivities shown in the tables in section (v) are calculated assuming all other variables remain constant. In reality it should be noted that there will be a correlation between the different variables, so it is unlikely only one factor will change in isolation. It should be noted that sensitivities are non-linear (apart from General Business Equity and Property movements) and therefore larger or smaller impacts should not be interpolated or extrapolated from these results. The sensitivities used in these accounting notes do not take into consideration the active management by the Group of its assets and liabilities. The Group's Risk Management Framework incorporates levels which will trigger remedial action in order to mitigate any risk faced by the Group due to changes in market conditions.

C) Insurance risk

For a portfolio of insurance contracts the principal risk that the Group faces is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome

will be. Factors that aggravate insurance risk include lack of risk diversification in terms of class and amount of risk, geographical location and type of industry covered. A more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the class of insurance risks accepted and within each of these classes to achieve a sufficiently large population of risks, to reduce the variability of the expected outcome. In addition the Group has a reinsurance programme which protects exposure to large claims.

General Insurance Contracts – The frequency and severity of claims can be affected by several factors, such as the risk profile of the business, inflation, legal rulings and weather events. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well controlled in terms of class and amount of risk, industry and geography.

As a mutual organisation it has consistently been our philosophy to reserve cautiously. Our conservative approach is designed to create a margin held in reserves to allow for adverse developments in open claims. Our booked claims reserves continue to include a margin above projected best estimate of ultimate claims costs.

Underwriting limits are in place to enforce appropriate acceptance criteria. The Group has the right not to renew individual policies, to reprice the risk on renewal, or to impose deductibles or other conditions. It also has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. All Group motor insurance contracts offer unlimited third party insurance cover in accordance with UK legislation.

The reinsurance arrangements include risk excess which limits the financial impact from any one claim and catastrophe coverage. The greatest likelihood of significant losses arises from storm or flood damage, and catastrophe. The Group has reinsurance cover to limit its exposure to loss at a level approved by the Board. The risk that the current estimates of claim liabilities will be different from those ultimately paid out on existing claims is minimised through the use of active claims management, regular reviews of claims estimates, and the use of statistical methods to assess the likely ultimate cost of claims.

The Group is exposed at any given time to latent risk which, by its very nature, is uncertain and in many cases is only expected to emerge in the long-term. Therefore, a material element of our overall reserves exists in order to cover these risks. The Group assesses its exposure to latent risk regularly and uses statistical methods and specific inputs including external third party experts to estimate the value of this exposure. Uncertainty over value and timing does, however, mean that final outcomes could be significantly different from current estimates.

The claims provision is the estimated cost of outstanding claims from expired risks. The provision is calculated largely from using the

Group's historic claims development data. How much past claim development will reflect future claims development will be impacted by the following factors:

- Changes in actuarial processes and methodology.
- Changes in risk profile.
- Changes in underwriting, rating and policy conditions.
- Changes in legislation and regulation e.g. PPOs, Ministry of Justice reforms, changes to the Ogden discount rate
- Changes in other external factors e.g. 'claims farming'/accident management firms
- Changes to claims inflation.

It is therefore important that the impact of these items on claims development is understood. While every effort has been made to ensure the claims provision appropriately allows for such changes, there remains uncertainty in the eventual reserve outcome as a result. This uncertainty can change from year to year depending on the timing and magnitude of these items.

The Group has identified the major uncertainties surrounding the future development of claims.

The following tables reflect the cumulative incurred claims including both claims notified and Incurred But Not Reported (IBNR) for each successive accident year at each Statement of Financial Position date, together with the cumulative payments to date. The Group aims to maintain appropriate reserves in order to protect against adverse future claims experience and developments.

Analysis of claims development – gross of reinsurance

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | TOTAL |
|---|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|--------------|
| Estimate of ultimate claims costs £m | | | | | | | | | | | |
| At end of reporting year | 909 | 958 | 1,051 | 981 | 1,006 | 1,152 | 1,319 | 1,473 | 1,519 | 1,450 | |
| One year later | 874 | 892 | 1,017 | 969 | 1,053 | 1,186 | 1,355 | 1,361 | 1,448 | | |
| Two years later | 826 | 878 | 1,007 | 988 | 1,066 | 1,202 | 1,324 | 1,373 | | | |
| Three years later | 795 | 869 | 1,009 | 1,005 | 1,068 | 1,180 | 1,319 | | | | |
| Four years later | 797 | 882 | 1,012 | 1,007 | 1,090 | 1,177 | | | | | |
| Five years later | 802 | 874 | 1,016 | 1,006 | 1,091 | | | | | | |
| Six years later | 806 | 877 | 1,019 | 1,000 | | | | | | | |
| Seven years later | 812 | 876 | 1,019 | | | | | | | | |
| Eight years later | 813 | 876 | | | | | | | | | |
| Nine years later | 806 | | | | | | | | | | |
| Current estimate of cumulative claims | 806 | 876 | 1,019 | 1,000 | 1,091 | 1,177 | 1,319 | 1,373 | 1,448 | 1,450 | 11,559 |
| Cumulative payments to date | (791) | (843) | (988) | (965) | (989) | (1,060) | (1,118) | (1,092) | (983) | (634) | (9,463) |
| Liability recognised in balance sheet | 15 | 33 | 31 | 35 | 102 | 117 | 201 | 281 | 465 | 816 | 2,096 |
| Reserve in respect of prior years | | | | | | | | | | | 443 |
| Reserve in respect of Long-Term Business | | | | | | | | | | | 71 |
| Other Reserves | | | | | | | | | | | 87 |
| Total Reserve included in Parent Company balance sheet, Gross of reinsurance | | | | | | | | | | | 2,697 |
| Reserve in respect of subsidiary undertakings | | | | | | | | | | | 5 |
| Total Reserve included in consolidated balance sheet, Gross of reinsurance | | | | | | | | | | | 2,702 |

Analysis of claims development – net of reinsurance

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | TOTAL |
|---|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|--------------|
| Estimate of ultimate claims costs £m | | | | | | | | | | | |
| At end of reporting year | 894 | 913 | 1,002 | 959 | 981 | 1,131 | 1,304 | 1,447 | 1,489 | 1,442 | |
| One year later | 858 | 858 | 974 | 949 | 1,035 | 1,156 | 1,317 | 1,347 | 1,421 | | |
| Two years later | 807 | 846 | 971 | 975 | 1,047 | 1,166 | 1,297 | 1,358 | | | |
| Three years later | 783 | 837 | 973 | 994 | 1,045 | 1,154 | 1,295 | | | | |
| Four years later | 787 | 833 | 976 | 999 | 1,071 | 1,149 | | | | | |
| Five years later | 791 | 839 | 981 | 998 | 1,072 | | | | | | |
| Six years later | 795 | 841 | 984 | 992 | | | | | | | |
| Seven years later | 801 | 840 | 983 | | | | | | | | |
| Eight years later | 803 | 839 | | | | | | | | | |
| Nine years later | 801 | | | | | | | | | | |
| Current estimate of cumulative claims | 801 | 839 | 983 | 992 | 1,072 | 1,149 | 1,295 | 1,358 | 1,421 | 1,442 | 11,352 |
| Cumulative payments to date | (787) | (822) | (954) | (958) | (977) | (1,048) | (1,108) | (1,081) | (981) | (634) | (9,350) |
| Liability recognised in balance sheet | 14 | 17 | 29 | 34 | 95 | 101 | 187 | 277 | 440 | 808 | 2,002 |
| Reserve in respect of prior years | | | | | | | | | | | 369 |
| Reserve in respect of Long-Term Business | | | | | | | | | | | 71 |
| Other Reserves | | | | | | | | | | | 87 |
| Total Reserve included in Parent Company balance sheet, Net of reinsurance | | | | | | | | | | | 2,529 |
| Reserve in respect of subsidiary undertakings | | | | | | | | | | | 2 |
| Total Reserve included in consolidated balance sheet, Net of reinsurance | | | | | | | | | | | 2,531 |

Long-Term Insurance Contracts – For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, and the Group manages these risks through its underwriting strategy and reinsurance arrangements. The Group no longer sells new protection business. Existing reinsurance arrangements limit the Group exposure on a significant proportion of protection business to a maximum of £0.6m on any single policy. Further exposure above the £0.6m retention limit is fully reinsured for mortality risk or above £0.3m for morbidity risk.

For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. This risk is managed by ensuring that both the pricing and reserving for the annuities contains adequate allowance for future improvements in longevity. The Group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the

actual experience of the Group over the last five years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

Policies which contain material options or guarantees include conventional life policies which have guaranteed benefits at maturity or death, conventional pension and unitised pensions which have guaranteed benefits at maturity and some conventional pension policies which have guaranteed annuity options. Investigations are undertaken in retirement rates and take up of options.

Insurance risk for contracts is also affected by the contract holder's right to pay reduced future premiums, to cease future premiums, and to terminate the contract completely. The Group has factored the impact of contract holder's behaviour into the assumptions used to measure liabilities. Sensitivity to assumptions on the long-term insurance liabilities is discussed further in Note 4.

D) Credit risk

| General Business | | | | | | | Carrying Value in Balance Sheet |
|--|----------------|--------------|--------------|----------------|--------------|--------------|--|
| As at 31 December 2025 £m | AAA/Aaa | AA/Aa | A/A | BBB/Baa | BB/Ba | Other | |
| Debt securities and other fixed/variable income securities | 338 | 1,544 | 867 | 997 | 619 | 144 | 4,509 |
| Assets arising from reinsurance contract held | - | 97 | 69 | - | - | 14 | 180 |
| Cash and deposits with credit institutions | - | - | 276 | - | - | - | 276 |
| Other assets | 2 | 12 | 13 | 18 | - | 1,065 | 1,110 |
| | 340 | 1,653 | 1,225 | 1,015 | 619 | 1,223 | 6,075 |
| As at 31 December 2024 £m | | | | | | | |
| Debt securities and other fixed/variable income securities | 330 | 1,309 | 779 | 1,195 | 49 | 366 | 4,028 |
| Assets arising from reinsurance contract held | - | 82 | 90 | - | - | 16 | 188 |
| Cash and deposits with credit institutions | - | - | 290 | - | - | - | 290 |
| Other assets | 2 | 11 | 12 | 17 | 1 | 1,045 | 1,088 |
| | 332 | 1,402 | 1,171 | 1,212 | 50 | 1,427 | 5,594 |
| Long-Term Business | | | | | | | Carrying Value in Balance Sheet |
| As at 31 December 2025 £m | AAA/Aaa | AA/Aa | A/A | BBB/Baa | BB/Ba | Other | |
| Debt securities and other fixed / variable income securities | 234 | 1,099 | 528 | 605 | 270 | 61 | 2,797 |
| Assets arising from reinsurance contract held | - | 22 | 3 | - | - | - | 25 |
| Cash and deposits with credit institutions | - | 112 | 155 | - | - | - | 267 |
| Other Assets | 2 | 12 | 7 | 13 | - | 14 | 48 |
| | 236 | 1,245 | 693 | 618 | 270 | 75 | 3,137 |
| As at 31 December 2024 £m | | | | | | | |
| Debt securities and other FI stock | 192 | 1,068 | 442 | 574 | 315 | 13 | 2,604 |
| Reassurance Assets | - | 22 | 5 | - | - | - | 27 |
| Cash and deposits with credit institutions | - | - | 241 | - | - | - | 241 |
| Other assets | 2 | 11 | 6 | 12 | 1 | 18 | 50 |
| | 194 | 1,102 | 694 | 586 | 316 | 31 | 2,922 |

The tables provide information regarding an analysis of the credit profile for financial assets with external credit ratings for the Group as at 31st December 2025.

Credit risk associated with the Group's cash investments is mitigated by the use of a panel of credit institutions with whom the Group can place its cash deposits. These cash deposits are spread across these institutions with a range of maturity dates in order to avoid concentration risk.

General Insurance policies are cancelled following non payment of the premium which limits the Group's exposure to the charge for the time on risk. Consequently no material provisions or impairments are held against the General business assets as at the balance sheet date.

The carrying amount of assets included on the balance sheet represents the maximum credit exposure. The Group is not exposed to credit risk on unit-linked assets as this risk is borne by the holders of the contract concerned. The concentration of credit risk is substantially unchanged compared to prior year.

No credit limits were exceeded during the period. No financial assets are past their due date or impaired at the balance sheet date, management expects no significant losses from non-performance by these counterparties.

Stock lending refers to the lending of securities by one party to another. The terms of the loan will be governed by a "Securities Lending Agreement", which requires that the borrower provides the lender with collateral, in the form of cash, government securities, or a letter of credit of value equal to or greater than the loaned securities. As payment for the loan, the parties negotiate a fee and interest to be paid on the loan. As at 31st December 2025 lent stock amounted to £850m (2024: £584m), broken down as UK Equity £121m, Eurobonds and International Equities £151m and Gilts £578m (2024: UK Equity £40m, Eurobonds and International Equities £194m and Gilts £350m).

As at 31st December 2025 accepted collateral, all in government stocks, amounted to £887m (2024: £608m).

E) Operational risk

A Group-level committee is in place whose remit is to oversee the effectiveness of operational risk management and act as an escalation point for significant operational risk issues which covers operational risks such as business continuity, compliance and legal and financial crime.

F) Liquidity risk

General Business

All financial liabilities for 2025 are expected to mature within five years.

Long-Term Business

The only potentially material risk area in respect of liquidity for the Long-Term Business fund is that of large-scale surrender. Other potential risk areas are not considered to be material. For many contracts, policyholders have significant flexibility over when to cash in their policies. Contracts, can be surrendered (fully or sometimes partially) and some contracts allow regular withdrawals. Pension contracts generally allow the policyholder to take their policy benefits at a range of ages. All contracts will terminate on death and some contracts have maturity dates when the contract will terminate.

However, whilst the cash flow from any one contract can be unpredictable, the cash flow arising from a portfolio of policies tends to be more predictable. However, there is a small potential risk that an event may cause a change in normal behaviour and lead to a large scale surrender.

To manage this risk cash positions are monitored closely, in addition a significant portion of the fund is held in highly liquid assets such as government bonds. As well as these sources of liquidity, one advantage of being part of a group is that cash may be moved within the Group to manage short-term cash flow issues.

The table on page 166 represents our best estimate of the Life undiscounted claim profile arising from in-force contracts. This claim profile allows for full and partial surrenders, regular withdrawals, death claims and retirements, as well as maturities. All assumptions on expected rates are consistent with our valuation assumptions and are based on an analysis of our experience over the past five years.

Amounts under unit-linked contracts are generally repayable on demand and the Group is responsible for ensuring there is sufficient liquidity within the asset portfolio to enable liabilities to unit linked policyholders to be met as they fall due.

With-Profits contracts can be surrendered before maturity for a cash surrender value. The Group has discretion as set out in the Principles and Practices of Financial Management (PPFM) to impose market value reductions (MVRs) on early surrender of unitised With-Profits policies which reduce the amount payable on surrender. These MVRs contribute to managing the liquidity risk

of the With-Profits fund and to ensuring equity of treatment between policyholders surrendering their policies and those remaining invested in the With-Profits fund. For conventional With-Profits policies the Group has discretion as set out in the PPFM to review terminal bonus rates which may form part of a surrender value to ensure equity of treatment between policyholders surrendering their policies and those remaining invested in the With-Profits fund.

The table below analyses the maturity of the Group's financial liabilities and insurance contract liabilities. The analysis of insurance contract

liabilities is based on the projected settlement date. The analysis of investment contract liabilities is based on the earliest contractual repayment date and presents all such liabilities as due on the earliest period of the table (less than 1 year or on demand) because, as described above, the contractual terms provide for surrender by policyholders.

The analysis of other non-derivative financial liabilities and assets is based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table represent undiscounted cash flows:

| Financial and Insurance Liabilities | | | | | | Carrying value as per the balance sheet |
|--|---------------------------------|-----------------------------------|------------------------------------|---------------------|---------------|--|
| As at 31 December 2025 £m | < 1 year or on demand | Between 1 year and 2 years | Between 2 years and 5 years | > 5 years | Total | |
| Financial Liabilities | | | | | | |
| Bank Loans and other overdrafts | 130 | 24 | | | 154 | 154 |
| Financial liabilities under non participating investment contracts | 3,940 | - | - | - | 3,940 | 3,940 |
| Creditors | 447 | - | - | - | 447 | 447 |
| Total Financial Liabilities | 4,517 | 24 | - | - | 4,541 | 4,541 |
| Insurance Liabilities | | | | | | |
| Long-term business provision - with profit insurance contracts | 438 | 342 | 963 | 4,556 | 6,299 | 4,237 |
| Long-term business provision - non-participating insurance contracts | 85 | 71 | 197 | 627 | 980 | 754 |
| Liabilities under unit linked insurance contracts | 5 | 4 | 13 | 137 | 159 | 70 |
| Claims Outstanding (NFU Mutual General) | 1,033 | 486 | 562 | 621 | 2,702 | 2,598 |
| Claims Outstanding (Avon) | 8 | 6 | 8 | 12 | 34 | 34 |
| Claims Outstanding (Life) | 70 | - | - | - | 70 | 70 |
| Total Insurance Liabilities | 1,639 | 909 | 1,743 | 5,953 | 10,244 | 7,763 |
| Total Financial and Insurance Liabilities | 6,156 | 933 | 1,743 | 5,953 | 14,785 | 12,304 |

| Financial and Insurance Liabilities | | | | | | Carrying value as per the balance sheet |
|--|-----------------------|----------------------------|-----------------------------|--------------|---------------|---|
| As at 31 December 2024 £m | < 1 year or on demand | Between 1 year and 2 years | Between 2 years and 5 years | > 5 years | Total | |
| Financial Liabilities | | | | | | |
| Bank Loans and other overdrafts | 24 | 125 | - | - | 149 | 149 |
| Financial liabilities under non participating investment contracts | 3,773 | - | - | - | 3,773 | 3,773 |
| Creditors | 456 | - | - | - | 456 | 456 |
| Total Financial Liabilities | 4,253 | 125 | - | - | 4,378 | 4,378 |
| Insurance Liabilities | | | | | | |
| Long-term business provision - with profit insurance contracts | 385 | 302 | 871 | 4,410 | 5,968 | 3,963 |
| Long-term business provision - non-participating insurance contracts | 85 | 72 | 199 | 637 | 993 | 753 |
| Liabilities under unit linked insurance contracts | 5 | 4 | 13 | 142 | 164 | 72 |
| Claims Outstanding (NFU Mutual General) | 1,054 | 461 | 527 | 650 | 2,692 | 2,590 |
| Claims Outstanding (Avon) | 8 | 6 | 8 | 15 | 37 | 37 |
| Claims Outstanding (Life) | 62 | - | - | - | 62 | 62 |
| Total Insurance Liabilities | 1,599 | 845 | 1,618 | 5,854 | 9,916 | 7,477 |
| Total Financial and Insurance Liabilities | 5,852 | 970 | 1,618 | 5,854 | 14,294 | 11,855 |

3 Capital Management Policy

NFU Mutual Insurance Society is a company limited by guarantee and does not therefore possess share capital. The company's capital takes the form of members reserves.

The Group is headed by the NFU Mutual Insurance Society which, since 1st January 2016, has calculated its Solvency II capital requirement via the use of an Internal Model. The Group incorporates risk modelling for its regulated subsidiaries on a look-through basis within its own calculation, previously the Group calculated its capital requirement under Solvency I regulation. As such, this ensures that all risks are captured at the consolidated level. The Society's General Insurance and Long-Term Business funds are required to hold sufficient capital to meet the Solvency II capital requirements. Both the Group and the regulated entities within it have complied with all externally imposed capital requirements throughout the year.

The Group has an established Own Risk and Solvency Assessment (ORSA) process for both the General and Long-Term Business which ensures compliance with the requirements to hold adequate capital to cover all types of risk faced by the business. To support the protection of existing

Own Funds, the firm has established processes and policies in specific areas such as Investment Strategy and Risk Management.

Group Capital

The Group capital position remains strong. Assets that form part of the General Insurance fund, but are not required to cover its liabilities, are available to support Long-Term Business. The Own Funds comprises of the excess of assets over liabilities as measured under Solvency II.

Own Funds available to cover the Solvency II Capital Requirement (SCR) as at 31st December 2025 is estimated to be £7,590m (2024: £6,874m) which is unaudited based on our annual submission of Quantitative Reporting Templates (QRT) to the regulator.

The effects on the value of the total reserves caused by the difference in valuation and recognition methods between the consolidated balance sheet and the annual QRT Solvency II regulatory requirements are summarised in the following unaudited numbers.

| | Group | | Parent | |
|--|--------------|--------------|--------------|--------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Statutory | 8,236 | 7,380 | 8,347 | 7,480 |
| Valuation method adjustments | | | | |
| Net technical reserves | 1,556 | 1,480 | 1,555 | 1,479 |
| Premium debtors | (892) | (844) | (892) | (844) |
| Deferred acquisition costs | (177) | (169) | (177) | (169) |
| Pension scheme surplus | (362) | (311) | (362) | (311) |
| Deferred tax | (73) | (52) | (73) | (52) |
| Excess ring fenced funds | (679) | (599) | (665) | (585) |
| Subsidiaries fair value excess over net assets | - | - | (105) | (93) |
| Other | (19) | (11) | (38) | (31) |
| Own Funds Solvency II (unaudited) | 7,590 | 6,874 | 7,590 | 6,874 |

Technical reserves for Solvency II are based on the probability-weighted, discounted best estimate of future cashflows. Consequently the valuation of many constituent parts of the Solvency II Own Funds (e.g. premium debtors and deferred acquisition costs) are amended accordingly.

4 Long-Term Insurance Liabilities

This note sets out the disclosures in respect of the Long-Term Business.

| Analysis of Policyholder Liability | 2025 Total Life business £m | 2024 Total Life business £m |
|---|--|--|
| With-Profits Liabilities | | |
| Options and guarantees | 119 | 132 |
| Other policyholder obligation | 4,118 | 3,831 |
| Total With-Profits liabilities | 4,237 | 3,963 |
| Unit Linked | 4,010 | 3,845 |
| Non-participating Life assurance | 754 | 753 |
| Technical provision in balance sheet | 9,001 | 8,561 |

Assumptions

Overview – Assumptions are set on two different bases to perform the calculation of different reserves within the financial accounts. For With-Profits business reserves are set to be ‘best estimate’, so assumptions are set with no material margins for prudence included. For Non-Participating contracts reserves are set to be more prudent than best estimate, so assumptions are set to contain an appropriate margin for adverse deviation, such that there is no significant foreseeable risk that liabilities to the policyholders will not be met as they fall due.

With-Profits

A market consistent approach is adopted for the valuation of With-Profits liabilities and so the economic basis that underpins the calculations is defined by market prices at 31st December 2025. The ‘risk free’ interest rate is calculated as being that implied by a zero coupon government bond of an equivalent term. A UK equity return volatility parameter of 18.1% (2024: 17.0%) and a property return volatility parameter of 20.1% (2024: 20.1%) have been used.

Non-Participating

The 'risk free' discount rate is calculated as being that implied by a zero coupon government bond of an equivalent term, for all business other than pension annuities. For pension annuities it is the rate implied by a zero coupon government bond of an equivalent term plus 34 basis points (2024: 46 basis points).

Key Non-Economic Assumptions

Where appropriate the non-economic assumptions used to calculate liabilities have been determined by reference to internal experience investigations.

However, in many instances there is insufficient internal data from which to draw meaningful conclusions and in these circumstances reliance is put on industry-wide analysis.

Annuitant Mortality

The improvement model has been updated to the 2024 CMI model from the 2022 CMI Model, the underlying base table remains unchanged. The percentage adjustments to the base table and improvements basis for the 2025 assumptions are given below. In brackets are the 2024 assumptions.

| Male | With-Profits | Non-Participating |
|-------------------|-------------------------------|-------------------------------|
| Base table | PMA16 (PMA16) | PMA16 (PMA16) |
| % adjustment | 100% (100%) | 98% (98%) |
| Improvement model | CMI-2024 (CMI-2022) | CMI-2024 (CMI-2022) |
| % Long-Term rate | Average 1.30% (Average 1.30%) | Average 1.80% (Average 1.80%) |

| Female | With-Profits | Non-Participating |
|-------------------|-------------------------------|-------------------------------|
| Base table | PFA16 (PFA16) | PFA16 (PFA16) |
| % adjustment | 91% (92%) | 89% (90%) |
| Improvement model | CMI-2024 (CMI-2022) | CMI-2024 (CMI-2022) |
| % Long-Term rate | Average 1.30% (Average 1.30%) | Average 1.80% (Average 1.80%) |

Lapse Rates With-Profits

| Product | Duration | 2025 Lapse rate % | 2024 Lapse rate % |
|---------------------------------------|-------------------|-------------------|-------------------|
| Pure Endowments | All before age 55 | 0.36 | 0.36 |
| Deferred Annuity | All before age 55 | 0.36 | 0.36 |
| Personal Pension - Individual | All before age 55 | 1.22 | 1.22 |
| Personal Pension Account - Individual | All before age 55 | 1.55 | 1.55 |
| Select Pension Plan | All | 0.8 - 1.12 | 0.5 - 1.12 |
| Endowment | All | 1.70 | 1.70 |
| Whole of Life | All | 2.16 | 2.16 |

Lapse Rates Unit Linked

| Product | Duration | 2025 Lapse rate % | 2024 Lapse rate % |
|---------------------------------------|-------------------|-------------------|-------------------|
| Personal Pension - Individual | All before age 55 | 1.29 | 1.29 |
| Stakeholder - Individual | All before age 55 | 1.70 | 1.70 |
| Personal Pension Account - Individual | All before age 55 | 1.65 | 1.65 |
| Capital Investment Bond / Flexibond | All | 1.36 - 3.38 | 1.36 - 3.38 |

Per-policy Expense Rates (£s) The per-policy expenses are given in brackets.

| Product | With-Profits | Non-Participating |
|---|-------------------|-------------------|
| Capital Investment Bond/Flexibond | £239.86 (£216.08) | £251.85 (£226.88) |
| Stakeholder/Personal Pension/ Personal Pension Account | £230.32 (£207.50) | £241.84 (£217.88) |
| Individual Savings Account | £196.65 (£175.62) | £206.48 (£184.40) |
| Endowments/Whole of Life | £159.63 (£141.75) | £167.61 (£148.84) |
| Conventional Pensions | £173.95 (£155.80) | £182.65 (£163.59) |
| Annuities | £141.29 (£123.85) | £148.35 (£130.04) |
| Select Pension Plan (Accumulation) | £57.44 (£57.56) | N/A |
| Select Pension Plan (Decumulation) | £71.04 (£63.53) | N/A |

Guaranteed Annuity Take Up Rates

Assumptions are made that on average 54% of policyholders (2024: 58%) choose to vest their pure endowment pension with us. Of those who choose to vest their pure endowment pension with the Group it is assumed that 100% take up their guaranteed annuity rate option.

Sensitivity To Reserving Assumptions

The tables below show the impact on the Funds for Future Appropriation (FFA), and as such the profitability of the long-term business, of variations in some of the key reserving assumptions. Variations of 5% in other mortality and morbidity assumptions only have a small impact on the FFA. The effect on the FFA of changes in assumptions that are directionally opposite to those detailed below would be broadly symmetrical.

2025

| Impact on FFA (£m) | Annuitant mortality 5% fall | Lapse rates 10% fall | Maintenance expenses 10% fall | Liquidity premium 10 basis point fall |
|-----------------------------|--------------------------------|-------------------------|----------------------------------|--|
| Insurance Business | | | | |
| Non-Participating contracts | (13) | - | 7 | (4) |
| With-Profits business | (5) | 5 | 14 | - |
| Total | (18) | 5 | 21 | (4) |

2024

| Impact on FFA (£m) | Annuitant mortality 5% fall | Lapse rates 10% fall | Maintenance expenses 10% fall | Liquidity premium 10 basis point fall |
|-----------------------------|--------------------------------|-------------------------|----------------------------------|--|
| Insurance Business | | | | |
| Non-Participating contracts | (12) | - | 6 | (4) |
| With-Profits business | (6) | 6 | 14 | - |
| Total | (18) | 6 | 20 | (4) |

■ 5 Financial Instruments – Fair Value Methodology

i) Investments carried at fair value have been categorised using a fair value hierarchy as detailed below:

Level 1 – Quoted market prices in active markets

Inputs to level 1 fair value are quoted prices (unadjusted) in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an ongoing basis. Instruments included in level 1 comprise primarily FTSE or equivalent listed equity instruments.

Level 2 – Internal models or broker quotes with observable market parameters

Inputs to level 2 fair values are inputs, other than quoted prices included within level 1, that are observable for the asset, either directly or indirectly. Level 2 includes both quoted prices for similar assets in an active market or an inactive identical market, and models using observable inputs or inputs derived from or corroborated by observable market data.

Where it is determined that there is no active market, fair value is established using a valuation technique. Level 2 valuation techniques include the following:

- Quoted prices for similar assets in active markets;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. The techniques above maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The relative weightings given to differing sources of information and the determination of non-observable inputs to valuation models can require the exercise of significant judgement.

Property investment valuations are calculated by independent fund valuers Cushman and Wakefield. Property investments are valued by determining the appropriate yield for an investment based on market comparable data and risk fundamentals. The yield is multiplied by the open market value of the property. This is assessed against comparable market data.

Level 3 – Internal models with significant unobservable market parameters

Inputs to level 3 fair values are based on unobservable inputs for the assets at the last measurement date. If all significant inputs required to fair value an instrument are observable then the instrument is included in level 2, if not it is included in level 3.

ii) Investments according to fair value

| As at 31 December | 2025 | | | | 2024 | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Level 1 £m | Level 2 £m | Level 3 £m | Total £m | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
| Assets | | | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | | | |
| Investment in group undertakings and participating interests | - | - | 209 | 209 | - | - | 210 | 210 |
| Derivative Financial Instruments | - | 4 | - | 4 | - | - | - | - |
| Shares and other variable-yield securities and unit trusts | 4,294 | 1,454 | 174 | 5,922 | 3,924 | 1,343 | 89 | 5,356 |
| Debt securities and other fixed/variable income securities | 2,541 | 4,765 | - | 7,306 | 2,223 | 4,409 | - | 6,632 |
| Assets held to cover linked liabilities | 2,460 | 1,537 | - | 3,997 | 2,355 | 1,489 | - | 3,844 |
| | 9,295 | 7,760 | 383 | 17,438 | 8,502 | 7,241 | 299 | 16,042 |

The only material difference between the fair value hierarchy for the Group and the parent company is an increase in the value of investment in Group undertakings and the removal of the £174m level 3 shares (held by subsidiary companies) and other variable securities, therefore no separate disclosure has been made. The parent company holds investments in group undertakings and participating interests of £1,194m which are classified as Level 3.

The majority of the Group's investments are valued based on quoted market information or observable market data.

iii) The table shows movements in the assets measured at fair value based on valuation techniques for which any significant input is not based on observable market data (level 3 only)

The impact of changes in reasonable assumptions for assets categorised as Level 3 is considered immaterial, therefore no separate disclosure has been shown.

| | 2025 £m | 2024 £m |
|--|------------|------------|
| Total funds | | |
| Balance as at 1 January | 299 | 190 |
| Total net (losses) / gains recognised in the Profit and Loss Account | (27) | 3 |
| Purchases | 111 | 96 |
| Net transfers into level 3 | - | 10 |
| As at 31 December | 383 | 299 |
| Total (losses) / gains for the period included in profit and loss for assets held at the end of the reporting period | (27) | 3 |

6 Segmental Information

The segmental information is disclosed in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410). The operating business segments are aggregated in line with the internal management of the business.

a) Segmental analysis

| | Gross Written Premium | | Profit on ordinary activities before taxation and minority interests | | Net Assets | |
|-------------------------------|-----------------------|--------------|--|------------|--------------|--------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| General Business | 2,346 | 2,221 | 805 | 271 | 6,991 | 6,228 |
| Allocated investment return | - | - | 114 | 110 | - | - |
| General Business total | 2,346 | 2,221 | 919 | 381 | 6,991 | 6,228 |
| Long-Term Business | 213 | 195 | - | - | 1,245 | 1,152 |

b) Gross written premium

The gross premium income for the year by major class of business was as follows:

| | 2025 £m | 2024 £m |
|-----------------------------------|--------------|--------------|
| General Business | | |
| Fire and Other Damage to Property | 1,045 | 948 |
| Third-party liability | 309 | 306 |
| Motor (third party liability) | 513 | 499 |
| Motor (other classes) | 372 | 362 |
| Accident and Health | 17 | 18 |
| Miscellaneous | 90 | 88 |
| | 2,346 | 2,221 |
| Long-Term Business | | |
| Life | 112 | 100 |
| Pensions | 101 | 95 |
| | 213 | 195 |

The Long-Term Business gross premium income for the year was further broken down as follows:

| | 2025 Life £m | 2025 Pensions £m | 2024 Life £m | 2024 Pensions £m |
|--|--------------------|------------------------|--------------------|------------------------|
| Periodic | 12 | 14 | 13 | 14 |
| Single | 100 | 87 | 87 | 81 |
| | 112 | 101 | 100 | 95 |
| Non-linked With-Profits | 1 | 2 | 1 | 2 |
| Non-linked non-Profits | 4 | - | 4 | 1 |
| Unitised (including unitised With-Profits) | 107 | 99 | 95 | 92 |
| | 112 | 101 | 100 | 95 |

The gross premium income was written in the following areas:

- All General Business and Long-Term Business is materially written within the United Kingdom.
- All insurance premiums are direct insurance.
- There is no reinsurance inwards at a Group level.

c) New business premiums – Long-term business

In classifying new business premiums, the following bases of recognition have been adopted:

- Recurrent single premium contracts are included as new business, single premiums.
- Increments under existing Group pension schemes are classified as new business premiums. Where regular premiums are received other than annually, the reported regular new business premiums are on an annualised basis.

The gross new business premium income for the year by major class was as follows:

| | 2025 £m | 2024 £m |
|----------|------------|------------|
| Life | 98 | 85 |
| Pensions | 78 | 83 |
| | 176 | 168 |
| Periodic | 2 | 2 |
| Single | 174 | 166 |
| | 176 | 168 |
| Unitised | 176 | 168 |
| | 176 | 168 |

d) Gross earned premium – general business

| | 2025 £m | 2024 £m |
|-----------------------------------|--------------|--------------|
| Fire and Other Damage to Property | 998 | 897 |
| Third-party liability | 310 | 300 |
| Motor (third party liability) | 513 | 470 |
| Motor (other classes) | 371 | 344 |
| Accident and Health | 17 | 17 |
| Miscellaneous | 89 | 87 |
| | 2,298 | 2,115 |

e) Gross operating expenses

Gross operating expenses excludes income received from Agents for services provided, commission income and the movement in deferred acquisition costs.

| | 2025 £m | 2024 £m |
|-----------------------------------|------------|------------|
| General Business | | |
| Fire and Other Damage to Property | 277 | 247 |
| Third-party liability | 82 | 80 |
| Motor (third party liability) | 136 | 129 |
| Motor (other classes) | 99 | 93 |
| Accident and Health | 3 | 1 |
| Miscellaneous | 24 | 23 |
| | 621 | 573 |
| Long-Term Business | | |
| Life | 73 | 70 |
| Pensions | 20 | 20 |
| | 93 | 90 |

f) Gross claims incurred

| | Gross Claims Incurred | |
|-----------------------------------|-----------------------|--------------|
| | 2025 £m | 2024 £m |
| General Business | | |
| Claims paid | 1,480 | 1,463 |
| Gross provision for claims | 5 | 19 |
| | 1,485 | 1,482 |
| Fire and Other Damage to Property | 669 | 672 |
| Third-party liability | 136 | 138 |
| Motor (third party liability) | 596 | 575 |
| Motor (other classes) | 18 | 19 |
| Accident and Health | 2 | 2 |
| Miscellaneous | 64 | 76 |
| | 1,485 | 1,482 |

g) Reinsurance balance

| | Reinsurance balance | |
|-----------------------------------|---------------------|------------|
| | 2025 £m | 2024 £m |
| General Business | | |
| Claims paid | (11) | (30) |
| Gross provision for claims | 7 | 39 |
| | (4) | 9 |
| Fire and Other Damage to Property | (3) | (1) |
| Third-party liability | 24 | 13 |
| Motor (third party liability) | (25) | (4) |
| Motor (other classes) | (1) | - |
| Accident and Health | 1 | 1 |
| | (4) | 9 |

h) Reinsurance

The reinsurance balance amounted to a debit to the General Technical account of £129m (2024: £148m debit) and a credit to the Life Technical account of £1m (2024: £1m debit).

i) Geographical analysis

Materially all premiums are written within the United Kingdom.

7 Net Operating Expenses

General business acquisition costs include commission related costs on direct business of £173m (2024: £170m). Guarantee fund levies included in administration expenses amounted to £34m (2024: £31m) in the consolidated General business financial statements. Net operating expenses includes income received from Agents for services provided.

| | General Business | | Long-Term Business | |
|---|------------------|------------|--------------------|------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Acquisition costs | 315 | 298 | 32 | 52 |
| Increase/(decrease) in deferred acquisition costs | (9) | (7) | 1 | 1 |
| Administrative expenses | 289 | 261 | 60 | 37 |
| | 595 | 552 | 93 | 90 |

8 Movement In Claims Outstanding

a) Movement in insurance liabilities and reinsurance assets

| | Consolidated 2025 | | | Consolidated 2024 | | |
|--|-------------------|-------------------|--------------|-------------------|-------------------|--------------|
| | Gross £m | Reinsurance £m | Net £m | Gross £m | Reinsurance £m | Net £m |
| As at 1 January | 2,689 | (178) | 2,511 | 2,680 | (217) | 2,463 |
| Movement in Liabilities | | | | | | |
| Arising from current year General Insurance claims | 606 | (5) | 601 | 693 | (24) | 669 |
| Arising from prior year General Insurance claims | (616) | 4 | (612) | (718) | 85 | (633) |
| Claims incurred but not reported reserve movements | 23 | 8 | 31 | 55 | (22) | 33 |
| Other General Insurance claims reserve movements | (8) | - | (8) | (11) | - | (11) |
| Long-Term claims reserve movements | 8 | - | 8 | (10) | - | (10) |
| As at 31 December | 2,702 | (171) | 2,531 | 2,689 | (178) | 2,511 |

| | Parent Company 2025 | | | Parent Company 2024 | | |
|--|---------------------|-------------------|--------------|---------------------|-------------------|--------------|
| | Gross £m | Reinsurance £m | Net £m | Gross £m | Reinsurance £m | Net £m |
| As at 1 January | 2,684 | (176) | 2,508 | 2,674 | (214) | 2,460 |
| Movement in Liabilities | | | | | | |
| Arising from current year General Insurance claims | 606 | (5) | 601 | 693 | (24) | 669 |
| Arising from prior year General Insurance claims | (616) | 4 | (612) | (718) | 85 | (633) |
| Claims incurred but not reported reserve movements | 23 | 8 | 31 | 55 | (23) | 32 |
| Other General Insurance claims reserve movements | (8) | 1 | (7) | (10) | - | (10) |
| Long-Term claims reserve movements | 8 | - | 8 | (10) | - | (10) |
| As at 31 December | 2,697 | (168) | 2,529 | 2,684 | (176) | 2,508 |

Current and prior years General Insurance claims represents net claims payments and reserve movements. Other claims reserve movements includes unexpired risk reserve, claims handling reserve and inwards reinsurance.

Within the net claims outstanding reserves the Company holds discounted reserves net of reinsurance of £29m (2024: £28m) for periodic payment orders.

Within the gross claims outstanding reserves are recoveries relating to salvage and subrogation of £29m (2024: £31m).

b) Movement in prior years' provision for claims outstanding

We reserve on a basis which would expect, on average, to produce releases on settlement of claims. We also look to provide for the potential for future legislative or regulatory changes that we expect will impact our reserves. During 2025 we have seen a modest decrease in prior year provisions for claims outstanding. Although subsidence claims increased following the 2025 Q3 surge event, this was more than offset by favourable development elsewhere, including on very large losses.

Positive run off deviations of £4m (2024: £24m) for liability were experienced in the year while motor reported a negative deviation of £24m (2024: positive £18m). Property reported a negative deviation of £80m (2024: £68m) with all other classes of business reporting a net negative deviation of £12m (2024: £29m). Positive run off deviations are calculated excluding claims handling costs.

An Unexpired Risk Reserve is included within claims outstanding of £nil (2024: £1m).

9 Investment Return

Investment return is initially recorded in the Non-Technical account. A transfer is made from the Non-Technical account to the Technical account of the longer-term investment return on investments supporting the General Insurance technical provisions.

Income from land and buildings represents rental income received in respect of operating leases.

| | General Business Technical Account | | Long-Term Business Technical Account | |
|---|---------------------------------------|------------|---|------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Investment Income | | | | |
| Income from other financial investments: | | | | |
| Held to maturity interest income | 12 | 13 | 8 | 12 |
| Total interest income on financial assets not at fair value through the P&L | 12 | 13 | 8 | 12 |
| Income on financial assets at fair value through P&L | 192 | 194 | 243 | 235 |
| Income from financial assets | 204 | 207 | 251 | 247 |
| Income from investment property | 64 | 153 | 24 | 18 |
| Net gains on realisation of investments | 82 | 41 | 204 | 129 |
| Total income from other financial investments | 350 | 401 | 479 | 394 |
| Investment Expenses and Charges | | | | |
| Other investment management expenses | - | - | (5) | (6) |
| Net unrealised gain on investments | 538 | 187 | 650 | 208 |
| Total Investment Return | 888 | 588 | 1,124 | 596 |
| Investment return is analysed between: | | | | |
| Investment return retained in the Long-Term business technical account | - | - | 1,124 | 596 |
| Allocated investment return transferred to the General Business Technical Account | 114 | 110 | - | - |
| Net investment return included in the Non-Technical Account | 774 | 478 | - | - |
| Total Investment Return | 888 | 588 | 1,124 | 596 |
| Included in the total investment return are net gains on financial assets at fair value through P&L | 620 | 228 | 854 | 337 |
| Total net realised and unrealised gains included in investment return | 620 | 228 | 854 | 337 |

Realised gains and losses on investments held at FVTPL are calculated as the difference between net sales proceeds and purchase price.

Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and the valuation at the last balance sheet date or their purchase price for those acquired during the period, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

10 General Business Longer-Term Investment Rate Of Return

The longer-term investment rate of return is based on the return on investments supporting the technical reserves of the General business as permitted under FRS103.

During the year 100% (2024: 100%) of the technical reserves were supported by fixed interest securities, cash and short-term deposits.

The rate of investment return is based upon actual investment income earned in the period which for fixed interest securities was 2.93% (2024: 2.90%) and for cash and short-term deposits was 5.54% (2024: 5.19%). A 1% point increase/decrease in these above rates would result in an increase/decrease in the allocated investment return of £35m and £2m respectively (2024: £33m and £3m).

Allocation of Investment returns over past five years is shown below:

| | 2021-2025 £m | 2020-2024 £m |
|---|-----------------|-----------------|
| Actual return attributable to investment supporting the General business Technical Provisions | 175 | 42 |
| Longer term return credited to the Technical account for General business | (442) | (368) |
| | (267) | (326) |

11 Employee Information

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. The Group operates a number of annual bonus plans for employees. An expense is recognised in the Profit and Loss Account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Key management includes Directors and members of senior management. The compensation paid or payable to key management for employees services was £17,370,081 (2024 as restated: £15,900,216) in respect of salaries and short-term benefits.

The parent company does not employ any staff directly. As at the balance sheet date, there were no contributions due to be transferred to the pension scheme (2024: £nil). Total employer's contributions made to the pension scheme in 2025 were £21m (2024: £19m).

The monthly average number of persons (including Executive Directors) employed by the Group during the year was:

| By activity | 2025 Number | 2024 Number | Staff costs for the year | 2025 £m | 2024 £m |
|----------------------------|----------------|----------------|---|------------|------------|
| Underwriting and Claims | 2,038 | 1,947 | Wages and salaries | 271 | 250 |
| Administration and Finance | 1,360 | 1,317 | Social security costs | 33 | 27 |
| Sales and Marketing | 1,203 | 1,219 | Defined contribution scheme pension costs | 21 | 19 |
| | 4,601 | 4,483 | | 325 | 296 |

12 Directors' Emoluments

Disclosures on Directors' remuneration, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 are contained in the tables on pages 122 to 134.

No Directors accrued any benefits under a defined benefit scheme during the year (2024: none).

None of the Non-Executive Directors accrue pension benefits with NFU Mutual. Some former Non-Executive Directors or their widows still receive a pension, on an ex gratia, non-contractual and unfunded basis. The total cost of these pensions for 11 former Directors or widows in 2025 was £198,953 (2024: £200,389).

| By activity | 2025 £ | 2024 £ |
|---|-----------|-----------|
| Aggregate emolument | 5,837,059 | 5,125,771 |
| Excess retirement benefit to past Non-Executive Directors | 198,953 | 200,389 |
| Highest paid Director | | |
| Total amount of emoluments | 2,250,394 | 1,965,789 |

13 Related Party Transactions

- a) Directors and members of senior management are related parties. Directors of the Society are required, under its constitution, to be members – i.e., to maintain insurance policies with the Society and may hold investments or take services from other Group companies. In 2025, Directors and members of senior management and/or their connected entities held General Insurance policies with a total premium income of £174,399 (2024: £157,144), Life insurance policies and Investments with a total investment of £396,884 (2024: £219,779). Claims paid and Life and Investment maturities and surrenders totalled £184,920 (2024: £103,893).
- b) The Society's pension scheme is a related party. The National Farmers Union Mutual Insurance Society Limited is the principal employer of the Scheme. The NFU Mutual (Service Company) Limited is the participating employer. The Trustee of the Scheme is a corporate Trustee Company, the NFUM Pension Trustee Company. One current Director of the Society (John Deane) is a Director of the Trustee Company. The other four Trustee Directors are Melissa Britton, Jonathan Priestley and Helen Jones (members of staff) and Andrew Spriggs (retired member in receipt of a pension from the scheme). Mrs Britton, Mr Priestley and Miss Jones are members, and thus potential beneficiaries and Mr Spriggs is a beneficiary of the scheme.
- c) NFU Mutual OEIC is a related party.
At 31st December 2025, the Parent Company held:
NIL shares (2024: 7,490,067.7017) in the Fixed Interest C sub-fund (B832473), valued at £NIL per share (2024: £0.8742).
NIL shares (2024: 170,641.1663) in the UK Equity Income I sub-fund (B4ML871), valued at £NIL per share (2024: £46.4157).
NIL shares (2024: 1,112,428.9970) in the Fixed Interest I sub-fund (B4ML7P2), valued at £NIL per share (2024: £22.2623).
410,027.9909 shares (2024: 266,717.5215) in the Index Linked I sub-fund (BRRHLW1), valued at £44.829 per share (2024: £46.193).
NFU Mutual Portfolio Funds OEIC
At 31st December 2025, the Parent Company held:
105,325,199.1668 shares (2024: 115,857,006.4043) in the Mixed 20-60% I sub-fund (B4MTSR5), valued at £1.9316 per share (2024: £1.7888).
NIL shares (2024: 1,494,582.4332) in the International Equity C sub-fund (B89YL83), valued at £NIL per share (2024: £2.2835).

14 Profit On Ordinary Activities Before Taxation

The profit on ordinary activities before taxation is stated after charging:

| By activity | 2025 £k | 2024 £k |
|---|--------------|--------------|
| Depreciation and amortisation | 15,377 | 12,793 |
| Operating lease rentals | 1,121 | 2,239 |
| Fees payable to the company's auditor for the audit of the parent company and consolidation | 1,600 | 1,536 |
| Fees payable to the company's auditor and its associates for other services: | | |
| Audit of accounts of any associate of the company | 60 | 61 |
| Audit related assurance services | 445 | 433 |
| All other non-audit services | 6 | 6 |
| During the year the auditors also earned fees payable by entities outside the consolidated NFU Mutual Group in respect of the following: | | |
| Audits of unconsolidated Open Ended Investment Companies managed by the Group | 158 | 153 |
| Audit of NFU Mutual Charitable Trust | 9 | 5 |
| Audit of the Farm Safety Foundation | 9 | 5 |
| Audit of Retirement Benefit Scheme | 52 | 50 |

15 Tax Charge On Ordinary Activities

The Non-Technical account shows the taxation borne and chargeable on all underwriting results, unrealised and realised gains and losses, interest, dividends, rents and for subsidiaries on the results of the year. In the Technical Account – Long-Term business, taxation has been computed on the basis applicable to life assurance and pensions business.

a) Analysis of tax charge for the year

| | Non-Technical Account | | Long-Term | |
|--|-----------------------|-------------|------------|------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Consolidated Income | | | | |
| Current taxation on income for the period | 99 | 40 | 2 | 2 |
| Adjustment to prior years | 2 | 4 | (6) | (4) |
| | 101 | 44 | (4) | (2) |
| Overseas taxation | 2 | 1 | 4 | 2 |
| Total current taxation | 103 | 45 | - | - |
| Deferred taxation | | | | |
| Origination and reversal of timing differences | 86 | (24) | 67 | 27 |
| Adjustment to prior years | 1 | - | - | (1) |
| Total deferred taxation | 87 | (24) | 67 | 26 |
| Taxation on profit on ordinary activities | 190 | 21 | 67 | 26 |

b) Tax included in other comprehensive income

| | Consolidated | |
|---|--------------|------------|
| | 2025 £m | 2024 £m |
| Deferred Taxation | | |
| Origination and reversal of timing differences | 12 | 10 |
| Total tax expense included in other comprehensive income | 12 | 10 |

c) Reconciliation of tax charge for the period

The tax assessed for the period is lower (2024: lower) than the standard rate of Corporation Tax in the UK for the year ended 31 December 2025 of 25% (2024: 25%). The differences are explained below:

| | Consolidated | |
|--|--------------|------------|
| | 2025 £m | 2024 £m |
| Profit before tax | 919 | 381 |
| Profit multiplied by the standard rate of corporation tax in the UK of 25% (2024: 25%) | 230 | 95 |
| Effects of: | | |
| Realised and unrealised gains on investments | - | 22 |
| Non-taxable income | (16) | (17) |
| Capital allowances in excess of depreciation | (1) | 3 |
| Disallowable expenses | (5) | (3) |
| Adjustment to prior years | 3 | 4 |
| Losses carried back/forward | (23) | (83) |
| Tax on overseas earnings | 2 | - |
| Total taxation | 190 | 21 |

Finance Act 2021 introduced a 25% main rate of corporation tax from 1 April 2023. The small profits rate applicable from 1 April 2023 is 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The deferred tax asset relating to unused tax losses (no expiry limit) for General Business has been recognised using profits from the Group's three-year medium term business plan which is consistent with that supporting the long term viability statement.

No deferred tax has been provided on revaluation of subsidiary companies made in the Statement of Changes in Equity since the parent company has control of subsidiaries and it is probable that the timing difference will not reverse in the future.

The Group operates predominately in UK where the corporate tax rate is above the 15% global minimum tax rate and therefore additional income tax provision is not required. The Group has limited overseas activity in Jersey and Guernsey where corporate tax rates can be below the 15% global minimum tax rate, so additional income tax charges for the Group would not be material.

16 Investment In Group Undertakings And Participating Interests

| Valuation | Consolidated | | Parent Company General Business | | Parent Company Long-Term Business | |
|---|--------------|------------|---------------------------------|------------|-----------------------------------|------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Shares in Group undertakings | - | - | 882 | 770 | 309 | 265 |
| Participating interests in associated companies | 206 | 206 | - | - | - | - |
| Participating interests in joint ventures | 3 | 4 | 3 | 4 | - | - |
| Investment in Group undertakings and participating interests | 209 | 210 | 885 | 774 | 309 | 265 |
| Cost | | | | | | |
| Shares in Group undertakings | - | - | 396 | 328 | 283 | 249 |
| Participating interests in associated companies | 182 | 160 | - | - | - | - |
| Participating interests in joint ventures | 3 | 3 | 3 | 3 | - | - |
| Investment in group undertakings and participating interests | 185 | 163 | 399 | 331 | 283 | 249 |

17 Other Financial Investments

| Valuation | Consolidated | | Parent Company General Business | | Parent Company Long-Term Business | |
|---|---------------|---------------|---------------------------------|--------------|-----------------------------------|--------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Assets designated at fair value through profit or loss upon initial recognition: | | | | | | |
| Shares and other variable yield securities | 5,922 | 5,356 | 3,013 | 2,730 | 2,734 | 2,537 |
| Debt securities and other fixed interest securities | 7,306 | 6,632 | 4,488 | 4,009 | 2,797 | 2,604 |
| Assets at fair value through P&L, held for trading: | | | | | | |
| Derivative financial instruments | 4 | - | 4 | - | - | - |
| Financial assets in fair value through P&L | 13,232 | 11,988 | 7,505 | 6,739 | 5,531 | 5,141 |
| Deposit with credit institutions | 289 | 297 | 180 | 196 | 60 | 59 |
| Total Financial Assets | 13,521 | 12,285 | 7,685 | 6,935 | 5,591 | 5,200 |
| Included in the above are listed investments: | | | | | | |
| Shares and other variable yield securities | 5,922 | 5,353 | 3,013 | 2,730 | 2,734 | 2,534 |
| Debt securities and other fixed interest stocks | 7,306 | 6,596 | 4,488 | 3,980 | 2,797 | 2,597 |
| Cost | | | | | | |
| Assets designated at fair value through P&L upon initial recognition: | | | | | | |
| Shares and other variable yield securities | 3,487 | 3,580 | 1,792 | 1,862 | 1,525 | 1,633 |
| Debt securities and other fixed interest securities | 8,044 | 7,595 | 4,673 | 4,357 | 3,348 | 3,216 |
| Assets at fair value through P&L, held for trading: | | | | | | |
| Derivative financial instruments | 4 | - | 4 | - | - | - |
| Financial assets in fair value through P&L | 11,535 | 11,175 | 6,469 | 6,219 | 4,873 | 4,849 |
| Deposit with credit institutions | 289 | 297 | 180 | 196 | 60 | 59 |
| Total Financial Assets | 11,824 | 11,472 | 6,649 | 6,415 | 4,933 | 4,908 |

Stock lending collateral arrangements

Holdings of UK Government, corporate fixed interest, UK equities and overseas securities with a value of £850m (2024: £584m) were on loan at 31st December 2025 under approved stock lending schemes. As at 31st December 2025 £887m (2024: £608m) was accepted by the Group in assets that it is permitted to sell or replace in the event of default of the owner of the collateral. No collateral was sold or repledged during the year or in the prior year. The Company has an obligation to return these assets to the pledgor.

18 Investments: Land And Buildings

Investment Properties: Reconciliation of movement in the year

| | Consolidated | | Parent Company General Business | | Parent Company Life Business | |
|--|----------------|-------------------------|------------------------------------|-------------------------|---------------------------------|-------------------------|
| | Freehold £m | Long Leasehold £m | Freehold £m | Long Leasehold £m | Freehold £m | Long Leasehold £m |
| Carrying value at 1 January 2025 | 1,579 | 160 | 803 | 99 | 362 | 62 |
| Additions | 145 | - | 63 | - | 75 | - |
| Disposals | (64) | (67) | (7) | (38) | (38) | (29) |
| Changes in Fair Value | 45 | (9) | 21 | (4) | 7 | (5) |
| Other Changes | 3 | - | 4 | - | - | - |
| As at 31 December 2025 at valuation | 1,708 | 84 | 884 | 57 | 406 | 28 |

As at 31st December 2025 the book cost of the Investment properties is £1,927m (2024: £1,915m).

Owner Occupied Properties: Reconciliation of movement in the year

| | Consolidated | | Parent Company General Business | | Parent Company Life Business | |
|--|----------------|-------------------------|------------------------------------|-------------------------|---------------------------------|-------------------------|
| | Freehold £m | Long Leasehold £m | Freehold £m | Long Leasehold £m | Freehold £m | Long Leasehold £m |
| Carrying value at 1 January 2025 | 17 | - | 19 | - | - | - |
| Changes in Fair Value | (1) | - | (1) | - | - | - |
| Other Changes | (2) | - | (4) | - | - | - |
| Carrying value at 31 December 2025 | 14 | - | 14 | - | - | - |
| As at 31 December 2025 at valuation | 1,722 | 84 | 898 | 57 | 406 | 28 |

As at 31st December 2025 the book cost of owner occupied properties is £35m (2024: £50m). The accumulated depreciation on owner occupied properties at 31st December 2025 is £11m (2024: £32m).

Land and buildings were valued at 31st December 2025 on an open market existing use basis (and at market value based on vacant possession for owner occupied properties) by external firms of independent chartered surveyors. Cushman and Wakefield LLP values all of the investment portfolio except for two subsidiaries which are valued by CBRE Limited and Knight Frank LLP. Buildings occupied by the Group for its own purposes are depreciated at 2% of the book cost value.

19 Assets Held To Cover Linked Liabilities

Certain linked products have been classified as investment contracts, while some are included within the definition of an insurance contract. The carrying value of the assets backing these investment and insurance contracts are as follows:

| | Consolidated | | Parent Company* | |
|---|--------------|--------------|-----------------|--------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Valuation | | | | |
| Assets designated at fair value through profit or loss upon initial recognition: | | | | |
| Shares and other variable yield securities | 3,097 | 2,992 | 3,097 | 2,992 |
| Debt securities and other fixed interest/variable income securities | 900 | 852 | 900 | 852 |
| Financial assets in fair value through P&L | 3,997 | 3,844 | 3,997 | 3,844 |
| Cash and Deposit with credit institutions | 59 | 58 | 59 | 58 |
| Accrued Interest and dividends receivable | 12 | 14 | 12 | 14 |
| Total Assets held to cover Linked Liabilities | 4,068 | 3,916 | 4,068 | 3,916 |
| Included in the above are listed investments: | | | | |
| Shares and other variable yield securities | 2,893 | 2,778 | 2,893 | 2,778 |
| Debt securities and other fixed interest stocks | 900 | 852 | 900 | 852 |
| Cost | | | | |
| Assets designated at fair value through P&L upon initial recognition: | | | | |
| Shares and other variable yield securities | 2,024 | 2,183 | 2,024 | 2,183 |
| Debt securities and other fixed interest/variable income securities | 938 | 923 | 938 | 923 |
| Financial assets in fair value through P&L | 2,962 | 3,106 | 2,962 | 3,106 |
| Cash and Deposit with credit institutions | 59 | 58 | 59 | 58 |
| Accrued Interest | 12 | 14 | 12 | 14 |
| Total Assets held to cover Linked Liabilities | 3,033 | 3,178 | 3,033 | 3,178 |

*All assets held to cover linked liabilities are held within the Long-Term Business.

20 Other Debtors

All amounts disclosed in Other Debtors are due within 1 year.

| | Consolidated | | Parent Company | |
|--------------------------|--------------|------------|----------------|------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Sundry debtors | 60 | 114 | 41 | 48 |
| Deferred Tax Asset | - | - | - | 99 |
| As at 31 December | 60 | 114 | 41 | 147 |

21 Tangible Assets

Tangible assets comprise fixtures, fittings and equipment, motor vehicles and computer assets.

| | Consolidated £m | Parent Company £m |
|---------------------------------|--------------------|----------------------|
| Cost | | |
| As at 1 January 2025 | 215 | 200 |
| Additions | 12 | 11 |
| Transfer to intangibles | (33) | (33) |
| As at 31 December 2025 | 194 | 178 |
| Accumulated Depreciation | | |
| As at 1 January 2025 | 153 | 143 |
| Charge for the year | 11 | 9 |
| Transfer to intangibles | (6) | (6) |
| As at 31 December 2025 | 158 | 146 |
| Net Book Value | | |
| As at 31 December 2025 | 36 | 32 |
| As at 31 December 2024 | 61 | 57 |

22 Subsidiaries

The National Farmers Union Mutual Insurance Society Limited, a mutual company limited by guarantee, incorporated and domiciled in Great Britain and registered in England and Wales, is the ultimate holding company.

The registered office of The National Farmers Union Mutual Insurance Society Limited is Tiddington Road, Stratford upon Avon, Warwickshire CV37 7BJ.

Directly Held Subsidiaries

| | |
|---|--|
| NFU Mutual Management Company Limited (No. 1655167) | Holding Company |
| NFU Mutual Select Investments Limited (No. 8049488) | Platform Operator |
| *NFU Mutual Pension Fund Trust Company Limited (No. 710041) | Holds assets for the pension fund |
| Salmon Harvester Properties Limited (50% owned) (No. 2921283) | Property Development |
| Hathaway Opportunity Fund General Partner Limited (No. 6278378) | General Partner of Limited Partnership |

Subsidiaries Held Through NFU Mutual Management Company Limited

| | |
|---|---------------------------------|
| Avon Insurance plc (No. 209606) | General Insurance |
| NFU Mutual Investment Services Limited (No. 1860029) | Corporate Investment Management |
| NFU Mutual Risk Management Services Limited (No. 3350057) | Risk Reduction Services |
| NFU Mutual (Service Company) Limited (No. 5311498) | Service Company |
| Harvester Properties Limited (No. 2111204) | Property Development |

Subsidiaries Held Through NFU Mutual Select Investments Limited

| | |
|--|--|
| NFU Mutual Unit Managers Limited (No. 1837277) | Authorised Corporate Director of The NFU Mutual OEIC and the NFU Mutual Portfolio Funds OEIC |
| *Tiddington Nominees Limited (No. 1959973) | Custodian |
| *NFU Mutual Trustee Limited (No. 10353034) | Pension Bare Trustee |

Subsidiaries Held Through Harvester Properties Limited

| | |
|--|--|
| Aver Property General Partner Limited (99% owned by Harvester Properties Limited) (No. 11660872) | General Partner of Limited Partnership |
| *Aver Property Nominee (No. 11662963) | Property Holding Company |

Subsidiaries Held Through Hathaway Opportunity Fund General Partner Limited

| | |
|---------------------------------------|--------------------------|
| Globe Kingston Limited (No. 13054515) | Property Holding Company |
|---------------------------------------|--------------------------|

Companies Incorporated in Other Jurisdictions

Guernsey

| | |
|--|---|
| Lancaster Court Limited (No. 7059) ¹ | Holding Company |
| The Islands' Insurance Brokers Limited (No. 6841) ¹ | Insurance Underwriting Agent & Insurance Broker |
| Hepburns Insurance Limited (No. 20438) ¹ | Insurance Broker |

Jersey

| | |
|--|---|
| Islands' Insurance (Holdings) Limited (No. 138932) ² | Holding Company |
| M. J. Touzel (Insurance Brokers) Limited (No. 2589) ² | Insurance Underwriting Agent & Insurance Broker |
| Hepburns Insurance Limited (No. 4722) ² | Insurance Broker |
| The Island's Insurance Managers Limited (No. 4151) ² | Underwriting Agency |

Subsidiaries Held Through Salmon Harvester Properties Limited

| | |
|--|--------------------------------|
| FSH Airport (Edinburgh) Services Limited (30% owned by Salmon Harvester Properties Limited) (No. 4001890) ³ | Joint Venture Property Company |
| FSH Nominees Limited (100% owned by FSH Airport (Edinburgh) Services Limited) (No. 4046945) ³ | Joint Venture Property Company |

Other investment in Group undertakings

| | |
|---|--------------------------|
| Hathaway Opportunity Fund Limited Partnership (No. LP012268) ⁴ | Limited Partner Act 1907 |
| Aver Property Limited Partnership (LP019862) | Limited Partner Act 1907 |

* Denotes a company that is dormant and exempt from the requirement to prepare individual accounts by virtue of s394A of the Companies Act 2006 and exempt from audit by virtue of s479A of the Companies Act 2006. All subsidiary companies other than those companies identified as dormant have been included within the consolidated financial statements. Except where indicated, each of these companies is incorporated and registered in England and Wales, has an issued capital of ordinary shares only, is wholly owned by the parent company and has its registered office at Tiddington Road, Stratford upon Avon, Warwickshire CV37 7BJ.

The exceptions for Registered Offices are: 1. Lancaster Court, Forest Lane, St Peter Port, Guernsey, GY1 1WJ. 2. Kingsgate House, 55 The Esplanade, St Helier, Jersey, JE1 4HQ. 3. 11-15 Wigmore Street, London, W1A 2JZ. 4. 21a Kingly Street, London, W1B 5QA.

Interest in Special Purpose Entities

In accordance with FRS 102 Section 9 the companies meet the definition of a 'special purpose entity' and in accordance with the requirements of that section, are consolidated within the Group financial statements.

The Group has an interest in the following Special Purpose Entities:

| | |
|--|-----------------------|
| NFU Mutual Global Real Estate LP (Incorporated in Delaware) | US Investment Company |
| NFU Mutual Global Infrastructure LP (Incorporated in Delaware) | US Investment Company |
| ACP (BTR Prime) I LP | Property Development |
| ACP (BTR Prime) III LP | Property Development |

The Subsidiary undertakings of the Company listed below are to take advantage of s479A Companies Act 2006 (s479A) audit exemption for the year ended 31 December 2025. NFU Mutual Insurance Society will issue a guarantee pursuant to s479C in relation to the liabilities of each entity:

| Company Name | Company Number |
|---|----------------|
| NFU Mutual Management Company Limited | (No. 1655167) |
| NFU Mutual Risk Management Services Limited | (No. 3350057) |
| NFU Mutual (Service Company) Limited | (No. 5311498) |
| Harvester Properties Limited | (No. 2111204) |

23 Joint Ventures

The Society's Joint Venture during the year was in the Oaks Property Trust. The Society funds 80% of the Trust with the remaining 20% being funded by the National Farmers Union Mutual Retirement Benefit Scheme.

The investment in the fund is accounted for as a joint venture as both the Society and the Retirement Benefit Scheme have equal control over the activities conducted by the Trust.

The profit attributed in relation to the joint venture in the year was £0.2m (2024: profit of £0.7m) and is included in the Consolidated Profit and Loss Account.

The Society owns 50% of the share capital of Salmon Harvester Properties Limited, with the other 50% owned by Salmon Developments Limited. However the Society is deemed to have control by virtue of a majority on the Board of Directors and therefore treats Salmon Harvester Properties Limited as a subsidiary rather than a joint venture.

24 Members' Reserves And Equity

The consolidated Statement of Changes in Members Reserves and Equity is presented as a primary statement.

The revaluation reserve represents the movement in fair value of the Parent Company's subsidiary and associated undertakings which is not a result of capital injections.

Other reserves in the statement of changes in reserves represent funds earmarked within the General business reserves to cover any solvency shortfall requirement of the Life fund. Any further requests for funds would be subject to Board approval.

The profit and loss account represents accumulated annual profits and losses for the Group's general business which is reported annually as the total comprehensive income or expense.

The fund for future appropriations incorporates Long-Term business amounts which have not yet been attributed to current participating policyholders at the balance sheet date. Transfers between the fund for future appropriations and the Technical Account – Long-Term business represent the changes in these unallocated amounts between balance sheet dates.

The parent Company's profit for the financial year was £720m (2024: £339m profit). The parent company is exempt from the requirements to file with the registrar individual accounts by virtue s448A of the Companies Act 2006.

25 Other Technical Provision

Within the technical provision claims outstanding an unexpired risk reserve has been included for £nil (2024: £1m).

Avon run-off business was reinsured to NFU Mutual in 2006. The value of this included within claims outstanding in 2025 within the parent company is £28m (2024: £31m).

26 Provisions for Other Risks and Charges

| | Consolidated | | Parent Company General Business | | Parent Company Long-Term Business | |
|-----------------------------|--------------|------------|------------------------------------|------------|--------------------------------------|------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Motor Insurers' Bureau levy | 20 | 20 | 20 | 20 | - | - |
| Deferred tax provision | 169 | 5 | (71) | - | 120 | - |
| As at 31 December | 189 | 25 | (51) | 20 | 120 | - |

The Group is a member of the Motor Insurers' Bureau. Of the provision brought forward, £20m has been utilised during the year and a further charge of £20m made in 2025.

Deferred Tax

| | Consolidated | | Parent Company General Business | | Parent Company Long-Term Business | |
|--------------------------------------|--------------|------------|------------------------------------|------------|--------------------------------------|-------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Movement on Deferred taxation | | | | | | |
| Balance at 1 January | (5) | 8 | 152 | 126 | (53) | (27) |
| Unrealised gain on investments | (44) | (25) | (5) | (2) | (39) | (23) |
| Unused tax losses (no expiry limit) | (103) | 27 | (75) | 29 | (28) | (2) |
| Deferred acquisition costs | - | (1) | - | - | - | (1) |
| Pension Scheme Assets | (16) | (14) | - | - | - | - |
| Capital allowances | - | - | - | - | - | - |
| Other short term timing differences | (1) | - | (1) | (1) | - | - |
| Balance at 31 December | (169) | (5) | 71 | 152 | (120) | (53) |

| | Consolidated | | Parent Company General Business | | Parent Company Long-Term Business | |
|--|--------------|------------|------------------------------------|------------|--------------------------------------|-------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| The provision for Deferred Taxation comprises | | | | | | |
| Unrealised gains on investments | (211) | (167) | (53) | (48) | (158) | (119) |
| Unused tax losses (no expiry limit) | 157 | 260 | 122 | 197 | 35 | 63 |
| Pension Scheme surplus | (120) | (104) | - | - | - | - |
| Capital allowances | 2 | 2 | (1) | (1) | 3 | 3 |
| Other short term timing differences | 3 | 4 | 3 | 4 | - | - |
| (Liability)/Asset as at 31 December | (169) | (5) | 71 | 152 | (120) | (53) |

Prior year deferred tax is an overall debtor of £99m as shown in note 20.

Finance Act 2021 introduced a 25% main rate of corporation tax from 1 April 2023. The small profits rate applicable from 1 April 2023 is 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The deferred tax asset relating to unused tax losses (no expiry limit) for General Business has been recognised using profits from the Group's three-year medium term business plan which is consistent with that supporting the long term viability statement.

No deferred tax has been provided on revaluation of subsidiary companies made in the Statement of Changes in Equity since the parent company has control of subsidiaries and it is probable that the timing difference will not reverse in the future.

The Group operates predominately in UK where the corporate tax rate is above the 15% global minimum tax rate and therefore additional income tax provision is not required. The Group has limited overseas activity in Jersey and Guernsey where corporate tax rates can be below the 15% global minimum tax rate, so additional income tax charges for the Group would not be material.

| | Consolidated | | Parent Company General Business | | Parent Company Long-Term Business | |
|--|--------------|------------|------------------------------------|------------|--------------------------------------|------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Unrecognised Deferred Tax Assets | | | | | | |
| Losses for which no deferred tax is recognised | 75 | 210 | - | 119 | 46 | 68 |

There is no current expiry limit on these tax losses which are primarily due to investment market conditions at 31 December 2022.

The value of the net reversal of deferred tax balances expected to occur within one year of the Balance Sheet date is £24m (2024: £29m) for the parent company General business and £6m (2023: £17m) for the parent company Long-Term business. These primarily relate to the reversal of timing differences on portfolio equity investments and carried forward tax losses.

Unrecognised deferred tax assets include capital losses which are not recognised as their use is restricted. There is no current expiry limit on these tax losses.

27 Other Creditors Including Taxation And Social Security

All creditors are payable within a period of five years. Intergroup balances are payable on demand.

| | Consolidated | | Parent Company | |
|------------------------------------|--------------|------------|----------------|------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Derivative liabilities | 94 | 97 | 94 | 97 |
| Corporation tax | 33 | 11 | 30 | 8 |
| Other taxation and social security | 74 | 71 | 67 | 65 |
| Other | 8 | 3 | 6 | (1) |
| As at 31 December | 209 | 182 | 197 | 169 |

HMRC have issued no further guidance on the taxation of foreign dividends. As recovery of the claims remains uncertain, the provisions as at 31 December 2025 have not been adjusted.

Based on a current assessment there is not a material provision required for the Group on the application of Pillar Two – Global Minimum income tax rules which came into effect on 1 January 2024.

Derivative liabilities represent interest rate swaps to cover interest rate risk associated with financial instruments being held during the year and at 31st December 2025.

28 Retirement Benefit Schemes

The Group operates the Retirement Benefit Scheme (RBS) of The National Farmers Union Mutual Insurance Society Limited which provides members with benefits on a Defined Benefit and Defined Contribution basis. The defined benefit section of the Scheme is closed to new members and closed to future accrual with effect from 31 December 2016, but retains salary linkage for active members. The assets of the two sections of the scheme are held in separate trustee administered funds and cover all material obligations to provide pensions to retired and current employees

The most recent valuation was at 31 December 2023. At this date the assets of the RBS were in excess of the amounts required to cover the benefits that had accrued to members after allowing for future increases in earnings. Following consultation with the RBS trustees, the Group agreed to commence contributions to the scheme with effect from 1 January 2016. Prior to this date it was agreed that contributions would be suspended. Funding levels are monitored on an annual basis and are not expected to change in 2026.

The principal assumptions used by the actuaries were:

| | % Consolidated | | Post retirement assumptions Longevity at age 65 for current pensions | |
|--|----------------|------|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Rate of increase in salaries | 3.25 | 3.90 | S ₄ NMA_L for males and S ₄ NFA for females with a multiplier of 1.14 for males and 1.07 for females. | S ₄ NMA_L for males and S ₄ NFA for females with a multiplier of 1.14 for males and 1.07 for females. |
| Rate of increase in pensions | 2.85 | 3.00 | | |
| Discount rate | 5.50 | 5.45 | | |
| Retail Price Inflation | 2.90 | 3.25 | | |
| Pension increase for deferred benefits | 2.10 | 2.70 | CMI 2024 projections (with 0.15% initial addition), with a 1.50% long term trend. | CMI 2023 projections (with 0.15% initial addition), with a 1.50% long term trend. |

The net assets in the scheme and the expected rate of return were:

| | Consolidated 2025 | | Consolidated 2024 | |
|-------------------------------------|--|------------|--|------------|
| | % of total fair value of scheme assets | £m | % of total fair value of scheme assets | £m |
| Equities | 31.23% | 322 | 28.61% | 280 |
| Bonds | 67.99% | 701 | 70.57% | 691 |
| Other | 0.78% | 8 | 0.82% | 8 |
| Total fair value of assets | | 1,031 | | 979 |
| Present value of scheme liabilities | | (549) | | (564) |
| Surplus in the scheme | | 482 | | 415 |

Of the surplus of £482m (2024: £415m surplus), £91m (2024: £78m surplus) is attributable to the Long-Term business fund.

The equity investments and bonds which are held in the scheme assets are quoted and are valued at the current bid price. Scheme assets do not include any of the Society's own financial instruments or any property occupied by the Society.

The Group has recognised the surplus as an asset at the balance sheet date, as it anticipates being able to realise economic benefits at least equal to the carrying amount. The Group will ultimately be able to access any remaining surplus in the Scheme once all benefits have been settled. However, for regulatory purposes, such assets are removed from capital (see note 3).

Reconciliation of present value of scheme liabilities (excluding Defined Contribution scheme)

| | 2025 £m | 2024 £m |
|----------------------------------|------------|------------|
| As at 1 January | 564 | 640 |
| Current Service Cost | 1 | 1 |
| Interest Cost | 29 | 28 |
| Disbursements from Scheme Assets | (35) | (33) |
| Net Actuarial gain | (10) | (72) |
| As at 31 December | 549 | 564 |

The present value of unfunded and wholly or partly funded post retirement benefit obligations for Defined Benefit and Defined Contribution schemes are as follows:

| | 2025 £m | 2024 £m |
|------------------------------------|------------|------------|
| Wholly or partly funded obligation | 981 | 919 |
| Defined Benefit scheme | 549 | 564 |
| Defined Contribution scheme | 432 | 355 |
| As at 31 December | 981 | 919 |

The actual return on scheme assets in the year was a gain of £88m (2024: gain of £12m).

The tables present an analysis of the Defined Benefit obligation and fair value of plan assets for all the Group's pension schemes and post retirement benefits (the latter are unfunded) and present the amounts recognised in the Profit and Loss Account including those related to post retirement healthcare.

Reconciliation of fair value of scheme assets (excluding Defined Contribution scheme)

| | 2025 £m | 2024 £m |
|--|--------------|------------|
| As at 1 January | 979 | 1,001 |
| Interest income on scheme assets | 52 | 44 |
| Disbursements | (35) | (33) |
| Return on scheme assets greater than discount rate | 36 | (33) |
| Other | (1) | - |
| As at 31 December | 1,031 | 979 |

Analysis of the amount charged to Operating Profit (included in Net Operating Expenses)

| | 2025 £m | 2024 £m |
|---|------------|------------|
| Current service cost | 43 | 39 |
| Total operating charge | 43 | 39 |
| Analysis of amount credited to profit and loss | | |
| Interest income on scheme assets | 52 | 44 |
| Interest on pension scheme liabilities | (29) | (28) |
| | 23 | 16 |
| Analysis of amount recognised in statement of other comprehensive income | | |
| Return on scheme assets greater than discount rate | 36 | (33) |
| Remeasurement of the defined benefit obligation | 10 | 72 |
| Actuarial gain recognised in Statement of Other Comprehensive Income | 46 | 39 |

The Scheme surplus has increased during 2025, mainly due to asset returns over the year being higher than expected (relative to the prior year-end discount rate), interest on the surplus from the prior year-end using the start of year discount rate and, to a lesser extent, a small increase in discount rate, reduced future inflation expectations and allowing for a reduction in commutation factors over the year.

This has been offset to an extent by updated mortality assumptions leading to higher life expectancy and both salary and pension increases over the year being higher than assumed.

The actuarial gain due to economic/demographic experience (including any assumption changes) was £10.3 million and the loss from investment return being different from assumed during the prior period was £36 million.

29 Commitments

a) Capital commitments

Capital expenditure contracted for but not provided in these financial statements at 31st December 2025 amounted to £310m (2024: £220m, prior year number has been updated to include capital commitments in relation to the Special Purpose entities).

b) Operating lease commitments – Lessee

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | 2025 £m | 2024 £m |
|----------------------------|------------|------------|
| Within one year | 7 | 6 |
| Between one and five years | 11 | 11 |
| Later than five years | 1 | - |
| As at 31 December | 19 | 17 |

c) Operating lease commitments – Lessor

The Group acts as a lessor for a portfolio of properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease income receivable under non-cancellable operating leases are as follows:

| | 2025 £m | 2024 £m |
|----------------------------|------------|------------|
| Within one year | 83 | 86 |
| Between one and five years | 301 | 294 |
| Later than five years | 360 | 383 |
| As at 31 December | 744 | 763 |

30 Cash Flow Statement

a) Reconciliation of profit before tax to net cash inflow from operating activities

| | 2025 £m | 2024 £m |
|--|------------|--------------|
| Profit for the financial year | 729 | 360 |
| Adjustments for: | | |
| Tax charge on ordinary activities | 190 | 21 |
| Interest and dividend income | (350) | (401) |
| Operating profit/(loss) | 569 | (20) |
| Decrease / (increase) in debtors, prepayments and accrued income | 71 | (179) |
| Increase in creditors, accruals and deferred income | 89 | 72 |
| Increase in technical provisions | 62 | 164 |
| Unrealised investment gain recognised in P&L | (538) | (187) |
| Other non-cash Adjustments | (12) | (9) |
| Depreciation of tangible assets | 11 | 13 |
| Amortisation of intangible assets | 5 | - |
| Net cash inflow / (outflow) from operating activities | 257 | (146) |

b) Analysis of changes in cash and cash equivalents

| | As at January 2025 £m | Cash Flows £m | As at December 2025 £m |
|--|--------------------------|------------------|---------------------------|
| Cash at Bank and in hand | 235 | 19 | 254 |
| Less: Long-Term business | (154) | (26) | (180) |
| | 81 | (7) | 74 |
| Short term deposits (note 17) | 296 | (7) | 289 |
| Less: General business deposits with maturity date greater than 3 months | (209) | 17 | (192) |
| Less: Long-Term business | (87) | - | (87) |
| Cash and cash equivalents | 81 | 3 | 84 |

31 Amounts Owed To Credit Institutions

| | Consolidated | | Parent Company | |
|--------------------------|--------------|------------|----------------|------------|
| | 2025 £m | 2024 £m | 2025 £m | 2024 £m |
| Bank loans | 154 | 149 | - | - |
| As at 31 December | 154 | 149 | - | - |

The loan held in Hathaway Opportunity Fund is a term loan. The interest rate is 1.7% above SONIA. The current maturity date of the loan is 30 June 2026. Loans held in Aver Property Limited Partnership comprise a term loan with a fixed interest rate of 6.28% and maturity date of 6 February 2027, and a term loan with an interest rate above SONIA of 2.8% and a maturity date of 16 October 2026.

32 Intangible Assets

| | Consolidated | | | Parent Company |
|----------------------------------|----------------|----------------------------------|-------------|----------------------------------|
| | Goodwill £m | Other intangible assets £m | Total £m | Other intangible assets £m |
| Cost | | | | |
| As at 1 January 2025 | 5 | - | 5 | - |
| Transfer in from tangible assets | - | 33 | 33 | 33 |
| Additions | - | 3 | 3 | 3 |
| As at 31 December 2025 | 5 | 36 | 41 | 36 |
| Accumulated Amortisation | | | | |
| As at 1 January 2025 | - | - | - | - |
| Transfer in from tangible assets | - | 6 | 6 | 6 |
| Charge for the year | 1 | 4 | 5 | 4 |
| As at 31 December 2025 | 1 | 10 | 11 | 10 |
| Net Book Value | | | | |
| As at 31 December 2025 | 4 | 26 | 30 | 26 |
| As at 31 December 2024 | 5 | - | 5 | - |

33 Events After Reporting Date

There are no events after the reporting date to report.

Group KPIs – Glossary (unaudited)

| Performance Measures | Purpose | Definition | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|-------------|------|------------------------|----------|---|----------------|--|-----|---|------|-------------------------------------|---------------|-----------------------------|-------|---|-----|-------------------------------------|---------|-------------------|--------------|-------------------------------------|-------------|
| Gross Written Premium Income (GWPI) | To provide the reader with a measure of the overall business as represented by total premiums from General Insurance activities. | Overall total premium income in the year, before Mutual Bonus. Reconciliation of Technical Results to Alternative Performance Measure KPI's is shown in the table below. <table border="1"> <thead> <tr> <th></th> <th>GWPI</th> <th>U/W Profit</th> <th>COR</th> </tr> </thead> <tbody> <tr> <td>Technical Account Result</td> <td>£2,346m</td> <td>£194m</td> <td></td> </tr> <tr> <td>Allocated investment income</td> <td>-</td> <td>(£114m)</td> <td></td> </tr> <tr> <td>Mutual bonus written/earned</td> <td>£236m</td> <td>£234m</td> <td></td> </tr> <tr> <td>Alternative performance measure KPI</td> <td>£2,582m</td> <td>£314m</td> <td>86.9%</td> </tr> </tbody> </table> | | GWPI | U/W Profit | COR | Technical Account Result | £2,346m | £194m | | Allocated investment income | - | (£114m) | | Mutual bonus written/earned | £236m | £234m | | Alternative performance measure KPI | £2,582m | £314m | 86.9% | | |
| | GWPI | U/W Profit | COR | | | | | | | | | | | | | | | | | | | | | |
| Technical Account Result | £2,346m | £194m | | | | | | | | | | | | | | | | | | | | | | |
| Allocated investment income | - | (£114m) | | | | | | | | | | | | | | | | | | | | | | |
| Mutual bonus written/earned | £236m | £234m | | | | | | | | | | | | | | | | | | | | | | |
| Alternative performance measure KPI | £2,582m | £314m | 86.9% | | | | | | | | | | | | | | | | | | | | | |
| Underwriting profit and loss | To provide the reader with a measure of profits before non claims expenses achieved within the year from General Insurance activities. | The balance on the Technical Account adjusted for earned Mutual Bonus, allocated investment return and other income. (Page 143). | | | | | | | | | | | | | | | | | | | | | | |
| Combined Operating Ratio (COR)* | To provide the reader with an indication of the overall expenses in perspective to the level of business being generated from General Insurance activities. | 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 in 2025 was a decrease of £2m (2024: £5m increase). | | | | | | | | | | | | | | | | | | | | | | |
| Annual Premium Equivalent (APE)* | To provide the reader with an indication of the level of new regular and single premium business income being generated from Life business activities. This is a widely used industry performance measure. | Industry measure equal to new regular annualised premium plus 10% of new single premium. | | | | | | | | | | | | | | | | | | | | | | |
| Employee Engagement | To provide the reader with a measure of the overall engagement of the staff with the business. | Results of the annual Gallup survey. | | | | | | | | | | | | | | | | | | | | | | |
| Funds Under Management (General Insurance and Life business)* | To provide the reader with an measure of the assets being managed within the Group (and separately assets associated with long-term business). | 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 and Life business plus policyholder investment OEICS and the assets of the Company's Retirement Benefit Scheme. <table border="1"> <thead> <tr> <th></th> <th></th> <th>2025 £bn</th> <th>2024 £bn</th> </tr> </thead> <tbody> <tr> <td rowspan="2">General Business</td> <td>Mutual General</td> <td>9.2</td> <td>8.3</td> </tr> <tr> <td>Mutual Life</td> <td>10.2</td> <td>9.6</td> </tr> <tr> <td rowspan="2">Life Business</td> <td>OEICS</td> <td>2.4</td> <td>2.0</td> </tr> <tr> <td>RBS</td> <td>1.0</td> <td>1.0</td> </tr> <tr> <td></td> <td>Total</td> <td>22.8</td> <td>20.9</td> </tr> </tbody> </table> | | | 2025 £bn | 2024 £bn | General Business | Mutual General | 9.2 | 8.3 | Mutual Life | 10.2 | 9.6 | Life Business | OEICS | 2.4 | 2.0 | RBS | 1.0 | 1.0 | | Total | 22.8 | 20.9 |
| | | 2025 £bn | 2024 £bn | | | | | | | | | | | | | | | | | | | | | |
| General Business | Mutual General | 9.2 | 8.3 | | | | | | | | | | | | | | | | | | | | | |
| | Mutual Life | 10.2 | 9.6 | | | | | | | | | | | | | | | | | | | | | |
| Life Business | OEICS | 2.4 | 2.0 | | | | | | | | | | | | | | | | | | | | | |
| | RBS | 1.0 | 1.0 | | | | | | | | | | | | | | | | | | | | | |
| | Total | 22.8 | 20.9 | | | | | | | | | | | | | | | | | | | | | |
| New Business | To provide the reader with a measure of new business as represented by new business premiums from General Insurance activities. | Total new business premium income receivable. | | | | | | | | | | | | | | | | | | | | | | |
| Persistency* | To provide the reader with an indication of the overall recurring business in perspective of the level of business being generated from General Insurance activities. This is a widely used industry performance measure. | Percentage of policies renewing each year. | | | | | | | | | | | | | | | | | | | | | | |
| Profit for the financial year | To provide the reader with a measure of profits achieved within the year from General Insurance activities. | Balance on the Non-Technical Account (Page 145). | | | | | | | | | | | | | | | | | | | | | | |
| Corporation tax contribution | To provide the reader with information on General Insurance tax contributions to society | Reconciliation of the Total tax contribution paid to the tax charge/(credit) in the Non-Technical account. <table border="1"> <thead> <tr> <th></th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Total tax contribution</td> <td>564</td> </tr> <tr> <td>Contributions unrelated to the corporation tax charge</td> <td>(465)</td> </tr> <tr> <td>Net corporation tax relating to prior/future periods</td> <td>4</td> </tr> <tr> <td>Deferred tax credit to the corporation tax charge</td> <td>154</td> </tr> <tr> <td>Total corporation tax credit</td> <td>257</td> </tr> <tr> <td>Represented by:</td> <td></td> </tr> <tr> <td>Taxation on profit on ordinary activities (Note 15)</td> <td></td> </tr> <tr> <td>Non-Technical Account</td> <td>190</td> </tr> <tr> <td>Long-Term Account</td> <td>67</td> </tr> <tr> <td>Total corporation tax credit</td> <td>257</td> </tr> </tbody> </table> | | £m | Total tax contribution | 564 | Contributions unrelated to the corporation tax charge | (465) | Net corporation tax relating to prior/future periods | 4 | Deferred tax credit to the corporation tax charge | 154 | Total corporation tax credit | 257 | Represented by: | | Taxation on profit on ordinary activities (Note 15) | | Non-Technical Account | 190 | Long-Term Account | 67 | Total corporation tax credit | 257 |
| | £m | | | | | | | | | | | | | | | | | | | | | | | |
| Total tax contribution | 564 | | | | | | | | | | | | | | | | | | | | | | | |
| Contributions unrelated to the corporation tax charge | (465) | | | | | | | | | | | | | | | | | | | | | | | |
| Net corporation tax relating to prior/future periods | 4 | | | | | | | | | | | | | | | | | | | | | | | |
| Deferred tax credit to the corporation tax charge | 154 | | | | | | | | | | | | | | | | | | | | | | | |
| Total corporation tax credit | 257 | | | | | | | | | | | | | | | | | | | | | | | |
| Represented by: | | | | | | | | | | | | | | | | | | | | | | | | |
| Taxation on profit on ordinary activities (Note 15) | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-Technical Account | 190 | | | | | | | | | | | | | | | | | | | | | | | |
| Long-Term Account | 67 | | | | | | | | | | | | | | | | | | | | | | | |
| Total corporation tax credit | 257 | | | | | | | | | | | | | | | | | | | | | | | |

* Alternative Performance Measure (APM)

The National Farmers Union Mutual Insurance Society Limited (No. 00111982). Registered in England.
Registered office: Tiddington Road, Stratford-upon-Avon, Warwickshire CV37 7BJ. A member of the
Association of British Insurers. Authorised by the Prudential Regulation Authority and regulated
by the Financial Conduct Authority and the Prudential Regulation Authority.

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