

Annual Modern Slavery statement – Modern Slavery Act 2015

NFU Mutual statement for 2019

The Modern Slavery Act (the “Act”) was introduced in 2015 to cover slavery, servitude, human trafficking and forced labour (“Modern Slavery”). NFU Mutual is committed to acting with integrity in all areas of its business and to putting effective systems and controls in place to safeguard against any form of Modern Slavery taking place within our own business or in our supply chain. This is NFU Mutual’s Modern Slavery statement for financial year 2019.

Our organisation structure and supply chain

NFU Mutual is a financial services group offering a wide range of personal, business and farming insurance, investment and financial services. The business is UK based with over 3800 employees and a business turnover in excess of £1,600m.

Our supply chain is predominantly UK based and is managed by a team of NFU Mutual procurement and vendor management specialists.

Policies, Procedures and Ways of Working in relation to slavery and human trafficking

The nature of the Financial Services industry limits NFU Mutual’s direct exposure towards forms of Modern Slavery.

However, NFU Mutual is not complacent and expects and requires that its staff and each of its suppliers conduct business with integrity and in a lawful manner. We have a number of policies and procedures that manage the risk of Modern Slavery, including:

- Guiding Principles for all staff that place ‘Integrity at the heart of the business’ to ensure we always do the right thing
- Speak Up Policy incorporating the provision of a confidential whistleblowing service available to all our staff to report illegal, unethical or dishonest behaviour, including Modern Slavery
- Recruitment policies and processes including screening checks to confirm individuals’ identification and eligibility to work in the UK
- Supplier, Outsourcing and Third Party Policy ensuring our suppliers meet our appropriate due diligence requirements at selection stage, ensuring their awareness and compliance with the Act where applicable.
- Our standard services contract includes a ‘Supply Chain Transparency’ clause requiring our suppliers and their sub-contractors to comply with the Act.

Due Diligence Processes, Risk Assessment & Measuring Effectiveness

NFU Mutual assesses supplier risk and classifies suppliers to ensure that they are managed appropriately. We carry out due diligence and risk assessment of our suppliers in a variety of ways:

- In 2019 NFU Mutual implemented the Financial Services Qualification Scheme (“FSQS”), which is a community of financial institutions, including banks and insurance companies, collaborating to agree a single standard for collecting third party information needed to demonstrate compliance to regulators, internal policies and governance controls. The FSQS contains a set of questions on modern slavery and labour standards and FSQS

now forms a key part of the due diligence process during the supplier selection and ongoing supplier management.

- Politically exposed person checks and sanction checks
- Where NFU Mutual intends to spend more than £2,500 with a new supplier, we complete an initial supplier risk assessment that identifies if additional due diligence is required on that supplier.

Our supplier contracts contain clauses which set out our expectations regarding Supply Chain Transparency including that all persons who are providing services or goods in connection with the contract or to support performance of the contract in any part of the world:

- comply with the Act and all applicable laws, regulations and guidance made under it or relating to it and ensure that its staff have received appropriate training on the same;
- not engage in any activity, practice or conduct that would be an offence under the Act;
- take all reasonable steps to ensure that Modern Slavery is not taking place in its business or its supply chain; and
- ensure sub-contractors are bound by equivalent terms.

We require our suppliers to provide us with evidence of their compliance with these requirements on request. We also have audit rights to oversee compliance.

Key performance indicators to measure effectiveness of steps being taken

In 2019, we continued to assess the responses received from our suppliers' due diligence in order to measure the effectiveness of the practices and procedures that we operate. We manage and assess any areas of concern and regularly review our processes and operate a continuous improvement plan.

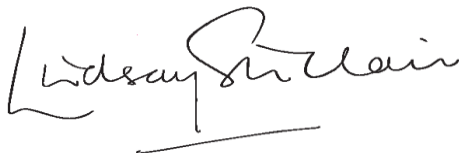
Training on Modern Slavery and trafficking

We are committed to raising awareness of the issues of Modern Slavery within our business. In 2019, our Procurement department completed Modern Slavery training. We have also established a company-wide training programme as part of the Senior Managers & Certification Regime which covers the Conduct Rules. These Rules define the minimum standards of behaviour required by our staff.

Process followed to issue this statement

This statement is made in accordance with Section 54(1) of the Modern Slavery Act 2015 and constitutes NFU Mutual's Modern Slavery statement for the financial year commencing 1 January 2019 and ending 31 December 2019.

This statement was approved by the Board of The National Farmers Union Mutual Insurance Society Limited and the Board of NFU Mutual (Service Company) Limited on 21st May 2020.



Lindsay Sinclair, Group Chief Executive