Corporate Governance Report for NFU Mutual (Service Company) Limited

Throughout the year the Company has applied the Wates Corporate Governance Principles for Large Private Companies which were published in December 2018. Details of how the principles have been applied are set out below.

Purpose and leadership

The Company's purpose is to employ all Group employees and provide them to Group companies as required. The purpose links into one of the Group's key strategic objectives of being a Great Place to Work.

The Company is a wholly owned subsidiary of the ultimate parent company The National Farmers Union Mutual Insurance Society Limited (NFU Mutual). The Directors of the Company are the Group's Finance Director and HR Director. This gives the Company a clear line of sight to the requirements and views of the shareholder.

The Board's decision making aims to ensure that the Group is able to attract and retain the best talent in the marketplace and that managers are enabled to provide strong and effective leadership which motivates, engages and develops our employees to help them perform at the highest level. This ensures that NFU Mutual and its Group companies have the calibre of staff required to achieve long term sustainable success and that the Group continues to be a Great Place to Work.

The Group's Guiding Principles set out the values and behaviours expected of everyone working for the Group. Adherence to the Guiding Principles is assessed as part of the Managing Achievement process.

The Group has put in place a Speak Up policy to allow employees and other parties to raise concerns in confidence. As part of this policy, Safecall, a confidential reporting service, is available. Whistleblowing notifications and all notifications through Safecall are reported to the Group's Audit Committee.

Board Composition

Given the nature of the Company and the fact that it is a wholly owned subsidiary it is believed that it is appropriate for the Board to be comprised of executive directors and that the Group's Finance Director and HR Director provide the right balance. The Directors bring a high degree of understanding of the strategy and requirements of the Group, and the key stakeholders views, including that of the employees.

Director Responsibilities

The day to day management of the Company is delegated to the Executive Committee and HR Department. A range of KPIs impacting on workforce engagement are considered such as engagement, retention, and inclusion and diversity. The Company has a clear position and purpose within the Group which ensures that the Directors have a clear understanding of their responsibilities in respect of the Company.

Risks

The Company is part of the Group wide risk management framework. Given the Company's purpose the principal risks for the Company are people risks. All areas of the Group are required to consider people risks as part of their risk identification under the framework. The HR department is responsible for identifying and monitoring the overarching people risks which apply to the Group. The Divisional Risks and Issues Committees are responsible for considering

the risks and escalating risks and issues as required to the Group Operational Risk Committee and Board Risk Committee. Further details of NFU Mutual's risk management framework can be found in its Report and Accounts which are available on www.nfumutual.co.uk.

Remuneration

Directors are not remunerated in respect of their position as a director of the Company. As members of the Group's senior management team their remuneration is considered by the Group's Remuneration Committee. More details of the remuneration framework can be found in the Directors' Remuneration Report in NFU Mutual's Report and Accounts. The Company is responsible for wider workforce remuneration through the Executive Remuneration Committee.

Stakeholder Relationships and Engagement

By understanding the Company's stakeholders, it can factor into discussions the potential impact of the Company's decisions on each stakeholder group and consider their needs and concerns. The key stakeholders of the Company are its employees. The Group operates a number of methods of workforce engagement. Its formal and informal consultation forums support employee engagement with effective communication and helping to provide an employee voice. Through these groups we involve our employees in the review and development of our workforce policies and procedures and encourage a two-way dialogue.

In addition, the Group undertakes an annual employee engagement survey facilitated by Gallup. In 2025, the Group scored in the 99th percentile of all companies completing the Gallup Employee Engagement Survey for the eighth-year running. The Group also won the Gallup Exceptional Workplace Award for a 10th consecutive year.

The other Group companies to which employees are provided are also key stakeholders as these are the customers of the Company. Engagement with these companies is conducted through normal Group communication channels, including HR, to ensure that the Company is aware of the changing employment needs of the Group.

Other stakeholders for the Company include its suppliers. The Group has policies and processes in place to manage the procurement and supplier relationships. The Group work with its suppliers to ensure performance and to identify opportunities for enhanced value and innovation. There are processes in place for all tenders to ensure that all potential suppliers are treated fairly. Regular dialogue is maintained through business relationship managers, with strategic suppliers also having ongoing engagement with senior management.

The members and Trustees of the Group's Retirement Benefits Scheme are also stakeholders. There is regular dialogue with the Trustees to ensure that each side understands the position of the other and takes it into account in any decisions which would impact on it. All retiring employees are given the option to join the Retired Staff Association.

Employees are encouraged to participate in employee volunteering and fundraising for charities as part of the Group's Responsible Business strategy. Further details can be found in NFU Mutual's Report and Accounts or in its Responsible Business Report both of which can be found on www.nfumutual.co.uk.