Classification: Internal

NFU Mutual's Transition Plan Journey

Helen McKee – Climate Change Lead

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NFU Mutual

Leading UK-Based Rural Insurer

General Insurance

Over 850,000 GI policyholders and approximately 1.4m policies

Motor, Home, Farming and Business

Products include:

- Commercial (e.g. Liabilities, Property, Livestock)
- Motor (e.g. Fleet, Commercial Vehicle, Private Car)
- Personal (e.g. Buildings, Contents, Equine)

95% GI policies renewed in 2023

Financial Services

Around 130,000 Life customers and approximately 250,000 policies

Investments, Pensions and Life Cover and Protection

Products include:

- Investment bonds
- With-profits
- Protection
- Pensions
- Annuities
- ISAs
- OEICs

NFU Mutual: delivering sustained value

NFU Mutual does not operate to maximise profit, but to sustainably deliver products and services that are valued by our members.



Deliver value



Long-term relationships



Always be there



Support our communities

Underpinned by our group values of always acting with integrity and trust

"We take the time to get to know our customers and when they need our help, they know they can count on us to provide it – quickly, with no fuss."

Nick Turner, CEO

HELPING TO CREATE A BETTER FUTURE

Being a Responsible Business is an integral part of our overarching company strategy. It's a key part of our heritage and remains central to how we do business today.

We have evolved our Responsible Business Strategy in recent years by:

- Considering factors across an Environmental, Social and Governance (ESG) framework
- Revising our Responsible Business ambitions and focus areas
- Refining how we measure and report on our progress
- Renewing our commitment to continually challenge ourselves on the pace and scale of our targets



OUR RESPONSIBLE BUSINESS STRATEGY

We have four strategic ambitions:



Protecting Rural Lives and Livelihoods

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.

To help protect the livelihoods of the UK farming community, both now and for future generations.



Building a Healthy Community

To support wellbeing across our community of employees and agencies.

To continually strive for equality and to create workplace environments and relationships that foster respect and belonging.



Caring for the Environment

To contribute to reducing climate change and its impact.

To help conserve and enhance nature and biodiversity through our own activities and influence.



Doing Business the Right Way

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.

NFU Mutual is aiming to champion this area.

How we will deliver on our commitment

By leveraging our standing and expertise to effect a positive and sustainable difference.

KEY FOCUS AREAS

At NFU Mutual, we make a conscious effort to do business the right way, recognising that everything we do is connected to the health and futures of our members, our communities, our people and the environment.

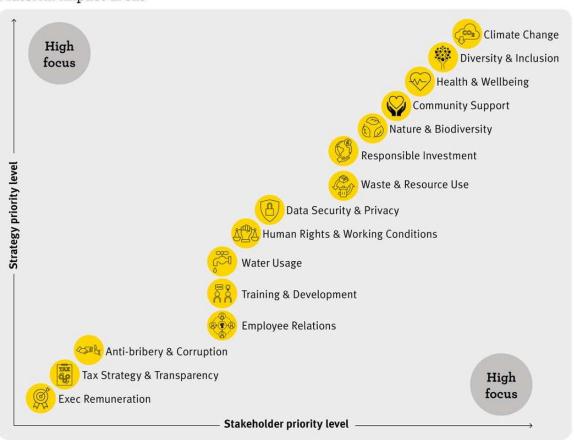
To identify and prioritise our key areas of focus, we conducted extensive research to understand what matters most to key stakeholders from employees and Agents, to suppliers and customers.

Since evolving our Responsible Business Strategy, we have established measurable and meaningful targets against which our performance can be assessed.

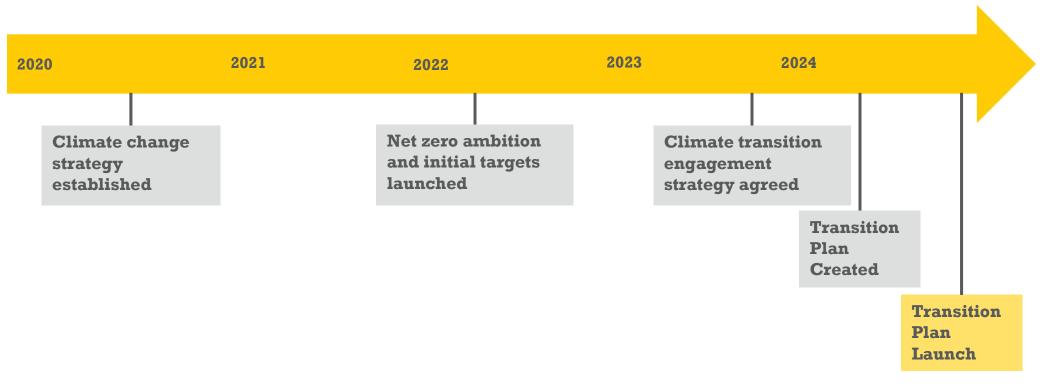
What's next?

- We'll continue to embed targets across our organisation
- We'll ensure robust measurement processes are in place to support clear and accurate performance disclosure

Material impact areas



Climate Change Strategy Development



NFU Mutual's Climate Change Strategy

Climate Change Impacts

Physical

Changes to weather and climate

Transition

Legislative, regulatory, industry and behavioural change

Liability

Exposure to legal action

Impacts on Insurers

Customer Needs / Expectations

Liabilities

Assets

Operations

Employees

Reputation

Strategy Aims

Ensure NFU Mutual is resilient to the impacts of climate change and takes advantage of opportunities in core markets

Define and implement NFU Mutual's roadmap to Net Zero

Climate Change Strategy

Climate Change Mission Statement

Tackling climate change is a shared global responsibility and we all have a part to play. As a UK based insurer with rural communities at our heart, NFU Mutual is both responding to the insurance needs of our members and actively reducing our own environmental impact to help drive the transition to a low carbon economy.

Focussed Activity

Climate change is broken down into seven impact categories, used to drive quantifiable activity and risk management

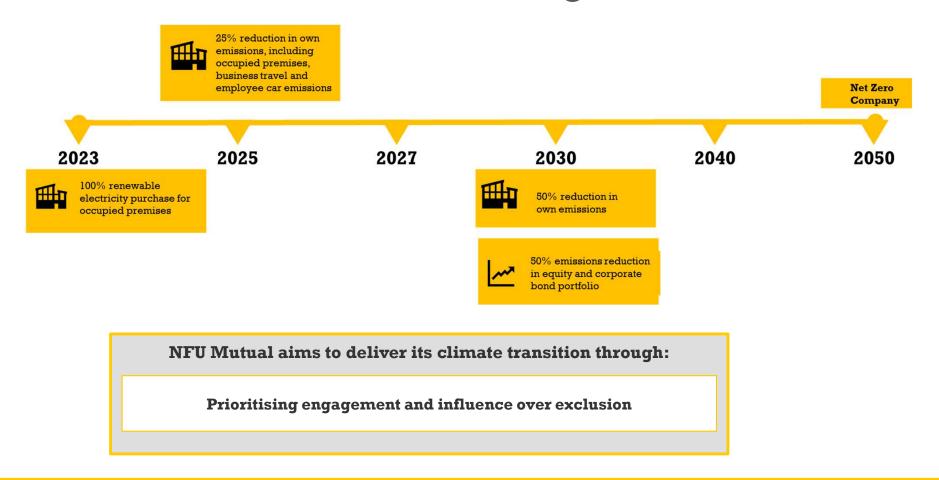
Customer Employees Insurance Investments

Premises Supply Chain Solvency

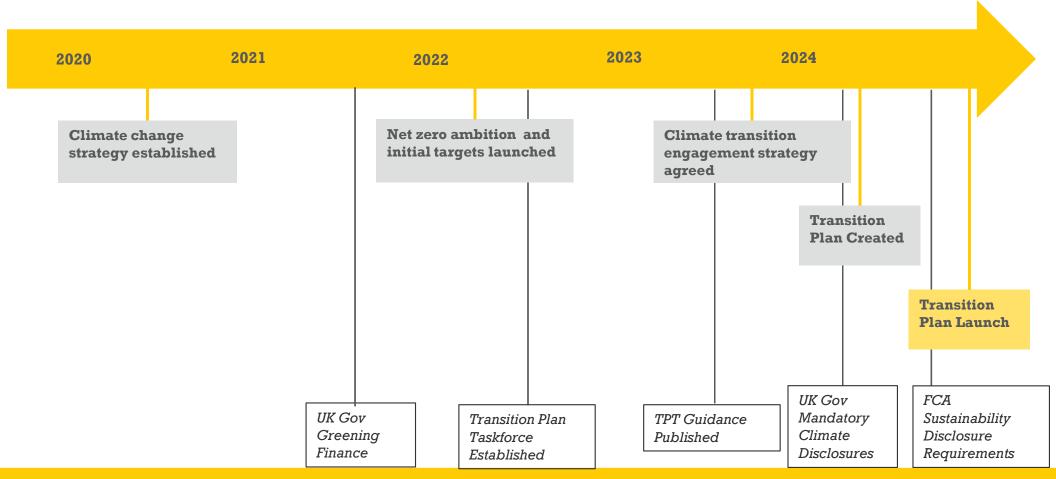
Net Zero Roadmap

Group level targets and ambitions for reducing NFU Mutual's greenhouse gas emissions

Our Net Zero ambitions and targets:



UK Regulatory Context



Classification: Internal

Developing NFU Mutual's Climate Transition Plan

Business Case

Regulatory
Direction of Travel

Consolidated view of activity

Learn and improve

Communication

Credibility

Develop Plan

TPT Framework

Specialist expertise

Collaboration

Consistency with other disclosures

Governance

Board approval

Audit

Greenwashing assurance

External socialisation

Internal approval

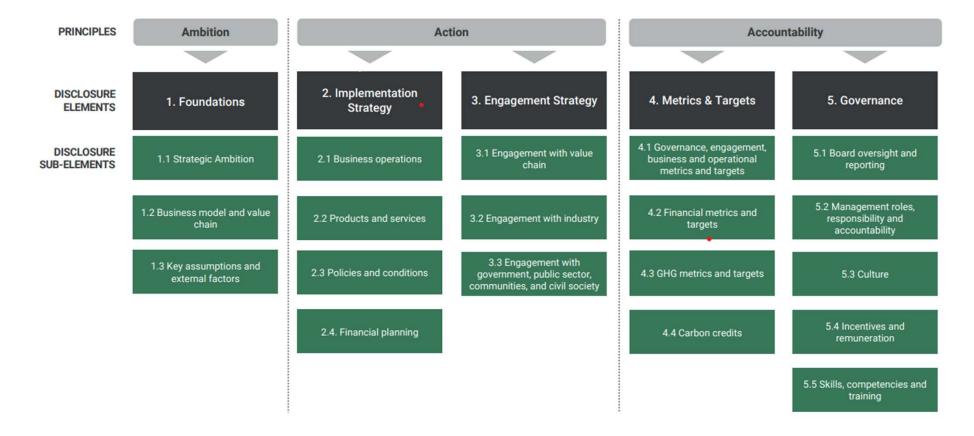
Publication

Internal launch

External launch

Next steps

Transition Plan Taskforce Framework



NFU Mutual Climate Transition Plan Structure

Introduction

Strategy

Action and Engagement

Accountability

Overview of our Climate Transition Plan

Our Climate Ambition

Our Climate Strategy

Climate and Nature

Climate and the Just Transition Across our Insurance
Business

Across our Investments

Across our Operations

Governance of our Climate Change Strategy

Climate Aware Culture

| Overarching Net Zero Ambition - Net Zero by 2050 with interim targets and metrics to track progress | | | | |
|---|-------------------------|---|-----------------|--|
| Our Strategy | *** | Respond to members' insurance needs and transition to become a Net Zero business | 8 | Seven strategic intents, focussing on members, employees, insurance, investments, premises, supply chain and solvency |
| | | Prioritising engagement and influence over exclusion | | |
| Our Insurance Business | * | Develop insurance products that deliver climate resilience – protecting from the impacts of climate change and enabling adaptation | † | Reduce emissions associated with our claims services |
| Our Investments | ≟ 竹 | Prioritise engagement with our investees over divestment Finance the transition by investing in green assets | | Reduce emissions associated with our property investment portfolio Actively manage our portfolio to mitigate the impact of climate risk on our investments |
| Our Operations | | Reduce emissions associated with our occupied premises Reduce emissions associated with business travel | *** | Enable our employees to take climate positive action |
| Our Supply chain | | Prioritise engaging and influencing suppliers over supplier de-selection Work with suppliers to develop climate positive solutions | ∞ ••• | Actively monitor and manage supply chain emissions Embed ESG factors into supplier selection and management processes |
| Our Industry Influence | | Engage with industry stakeholders, such as the UK farming unions DEFRA and the ABI, to drive progress towards Net Zero | Fig | Contribute to industry initiatives, such as ClimateWise and Principles for Responsible Investment to develop climate solutions and leverage industry influence |
| Our Accountability | ### ##### ####### | Clear accountability and oversight of our Climate Change Strategy and Net Zero Roadmap | F | Internal communication and education for all employees to embed climate throughout our culture |
| | * | Consideration of climate change incorporated into frameworks across the business to embed in decision making | | 13 |

Lessons Learnt

Climate Transition Plan

Collaboration

Disclosure Appetite

Governance

Metrics and Targets

Consistency