

Modern Slavery Statement 2020

This statement has been published in accordance with Section 54(1) of the Modern Slavery Act 2015 (the 'Act') and constitutes NFU Mutual's Modern Slavery statement for the financial year commencing 1 January 2020 and ending 31 December 2020.

NFU Mutual is committed to acting with integrity in all areas of its business. We recognise that Modern Slavery and Human Trafficking ('MSHT') is a serious crime. We understand our responsibility to have effective systems and controls in place to safeguard against any form of MSHT and to build upon our response to MSHT over time.

This statement set outs the steps taken by NFU Mutual in 2020 to prevent any form of MSHT taking place in our business operations and supply chain.

Our Organisation and Supply Chain

NFU Mutual is a financial services business offering a wide range of personal, business and farming insurance, investment and financial services.

NFU Mutual operate through more than 300 offices across Great Britain and Northern Ireland, the Isle of Man and the Channel Islands – supported by customer support centres and the internet. We have 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.

Our Policies relating to MSHT

NFU Mutual expects and requires that each of its employees and suppliers behave with integrity and in a lawful manner. We have a number of policies and due diligence procedures in place to manage the risk of MSHT, including:

- NFU Mutual's 'Guiding Principles' for all employees. This places integrity at the heart of our business and requires our people work to high standards to ensure we always do the right thing
- Our 'Supplier, Outsourcing and Third Party Policy' which requires our suppliers meet our due diligence requirements at selection stage, including awareness and compliance with the Act. The policy specifically states the process for reporting both financial crime and MSHT
- Our recruitment policies and processes include screening checks to confirm individuals' identification and eligibility to work in the UK

We are committed to regularly assessing our policies and due diligence guidance to ensure that these meet legal requirements and good industry practice.

Reporting Mechanisms

We clearly communicate and signpost how our staff can raise any concerns regarding illegal, unethical or dishonest behaviour including MSHT related risks or issues. Our recently updated 'Speak Up Procedure' provides our staff with guidance on how they can raise concerns relating to the activities of NFU Mutual which are in the public interest and explicitly signposts MSHT.

If our staff feel unable, for whatever reason, to raise their concerns directly with someone at NFU Mutual, we provide all staff with access to Safecall, an external and independent company which runs a 24 hour/7 days a week confidential reporting service.

Our approach to Risk Management and Due Diligence

NFU Mutual regularly 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:

- We are members of 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. FSQS contains a set of questions on MSHT and labour standards for completion by our suppliers. FSQS forms a key part of the due diligence process during the supplier selection and ongoing supplier management. This not only allows NFU Mutual to understand how our supply chain complies to the Act but also gives us data to challenge and ask more questions of our suppliers.
- Where NFU Mutual plans to spend more than £2,500 with a new supplier, we complete an initial supplier risk assessment that identifies whether additional due diligence is required on that supplier.
- Politically exposed person checks and sanction checks.

NFU Mutual’s actively managed UK equity funds are also subject to due diligence, including an assessment of organisational corporate governance to mitigate the risk of dealing with unscrupulous organisations.

Our Contractual Controls

In 2020, we continued to introduce strong MSHT clauses into our new service contracts, and at contract renewal, to ensure supply chain transparency. Our suppliers are required to:

- comply with the Act and all applicable laws, regulations and guidance relating to it and to 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 MSHT is not taking place in its business or its supply chain
- ensure that its 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 contractual audit rights over suppliers to oversee and ensure compliance.

Our Agency Agreement also requires our agency network to meet MSHT requirements. This obligation extends to persons who are providing services or goods in connection with the Agreement.

Communication and Training

In 2020 we continued to focus raising awareness of MSHT across our organisation in a variety of ways:

- In October 2020, a company-wide briefing was circulated to all staff to raise awareness of MSHT issues. This included guidance for staff on how to report any MSHT concerns and signposted NFU Mutual’s Modern Slavery Statement for the financial year 2019

- Building upon on the MSHT training that we provided to our Procurement team in 2019, we rolled out MSHT training to our supplier facing teams to heighten awareness and improve our ability to detect any MSHT issues and also to our legal team who prepare and negotiate supplier contracts, including our MSHT requirements.
- We run a company-wide training programme, as part of the Senior Managers & Certification Regime (SMCR), which covers the Conduct Rules. These Rules define the minimum standards of behaviour required by our staff, including acting with diligence and integrity. The SMCR eLearning is required to be completed by all employees every 2 years and the attestation is to be completed annually. The conduct rules eLearning and attestation is also included in our induction curriculum given to all new starters, this means that they will complete both required elements within their first 10 weeks.
- We meet our regulatory obligations by providing annual mandatory Financial Crime training which includes how staff can raise any financial crime concerns

Effectiveness

In 2020, we continued to assess our supplier responses to our due diligence in order to consider the risk of MSHT taking place within their businesses or supply chains. We assess our suppliers' approach to MSHT, such as having in place a Modern Slavery Statement prominently on their website.

We regularly review our processes and operate a continuous improvement plan. We also have wide-ranging financial crime frameworks in place designed to combat financial and related crimes across our staff, supply chain and customers. These have resulted in the identification of a small number of MSHT concerns that have been reported to law enforcement.

Approval

This statement was reviewed and approved by the Board of The National Farmers Union Mutual Insurance Society Limited and the Board of NFU Mutual (Service Company) Limited on 22 April 2021.



Nick Turner
Group Chief Executive