FMG Member Director Election and Appointed Director Policy Including Fit and Proper Policy

1. Purpose

The Farmers' Mutual Group Act 2007 (the Act) and FMG's Constitution (the Constitution) confer upon the Board responsibility for Farmers' Mutual Group's affairs and activities. FMG Insurance Limited is a wholly owned subsidiary. The Directors of Farmers' Mutual Group also sit on the FMG Insurance Limited Board. The Board's role is to govern Farmers' Mutual Group and FMG Insurance Limited (collectively referred to as FMG) on behalf of and for the benefit of its Members and stakeholders.

With a view to enhancing governance, the Board has agreed to this Policy in relation to the following:

1) Criteria for the election of Member Directors and the appointment of Appointed Directors
2) Process around the election of Member Directors and the appointment of Appointed Directors (see Member Director Election and Appointed Director Process)
3) Tenure for all Directors
4) Fit and Proper Policy for all Directors and Relevant Officers as per the Insurance (Prudential Supervision) Act 2010 requirements as may be amended from time-to-time.

2. Scope

This Policy applies to:

- Member Directors;
- Appointed Directors;
- Relevant Officers in respect of FMG's Fit and Proper Policy.

3. Policy Objectives

This Policy's objectives are to:

1) Ensure that FMG meets the requirements of the Act, Constitution and any legislative or regulatory requirements;
2) Ensure FMG has a capable, experienced and diverse Board;
3) Ensure that the Member Director election and Appointed Director processes are fair and transparent;
4) Be cost-effective; and
5) Ensure a sound Board succession plan.

It should be noted that Member Directors are elected by the Membership, whereas Appointed Directors are appointed by the Board with subsequent ratification by the Members.

Where there are extenuating circumstances, the Board may opt to place a Member Director(s); all of whom will need to stand for election at the next Annual General Meeting.

Extenuating circumstances include but are not limited to, where the number of Directors fall below the requisite five Directors or where the number of Member Directors is not the majority of the Board (as set out in the Farmers' Mutual Group Constitution).

4. Governance

This Policy is owned by the Board and administered by the Conduct and Culture Committee with assistance provided by the General Counsel.

5. Criteria for Member Directors and Appointed Directors

5.1 Overriding Criteria

The ability to meet the requirements of FMG's Fit and Proper Policy, which is required under the Insurance (Prudential Supervision) Act 2010 (attached as **Appendix 1**) and satisfy the Reserve Bank that they meet the said requirements.

5.2 Primary Criteria for Member Directors

5.2.1 Governance experience is strongly preferable.

5.2.2 Commercial acumen: i.e. holding a role in farming or other business that is responsible for the strategic direction and/ or financial outcomes of that entity.

5.2.3 Sound strategic judgement.

5.2.4 Demonstrate understanding, and belief in the principles of mutuality and the mutual model.

5.2.5 Demonstrate understanding and belief in the core Purpose, Vision, and Values of FMG.

5.2.6 Connectedness to the Rural community; active involvement in commercial farming, growing beyond that of an investor.

5.2.7 Ability to work as a team.

5.3 Specific Criteria

The Board may set additional specific criteria to complement and enhance the current Board skill set, which may include adding diversity to the current Board.

5.4 Recommendation to Members on Suitability of Member Candidates

In the Notice of the Annual General Meeting, the Board may make recommendations to Members as to which Member candidates are 'most suitable', 'all suitable' or opt not to comment. As part of this consideration, the Board will evaluate the benefit of continuity of knowledge and skills of current Member Directors to FMG.

6. Director Tenure

The Constitution allows the Board to make binding policy on the limits of Director tenure.

From a governance perspective, it is desirable to have some limits on tenure and thus the Board has agreed to a limit on a Director's tenure to 12 years.

Given FMG's constraints around Board composition, the Board may extend an individual Director's tenure for a further term as deemed appropriate under specific circumstances such as:

1) Their retirement would not be in the best interests of FMG;
2) A suitable candidate to replace the 'end-of-tenure' Director has not been identified.

This assessment must be completed by the Board and a decision to extend the tenure must be unanimous. Any extension will be communicated to the Membership at the next Annual General Meeting along with the reasoning behind it.

Appendix 1 – Fit and Proper Policy

1. Objectives

Farmers' Mutual Group and FMG Insurance Limited (collectively FMG) is committed to ensuring that Directors and Relevant Officers of FMG are fit and proper to manage the duties and responsibilities related to the key roles they are appointed to.

The primary objectives of the Fit and Proper Policy are to:

- Provide guidelines to assess whether FMG's Directors and Relevant Officers are fit and proper in accordance with the Fit and Proper Standard issued by the Reserve Bank of New Zealand (the Reserve Bank);
- Provide the minimum standards for determining fitness and propriety of persons who hold, or are being considered for appointment to a Director or Relevant Officer role;
- Strengthen the governance framework within FMG; and
- Promote confidence in FMG and its Officers and Directors.

2. Application

This Policy applies to all Directors and Relevant Officers in FMG and its subsidiaries (referred to as 'covered persons').

A Relevant Officer is:
- Chief Executive Officer (CEO),
- Chief Financial and Investments Officer (CFIO),
- The Appointed Actuary.

3. Fit and Proper Assessment

A person is considered Fit and Proper if they:

- Pass the relevant checks as per Appendix A to the satisfaction of FMG;
- Sign the Fit and Proper Declaration in Appendix B without amendment and there is no other information available that contradicts the information in the Declaration;
- Possess the required qualifications for the actual position (as set out in Appendix C); and
- Provide the required documentation to support the required qualifications.

If a person cannot sign the Declaration without qualification and/ or amendment they will not be deemed a Fit and Proper person unless the Board, in its sole discretion, is satisfied that any failure to meet a particular criterion within the Declaration will not impair the person's ability to discharge the duties of the position. If the person in question is a Director, they will not be considered part of the Board for these purposes.

Appendix C includes considerations that will be applied when evaluating fitness and propriety.

The Board that will be responsible for assessing whether a person is Fit and Proper is set out in Section 4.

Each of the criteria used in assessing fitness and propriety for the role must be considered in conjunction with the specific circumstances of the incident and the time elapsed since occurrence.

4. Responsibilities

The allocation of responsibility is described below:

Board
The Board is the owner of this Policy.

The Board will ensure that it has a full range of skills, knowledge and experience and/ or access to specific skills, knowledge and experience to run FMG and its subsidiaries operations. Any specific skills, knowledge and expertise that are required will be detailed in the Board Charter.

Directors and Relevant Officers (covered persons)
Covered persons are responsible for:

- Signing the Fit and Proper Declaration;
- Providing relevant information and documentation required for assessing fitness and propriety;
- Providing consent to FMG to obtain relevant information for checks listed in Appendix A; and
- Immediately providing information to FMG about any changes in circumstances that may influence the assessment of the individual's fitness and propriety for the role.

Conduct and Culture Committee

The Conduct and Culture Committee will ensure:

- Fit and Proper assessments are conducted for covered persons within three months after the approval of this Policy;
- Fit and Proper assessments are conducted for all new Director and Relevant Officer appointments; and,
- Fit and Proper assessments of incumbent Directors and Relevant Officers are conducted;
    - every three years; or
    - for Directors retiring by rotation, at the same time the Director is being evaluated in accordance with the Member Director Election and Appointed Director Policy,

  whichever is earlier.

The Board
The Board, in conjunction with the General Counsel are responsible for ensuring compliance with this Policy.

General Counsel
The General Counsel is responsible for:

- Maintaining a Register of all covered persons;
- Maintaining adequate documentation for each Fit and Proper assessment conducted in accordance with this Policy;
- Monitoring any changes to the Fit and Proper requirements of the Insurance (Prudential Supervision) Act 2010 and recommending the appropriate policy changes to the Board;
- Reviewing this Policy as needed, or every 12 months, whichever is less; and, if required, making recommendations on policy changes to the Board;
- Obtaining approval from the Reserve Bank for any intended changes to this Policy.

The Board has the authority to approve a Director or Relevant Officer to be Fit and Proper for the position they hold and for determining remedial action in situations where a Director or Relevant Officer is determined not to be Fit and Proper for a position. The Director being assessed will not be considered part of the Board for these purposes.

If there is a conflict of interest between the Board and the person being assessed (actual or perceived), the Board must consider if there is a material risk to the objectivity of the assessment. If there is a material risk, the Board may appoint another person that can approve the Fit and Proper assessment. That person must first pass a Fit and Proper assessment conducted by the Board.

5. Assessment process

Each person covered by this Policy must, prior to election or appointment:

1) Provide consent for the checks listed in Appendix A;
2) Sign the Fit and Proper Declaration (Appendix B);
3) Provide relevant documentation for qualifications and other relevant experience;

Steps 1 and 2 must be performed at least three yearly during the period that the person(s) are covered by the Policy.

The Board must assess that the covered person meets the Fit and Proper requirements. Assessment, which includes completion of the checks listed in Appendix A, must be made prior to the election or appointment and repeated at least every three years or earlier if there is a notified or suspected change in a person's circumstances. An adverse finding in one area may not necessarily render a person unfit or improper to hold the position. In some cases, the surrounding circumstances may be taken into account.

Completed assessments must be provided to the General Counsel who will maintain a Register of Fit and Proper assessments for covered persons. If the Board unanimously agrees that the individual meets the requirements set out in this Policy, it will sign the appropriate certificate in Appendix D.

The General Counsel will provide a copy of the Fit and Proper certificates to the Reserve Bank in relation to election or appointment of a new Director or Relevant Officer within 20 working days after the election or appointment of the person. For existing covered persons, the General Counsel will provide a copy of the Fit and Proper certificate(s) to the Reserve Bank upon request or at least every three years, whichever is earlier.

It should be noted that Member Directors who are retiring by rotation and standing for re-election at the next Annual General Meeting will be excluded from the assessment of other Member Director Candidates as there is a potential conflict of interest.

6. Persons not deemed Fit and Proper

A covered person who is considered not to be Fit and Proper will be immediately advised and be given the opportunity to provide additional information in support of their assessment. This additional information must be provided within 10 days of the Board's assessment and will be considered prior to making a final decision regarding the fitness and propriety of the person.

FMG will not appoint Directors or Relevant Officers in roles where they are assessed not to be Fit and Proper.

7. Compliance

FMG requires its Directors, Relevant Officers and the General Counsel to take all practicable steps to comply with this Policy. Compliance with this Policy will be periodically monitored by Internal Audit. Any known or suspected instances of non-compliance will be reported to the Board for full investigation and appropriate disciplinary action.

Failure to provide relevant and timely information for assessing the fitness and propriety of a person is considered serious misconduct and will result in disciplinary action which may lead to dismissal. Information about this will also be provided to the Reserve Bank.

8. Protected Disclosures

FMG has a Protected Disclosures Policy which is available on FMG's internal website (Insite). Any known or suspected instances of non-compliance can be reported, anonymously, if preferred, through the Protected Disclosures service for a full investigation and appropriate disciplinary action. In addition, any known or suspected instances of non-compliance can also be directed to the Reserve Bank for full investigation and appropriate disciplinary action.

9. Collection and Use of Information

Persons assessed under this Policy are deemed to consent to the collection and use of any personal information relating to them by FMG and the Reserve Bank for the purpose of assessment under this Policy and/ or compliance with the Privacy Act 2020 (as amended).

Persons assessed under this Policy must provide FMG with true, accurate and complete information at all times and must tell FMG if any of this information changes. Failure to comply with these requirements may result in disqualification from the Director election or appointment process.

The information provided will be stored at FMG's registered office as disclosed on the Companies Office Register. FMG will take all reasonable steps to ensure that information collected, stored, used and disclosed in relation to this Policy will be stored securely and will be handled at all times in accordance with the Act and any amendments.

Any material collected, created or compiled by the Board or its Committees, and any other person authorised by them, will be kept confidential except to the extent it is required to be disclosed to FMG Members for the purposes of supporting FMG's evaluation of a person under this Policy or the Member Director Election and Appointed Director Policy.

Under the Act, individuals have rights of access to, and correction of, the information FMG holds about them, subject to the provisions in the Act. Material about or relating to the evaluation of Candidates will only be released at the discretion of the Board.

Information collected or used in relation to this Policy or the Member Director Election and Appointed Director Policy will be retained for a reasonable period in accordance with FMG's information management business.

A copy of FMG's Privacy Policy is available on www.fmg.co.nz.

10. Policy awareness

A copy of this Policy will be provided to all current covered persons and to any person who is nominated, appointed or intended to be appointed to the role of Director, CEO, CFIO or Appointed Actuary. A copy of this Policy will also be available to all employees and contractors on Insite.

11. Changes to this Policy

Any material changes to this Policy must be provided to the Reserve Bank for review.

Appendix A: Checklist for Fit and Proper assessment

Person	Checks
Directors and Relevant Officers	Signed Fit and Proper Declaration (Appendix B)
	Criminal Record Check (Police Declaration)
	Bankruptcy Check (Credit check)
	Confirmation from the Reserve Bank - previously disqualified person
	Internet Search for adverse publicity
	Conflict of interest declaration
	Qualification and experience declaration and documentation supporting this (qualifications, references etc).
	Confirmation of professional membership and any suspension of membership
	Confirmation that the individual has not been subject to sanctions from any professional body (public or private)
Additional requirements for the Appointed Actuary	Confirmation that the individual is a Fellow of the New Zealand Society of Actuaries Incorporated; or Confirmation that the individual is the holder or an equivalent qualification approved by the Bank.

Appendix B: 'Fit and Proper' Declaration

I declare that I am a fit and proper person within the meaning of Fit and Proper Standards issued by the Reserve Bank of New Zealand (the Reserve Bank).

I specifically declare that:

1) I have the educational or technical qualifications, competence, diligence, judgement, character, honesty and integrity required to satisfactorily discharge the responsibilities of the position I hold or seek appointment to;

2) I have not:

    a) been, dismissed, asked to resign, or subject to disciplinary proceedings;

    b) been concerned with or taken part in the management of an organisation that has been put into liquidation, receivership, voluntary administration, or another insolvency procedure or has otherwise been wound up or dissolved on the basis that it could not pay its debts when due;

    c) been concerned with or taken part in the management of an organisation that the following entities have issued a warning to me as a Director or Relevant Officer of:

        - FMA,
        - Commerce Commission,
        - Registrar of Companies,
        - Registrar of Financial Service Providers,
        - Reserve Bank of New Zealand,
        - Takeovers Panel,
        - Serious Fraud Office,
        - Department of Internal Affairs,
        - NZX Limited, or
        - any of their predecessors, successors or overseas equivalents.

    d) declared to be subject to statutory management or judicial management;

    e) subject to an arrangement or process under the laws of an overseas jurisdiction that corresponds, or is similar, to any of those specified in subparagraph (1) or (2);

    f) entered into any procedure or arrangement with its creditors on the basis that it is unable to pay its debts when due, for example a moratorium arrangement;

3) I have not been the subject of civil or criminal proceedings or been found by a court or tribunal to have:
    a) engaged in an act, omission, or course of conduct that constitutes serious wrongdoing; or
    b) aided, abetted, counselled, or procured any other person to engage in an act, omission, or course of conduct that constitutes serious wrongdoing;

4) I have not at any time been adjudged bankrupt or otherwise entered into a procedure provided for under Part 5 of the Insolvency Act 2006.
    a) If you have been discharged from bankruptcy or any other procedure provided for under that Part, please state the time that has elapsed since you have been discharged: ____________

5) I am not the subject of current disciplinary action in respect of a profession or occupation (being disciplinary action taken by a regulatory or disciplinary body for persons engaging in that profession or occupation) and I have never been the subject of disciplinary action of the kind that has involved a finding of guilt, however expressed;

6) I have not at any time been prohibited from one or more of the following under an order made, or a notice given, under New Zealand law or the law of an overseas jurisdiction:

    a) being a Director of an entity; or
    b) being a promoter of an entity; or
    c) being concerned with or taking part in the management of an entity;

7) I have not:

   a) failed at any time to comply with the directions of the Reserve Bank given by or under this Act or any other regulatory body or any other enactment;

   b) failed to comply with the directions of an overseas supervisor given by or under the law of an overseas jurisdiction;

   c) obstructed or hindered the Reserve Bank in its exercise or performance of a power, function, or duty under this Act or any other regulatory body under any other enactment;

   d) obstructed or hindered an overseas supervisor in its exercise or performance of a power, function, or duty under the law of an overseas jurisdiction;

8) I have no conflict or potential conflict of interest (direct or indirect) that affects, or may affect, my proper performance of the duties of this position.

9) I have not engaged in or been associated with any conduct that could pose a brand and reputation risk to FMG.

10) I have not been convicted of any offence.
   a. If convicted of an offence at any time please specify:
      i. Nature of the offence...
      ii. The circumstances in which the offence was committed.......................................
      iii. The time elapsed since the offence was committed...
      iv. Your age when the offence was committed...

Note: if you cannot positively affirm the items above, please provide further information below:

I acknowledge that FMG may conduct checks and obtain references to establish that I am a Fit and Proper person and I provide my consent to FMG to perform any relevant checks, including criminal history checks and professional and occupational checks in New Zealand Aotearoa and overseas if required, and that any false statement I make in this declaration may lead to dismissal or removal from the Board or from the position I have been appointed to.

I further consent to the collection and use of any information by FMG to comply with this Policy or Section 37 of the Insurance (Prudential Supervision) Act 2010 and by the Reserve Bank for its powers and functions under that Act in connection with this Policy.

.... Date:..
Signature of Director,
or Relevant Officer

Appendix C: Fit and Proper considerations

The following constitute issues that should be considered when assessing the fitness and propriety of covered persons.

The person's qualification:

The career of the person being assessed and the relevance to the role at FMG must be considered to make this judgment.

FMG has Position Descriptions in place for Relevant Officers, which detail the duties and requirements for each position.

Directors are expected to have appropriate competence for their role.

Collectively, it is expected that the Board of Directors have a full range of skills, knowledge, and experience to run FMG and its operations, and avoid a concentration of particular skills and experience.

Any involvement the person has had with organisations in financial or managerial trouble (including any overseas companies) or individual matters with the relevant organisations must be disclosed.

The role that the person played should be considered as well as the time passed since their involvement.

The person's involvement or management of persons or organisations put into liquidation, receivership, voluntary administration or other insolvency procedures or has otherwise been wound up or dissolved on the basis that it could not pay its debts when due is a material factor to be taken into consideration when assessing fitness and proprietary.

Whether the individual has been dismissed, asked to resign, or has been or is subject to disciplinary proceedings.

The involvement of the person in the management of an organisation that following entities have issued a warning to the individual as a Director or Relevant Officer of:

- FMA,
- Commerce Commission,
- Registrar of Companies,
- Registrar of Financial Service Providers,
- Reserve Bank of New Zealand,
- Takeovers Panel,
- Serious Fraud Office,
- Department of Internal Affairs,
- NZX Limited, or
- any of their predecessors, successors or overseas equivalents.

Any criminal or civil wrongdoing of the person.

Consider the nature of the activity. Be especially aware of any fraudulent activities and/ or activities that constitute serious wrongdoings whether committed or if the person assisted or promoted another person to commit.

Has the person at any time been adjudged bankrupt or otherwise entered into a procedure provided for under Part 5 of the Insolvency Act 2006?

Has the person been discharged from bankruptcy and the period since this discharge?

Any disciplinary or occupational disciplinary action taken against the person both in New Zealand Aotearoa and overseas.

Consider the conduct of the person and the penalty incurred.

Has the person been prohibited from being a Director, promoter or taking part in the management of an entity, in New Zealand Aotearoa and/ or overseas?

Consider the conduct(s) and time elapsed.

Has the person at any time failed to comply with directions given by the Reserve Bank or an overseas supervisor?

Consider the nature of the directions given and the circumstances.

Has the person at any time hindered the Reserve Bank or an overseas supervisor in fulfilling its responsibilities?

Consider the nature of hindrance and time elapsed and any penalties imposed.

Any conflicts of interest?

Consider the nature and any mitigations.

Any convictions?

Consider the nature of convictions, time elapsed and penalties imposed.

Any conduct that poses an unacceptable brand and reputation risk to FMG?

Consider the nature of the conduct time lapsed and any circumstances around the conduct. Consider the potential impact on any association of the conduct on FMG's brand and reputation.

Appendix D:

Certificate 1

Section 18 - Fit and Proper Certificate for a Licence Applicant’s Directors and Relevant Officers

FMG Insurance Limited

Relevant Information

Insert full name of each Director or Relevant Officer and position held:

Certification from all Directors that these persons are in accordance with FMG’s Fit and Proper Policy

In the opinion of the Directors of FMG Insurance Limited after due inquiry by us, the above-named persons are, in accordance with FMG’s Fit and Proper Policy, Fit and Proper persons to hold their respective positions.

Directors(s)’ signature(s)

Signed:

Signed:

Certification from each Director or Relevant Officer as to accordance with FMG’s Fit and Proper Policy

I, [name], certify that in my opinion I am, in accordance with FMG Insurance Limited’s Fit and Proper Policy, a Fit and Proper person to hold the position of [insert position name].

Signed: [Director/ Relevant Officer]

Information required for each Director and Relevant Officer

Full name:

Previous names (if any):

Residential address:

Date of birth:

Certificate 2

Section 37 - Fit and Proper Certificate for a Licenced Insurer’s Directors and Relevant Officers

FMG Insurance Limited

Relevant Information

Full name:

Previous names (if any):

Residential address:

Date of birth:

Date of election or appointment;

Certification from all Directors that this person is Fit and Proper

In the opinion of the Directors of FMG Insurance Limited after due inquiry by us, the above-named person is, in accordance with FMG’s Fit and Proper Policy, a Fit and Proper person to hold the position of [insert position name].

Certification from Director or Relevant Officer as to accordance with FMG’s Fit and Proper Policy

I, [name], certify that in my opinion I am, in accordance with FMG Insurance Limited’s Fit and Proper Policy, a Fit and Proper person to hold the position of [insert position name].

Signed: [Director/ Relevant Officer]

Date:

Summary of information

Our opinion that the person satisfies FMG Insurance Limited’s Fit and Proper Policy is based upon the following information:

[information listed]

Director(s)’ signatures(s):

Signed:

Signed:

Date:

Appendix 2 - Policy Compliance

FMG must ensure it is able to demonstrate compliance with the principles and requirements of this Policy by implementing appropriate policies, processes, procedures and frameworks.

Compliance Monitoring and Reporting:

As a minimum, the following compliance monitoring should be performed:

- Review and confirm compliance at least once a year.
- Report to the relevant regulator on any changes to the Policy.

Appendix 3 – Roles and Responsibilities

Role	Responsibilities
The Board	• Reviews and approves the Policy;
Conduct and Culture Committee	• Advises the Board on the election of Member Directors; • Administers and advises the Board on the appointment of Appointed Directors;
General Counsel	• *Monitors compliance with the Policy;* • *Administers the process for the election of Member Directors and advises both the Conduct and Culture Committee and Board.*

Key Contacts	• Chair of the Board, • Chair of the Conduct and Culture Committee, • General Counsel.	
Approval Authority	FMG Board	
Version/ Dates	Version Date: August 2025 Date of next review: February 2026	Prior Version Provided: February 2025