



FMG Sustainability Report

Mutuality is a guiding principle that shapes our approach to sustainability. Just as sustainability is about meeting the needs of the present, without compromising the ability of future generations to meet their own, mutuals emphasise the importance of shared benefits and building long-term relationships. Mutuals also try to put the needs of people and planet ahead of maximising profits, reinvest back into the business and support their local communities. Fundamentally, mutuals believe in using business as a force for good.

As climate risks become increasingly evident and costly, we're proud of the resilience and sustainability practices demonstrated by Aotearoa/New Zealand farmers and growers.

FMG is strongly connected to the rural sector, and we recognise our responsibility to help farmers and growers continue to navigate their risks and continuously improve on what they already do well.

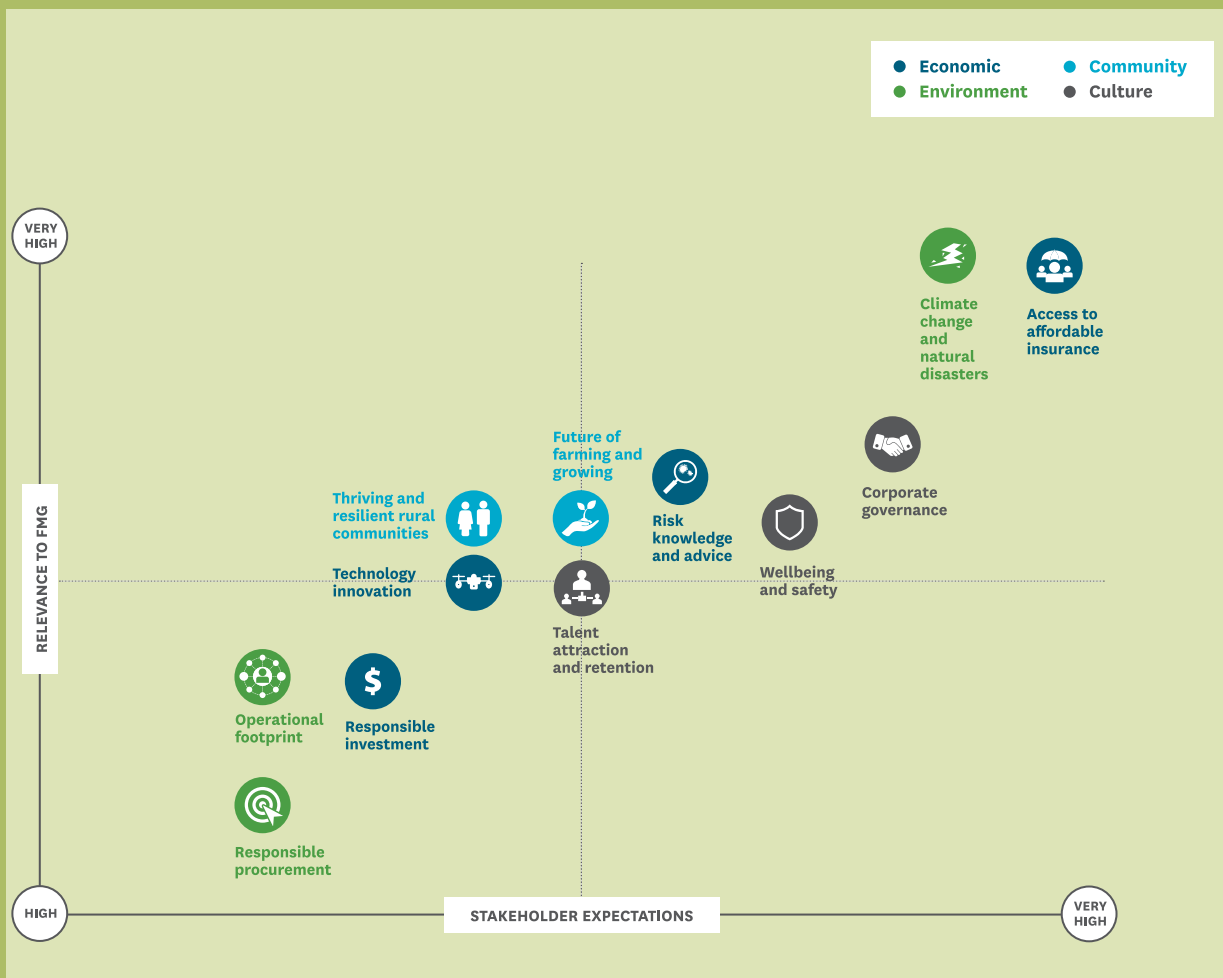
We aim to be a trusted partner, offering not only specialist rural insurance, but also advice and expertise to help further enhance rural lives and livelihoods. This extends beyond insurance, into actively supporting strong and prosperous rural communities.



Materiality assessment

FMG purposely takes a holistic approach to sustainability – looking across four key pillars: Economic, Environment, Community and Culture.

To better understand the importance of different aspects of sustainability we carried out a materiality assessment; identifying 12 key risks and opportunities and then asking our clients, FMG’s Board of Directors and our employees to rank them in terms of their priority and importance to FMG.



Source: 895 clients through Nielsen Research, 600 FMG employees through internal surveys

Key risks and opportunities



Access to fair and affordable insurance

Maintaining fair and affordable insurance is the priority for FMG. Reality is that the frequency and intensity of major weather events, alongside supply shortages, inflation and other global influences is having an impact on insurance. With a mutual model, and by taking a long-term view, FMG is well placed to support people through these challenges.

We aim to keep premium increases to a minimum, while building a resilient and solvent business.

Many of our reinsurers have been business partners of FMG for decades. They have confidence in FMG because we have a clear and consistent business model and a good understanding of the risks we insure.

FMG also prides itself on being an advice-led insurer. We take our 118 years' of experience and expertise – coupled with the knowledge of our support partners, to help clients identify and reduce the risk of damage to property and disruption to their lives and businesses.



Climate change and natural disasters

FMG is focused on building financial and operational resilience, products and advice to ensure we can respond and support clients through the impacts of a changing climate.

Our research shows that members and clients have a good level of comfort and certainty that FMG is making decisions that will keep FMG profitable (without maximising profits). This involves continuing to improve our data around the impacts of climate risk, helping to ensure we can maintain the affordability of insurance into the future.



Corporate governance

Aotearoa/New Zealand is the first country in the world that requires the financial sector to report on climate-related risks by 2024. FMG is working closely with the Insurance Council of New Zealand and other relevant bodies to build the additional expertise and resource needed – ensuring that we are compliant with legislative and regulatory requirements.

FMG has maintained our “A” Excellent AM Best credit rating and continues to comply with the Fair Insurance Code.



Wellbeing and safety

Like our farmers and growers, FMG prioritises the wellbeing and safety of employees to create a mature and integrated wellbeing and safety culture. Alongside a dedicated wellbeing and safety team, accountability extends to both Executive and Board leadership.

Our goal is to achieve a 70% Safety Maturity score in the Safe 365 index, a measurement of safety performance and governance within FMG. Striving for this will help us provide an even safer environment for our people.



Risk knowledge and awareness

FMG underwrites more rural risk than anyone else in Aotearoa/New Zealand. This means our claims data provides unique insights into the challenges facing rural businesses. By drawing on this data, partnering with experts and researching industry best practice, FMG is able to provide loss prevention and risk management advice, helping clients avoid losses and minimise disruption to their lives and livelihoods.

To continuously improve our advice, FMG is exploring the provision of more tailored risk management solutions, helping clients better understand both their existing and emerging risks, including driver safety, cyber security, and the impacts of climate change.



Future of farming and growing

FMG will continue to take an active role in addressing future challenges and risks facing farmers and growers. For FMG this extends beyond our advice-led insurance – supporting new and emerging leaders with opportunities such as our new FMG Board, Associate Director position and rural leadership programmes; Nuffield, Kellogg, New Zealand Young Farmers, Agri-women’s Development Trust and FMG’s own Ag Scholarships. FMG will also continue to strengthen our partnerships with like-minded organisations: Federated Farmers, Farmlands, Ruralco and Irrigation New Zealand.



Talent attraction and retention

FMG has long believed that everything is about people. We will always strive to maintain a positive, skilled and diverse employee culture, because the better we look after ourselves, the better we look after the business.

For the second year running, FMG has been ranked one of the best places to work in the world in the Gallup Exceptional Workplace Awards. Compared against 800,000 organisations across the globe, winners are based on exceptionally high employee engagement, driven by factors including professional development, a winning culture and strong leadership.

FMG continues to support the growth of our people’s careers, and in the last year, 45% of all career opportunities were internal promotions.

FMG commits to an annual remuneration review to ensure we maintain market competitiveness for all our permanent employees. This year there has been a heightened focus on employees in entry level roles. FMG is proud to implement a framework that has all entry level roles above the living wage.



Thriving and resilient rural communities

We believe in investing back into the communities that support us, and know how important it is to be there at local events – not just the big ones. You may have seen us out and about at dog trials, lamb and calf days, Melanoma New Zealand Spot Checks, community fundraisers, Golden Shears, Horticulture Champs, and of course, the coveted FMG Young Farmer of the Year Contest.

Last year, FMG partnered with Maniototo farmer, Becks Smith, to launch a brand-new podcast series – The Whole Story, inspiring holistic sustainability in agriculture. Guest speakers included Lindy Nelson, Kane Briscoe, Wayne Langford and Julia Jones. Based on its success, FMG has signed on to produce a second season.



Technology innovation

FMG is responding to the changing needs of how our clients want to do business. FMG Connect, our online service, provides 24/7 support for clients, allowing them to access their insurance information, manage their policies and make claims.

FMG Connect has grown in the last 12 months, and there are now 57,000 registered users who enjoy the choice, convenience and control of making a claim and managing their insurances online.

The value of the mutual model is that we've added a digital service that future-proofs the business, while complimenting our traditional client service, in-person and over the phone.



Responsible investment

Sustainability plays an important role in our investments and is considered as part of the decision-making process. When assessing a fund manager, we emphasise the importance of sustainable investing.

All of FMG's current fund managers meet these three requirements:

1. Operate policies that prevent investment in companies that are directly involved in the activities excluded by the New Zealand Superannuation Fund.
2. Be signatories to the United Nations Principles for Responsible Investment (UNPRI).
3. Have a socially responsible investment policy, ethical investment policy, or similar policy that can be inspected and reviewed.



Operational footprint

FMG's absolute emissions have increased over the last two years. This is reflective of travel patterns returning to pre-COVID levels. Despite this, FMG remains on track to meet its emissions reduction goal of 30% by 2030 (per FTE). Importantly, this will be achieved by consuming less and investing in lower emission vehicles, rather than relying on exotic forestry offsets or other investments we deem harmful to the prosperity of rural communities.

Absolute net Green House Gas (GHG) emissions in the Financial Year ending 31 March 2023 (FY23) were 2,159.42 tonnes CO2e. This is a 21% increase on FY22 levels and a 0.2% increase on FY19 (base year) levels.

Intensity net GHG emissions in FY23 were 2.54 tonnes CO2e per FTE. This represents an 18% increase on FY22 levels and a 21% decrease on FY19 (base year) levels.



Responsible procurement

As a 100% Kiwi-owned business, and in line with our values, FMG tries to use locally produced products and services wherever possible with a view to support building strong and prosperous rural communities. An example of this is FMG's pre-approved Collision Repairer network (currently 88 repairers strong) – which was purposely built to empower local repairers to get on with the job by removing unnecessary administrative tasks.

This year, FMG extended its pre-approved network to include agricultural vehicle claims, with our pre-approved repairers: Norwood and Drummond & Etheridge.

FMG emissions by emissions source FY23

