

**FARMERS' MUTUAL GROUP and  
FMG INSURANCE LIMITED (collectively FMG)  
CONDUCT and CULTURE COMMITTEE CHARTER**

## **1. Formation**

The Farmers' Mutual Group Board and the FMG Insurance Limited Board (collectively the **Board**<sup>1</sup>) establish, by this Charter, the Conduct and Culture Committee (**Committee**).

## **2. Purpose and Authority**

The purpose of the Committee is to assist the Board in the discharge of its responsibilities in respect of oversight of Conduct and Culture together with Board Governance arrangements and the associated appointment of Directors specifically with respect to the development of CoFI (Conduct of Financial Institutions) regulation and the RBNZ and FMA's joint Governance Thematic Review.

## **3. Responsibilities**

The Committee has responsibility for:

### **Oversight of the Establishment, Implementation and Management of FMG's Fair Conduct Programme (FCP):**

- a) reviewing regular updates from Management regarding the progress of establishing and implementing FMG's Fair Conduct Programme;
- b) endorsing and recommending that the Board approve FMG's Fair Conduct Programme (as expressed in framework documentation) and Financial Institution License application;
- c) endorsing and recommending that the Board approve the programme of work necessary for FMG to implement FMG's Fair Conduct Programme;
- d) endorsing and recommending that the Board approve any change to FMG's Fair Conduct Programme, once established;
- e) overseeing and monitoring key metrics related to FMG's Fair Conduct Programme.

### **Oversight of Board Governance Arrangements**

- f) making recommendations to the Board with respect to its approach to governance, including Board composition and conflicts of interest, considering findings of the Reserve Bank of New Zealand and Financial Markets Authority in their joint Governance Thematic Review;
- g) overseeing the regular evaluation of Board processes and performance of the Board as a whole, as well as the contributions of individual Directors.
- h) overseeing ongoing professional development for all Directors.

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<sup>1</sup> The Board may appoint an Associate Director. This role has no legal obligations to discharge the duties of the Committee.

### **Member Director Elections and Appointed Directors**

- i) assist the Board in ensuring that all new Directors meet the criteria as set out in the Member Director Election and Appointed Director Appointment Policy and have the appropriate qualifications, skills, and experience to meet the requirements of the role;
- j) assist the Board in ensuring that all new Directors and Relevant Officers meet the 'Fit and Proper' requirements as set out in the FMG Fit and Proper Policy and ensure that the appropriate certificates are executed;
- k) ensure the Fit and Proper assessments of incumbent and new Directors and Relevant Officers are conducted at least every three years in accordance with the Fit and Proper Policy and ensure that the appropriate certificates are executed;
- l) oversee the process for the appointment of new Directors in accordance with the Member Director Election and Appointed Director Appointment Policy and provide recommendations to the Board;
- m) assist the Board in ensuring it has the skills, knowledge and experience required for the appropriate governance of FMG;
- n) oversee the induction programme for new Directors.

### **Oversight of Conduct and Culture at FMG**

- o) oversee and monitor FMG's approach to Conduct and Culture, including reviewing Conduct Reporting from Management, such as Conduct Risk indicators and indicators of FMG's internal culture.
- p) make recommendations to the Board with respect to FMG's approach to Conduct and Culture as and when necessary;
- q) support Management in any engagement with regulators with respect to Conduct issues as and when necessary;
- r) oversee culture to ensure that Management are setting the tone for how employees should behave;
- s) hold focus groups with employees to discuss their views and understanding of Conduct and Culture as organised by the Chief People Officer.

## **4. Membership**

The Board will appoint and remove the members of the Committee, including its Chair, as it sees fit. The Committee will consist of not less than three Directors.

All Members should have experience to be able to consider and contribute to the matters for which the Committee is responsible.

The Chair of the Committee cannot be the FMG Board Chair. The Committee should be of sufficient size to manage the functions it conducts.

## **5. Meetings**

The Committee will meet no less than four times per year, either in person or by video or telephone conference. The quorum is three members present. If a member is unable to attend, the Chair may appoint another Director to serve as an alternate. The Chair will convene a meeting if requested to do so by any Director or the Chief Executive.

At the invitation of the Committee, any employee of FMG, or its subsidiaries may attend a meeting but will withdraw from the meeting at the request of the Chair.

Committee papers will be distributed to all Directors and invitees prior to the meeting.

Minutes of the Committee meetings will be provided to all Directors.

## **6. Reporting**

After each meeting and as regularly as deemed necessary, the Chair is to report to the Board about Committee activities, findings, issues, and related recommendations.

The Committee will ensure that there is an open avenue of communication between the Board, FMG Management and other employees.

The Committee is authorised by the Board to investigate any activity within its responsibility. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.

The Committee may obtain outside legal and/ or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject to prior approval from the Chair of the Board.

## **7. Charter Review**

This Charter will be reviewed from time-to-time and amended as appropriate.