



BSP LIFE PNG LIMITED

FIT & PROPER POLICY

AUGUST 2020

DOCUMENT CONTROL

Document Information

	Information
Policy Name	Fit & Proper Policy
Policy Level	Corporate Governance Policy
Document Owner	BSP Life PNG Ltd Board
Document Author	Quality Assurance Manager/Operations Manager

Document History

Version	Issue Date	Changes
1.0	August 2020	Adapted from BSP Group & Updated to suit BSP Life PNG

Document Approvals

Name	Date
BSP Life PNG Ltd Board - RNC Meeting Minutes	18 August 2020

Contents

1. STATEMENT OF POLICY	4
1.1 Introduction	4
1.2 Purpose	4
1.3 Scope	4
2. DEFINITIONS	4
2.1 Key Terms.....	4
2.2 Definition of Fit & Proper Criteria	5
3. REQUIREMENTS OF THE POLICY	7
3.1 Minimum Requirements.....	7
3.2 Fit and Proper Criteria.....	7
3.3 Information Requirement for Fit and Proper.....	8
3.4 Implementation and Specific Requirements.....	10
3.4.1 Executive Officers	10
3.4.2 Corporate Shareholder Controllers.....	11
3.5 Policies and Procedures.....	11
3.6 Bank of Papua New Guinea.....	11
4. ASSESSMENT	12
4.1 BSP Life Board.....	12
4.2 Bank of Papua New Guinea.....	12
4.3 Declined Applications.....	12
4.4 Appeal Process.....	13
4.5 Corrective Measures	13
5. ROLES AND RESPONSIBILITY	13
5.1 Board of Directors.....	13
5.2 Shareholder Controller / Indirect Controller	14
5.3 Country Heads	14
5.4 Employees	14
5.4 External Auditor	14
5.5 Whistle Blower Policy.....	15
6. AMENDMENTS/ REVIEW TO THIS POLICY	15
6.1 Amendments	15
6.2 Review	15

1. STATEMENT OF POLICY

1.1 Introduction

This policy document outlines the Fit and Proper Requirements pertaining to BSP Life PNG Ltd ("BSP Life") and should be read in conjunction with the fit and proper requirements set out by Bank of Papua New Guinea ("BPNG").

The regulatory body with the fit & proper requirements relating to a licensed Life Insurance Company is as follows:

Bank of Papua New Guinea - Life Insurance Prudential Standard 8/2008- Fit and Proper Requirements (BPNG)

1.2 Purpose

The purpose of this standard is intended to ensure that all persons who are executive officers, shareholder controllers or indirect controllers of BSP Life PNG Limited are fit and proper persons.

The interpretation/definition of senior management as currently advised by BPNG is as follows:

BSP Life PNG Limited ("BSP Life")

- Board of Directors
- Country Manager
- Responsible person from management; and
- Persons as determined by BPNG from time to time

1.3 Scope

This policy applies to every person who is to be, an executive officer, a shareholder controller or an indirect controller, a manager, an officer or a life insurance agent must be a fit and proper person to hold the position, which he or she holds.

2. DEFINITIONS

2.1 Key Terms

Executive Officers – means a chief executive officer, director or country manager.

Financial Institutions – includes a bank or licenced financial institution registered under Banks and Financial Institutions Act 2000, a life insurance registered under the Banks and Financial Institutions Act 2000, a life insurance company licensed under the Life Insurance Act 2000, a superannuation fund authorised under the superannuation (General Provision) Act 2000, a general insurance company licensed under the Insurance Act 1995 or similar in a foreign country.

Indirect controller - means either -

- a) a person or persons in accordance with whose direction or instructions the directors of the licence holder or any holding company or any shareholder controller of a licence holder are accustomed to act or are under an obligation, whether formal or informal, to act; or
- b) a person or persons declared by the Central Bank to be an indirect controller for the purposes

of this Act by written notice under Section 29;

Licence Holder – means a life insurance company or life insurance broker licenced under the Act.

Life Insurance Agents – means a person providing marketing, selling, management or any other similar services to a licensed life insurance company under this Act.

Life Insurance Company – means all life insurance companies licensed under the Act to carry on life insurance business in PNG.

Life Holding Company – means anybody corporate, partnership or joint venture that is a shareholder controller of a life insurance company.

Manager (Country Manager) – means in relation to a licence holder, a person (other than a chief executive) who, under the immediate authority of a chief executive or director of a licence holder –

- i) Exercise managerial functions; or
- ii) Is responsible for maintaining the accounts or other records of the license holder.

Person – means any natural person who is a director, executive officer or a manager of a licence holder of a life holding company, or of a subsidiary that is owned or controlled by a license holder. The term ‘person’ also means a natural person or a body or corporate that is a shareholder controller or indirect shareholder controller of a licence holder or a life holding company that is a shareholder controller or an indirect controller of a licence holder.

Recipient - means an entity receiving a notice or direction issued by the Central Bank, including, but not limited to, a license holder or an officer of a license holder, a shareholder controller or indirect controller, an auditor, actuary or legal representative engaged by a license holder, and any service provider engaged by a license holder.

Shareholder Controller - means a person who, either alone or with any associate or associates has a stake in -

- a) a licence holder under this Act; or
- b) a holding company of a licence holder, of more than 15%;

2.2 Definition of Fit & Proper Criteria

The fit and proper status for responsible persons, as a minimum, will be assessed against the following criteria: -

- Honesty, integrity, reputation, good character and fairness;
- Education, competence, capacity, capability; and
- Financial soundness.

Good Character – qualities which include honesty, integrity, fairness and reputation, that are demonstrated over time.

Qualifications Individual – whether a person has sufficient qualifications, in terms of relevant industry or business experience, public company directorship experience and academic qualifications, to reasonably conclude that he/she will be able to discharge satisfactorily the duties and responsibilities of his/her proposed position.

Qualifications Collective – whether the board collectively has sufficient qualifications, in terms of relevant industry experience, business experience, public company directorship experience and

academic qualifications, to reasonably conclude that it has been, and will continue to be, able to discharge satisfactorily its duties and responsibilities.

Competence Individual – whether a person has exhibited competency, in relevant business, industry or board situations, to reasonably conclude that he/she will be able to discharge satisfactorily the duties and responsibilities of his/her proposed position.

Competence Collective – whether the board collectively has exhibited competency, in terms effective overview of the company's operations, effective strategic direction, effective financial and risk management, to reasonably conclude that it has been, and will continue to be, able to discharge satisfactorily its duties and responsibilities.

Mental Capacity – whether a person has sufficient mental capacities to reasonably conclude he/she is of sound mind and able to carry out satisfactorily the duties and responsibilities of his/her proposed position.

Removal or Suspension – whether a person has not been, or is not being, removed or suspended, by order of a financial institution regulatory authority in countries where BSP operates (including subsidiaries and joint ventures) or in another foreign country, as a director, officer or shareholder controller of any licensed financial institution to operate those countries or in another foreign country unless such removal or suspension is solely the result of his/her political affiliation and in no way relates to his/her performance, conduct or competency as a director, officer or shareholder controller of a licensed financial institution.

Offences and Breaches – whether a person has ever contravened any provision of the Life Insurance Act or any rule or order issued thereunder, or has been guilty of gross negligence or wilful or intentional misconduct as those terms contextually apply in the specific Act.

Winding Up or Liquidation – whether a person has been, or is, a director, executive officer, manager or shareholder controller of a life insurance company to carry on life insurance activities within PNG and which has been, or is being, wound up or liquidated compulsorily.

Positions in Other Financial Institutions – whether a person is a director, executive officer, manager or shareholder controller of another life insurance company operating in PNG in which the person is or will be a director, executive officer, manager or shareholder controller.

Censures – whether a person has ever been censured, prosecuted, warned as to conduct, disciplined, or publicly criticized by, or made subject to a court order by any governmental department or agency, professional association, or regulatory body in PNG.

Convictions or Administrative Orders – whether a person has ever been convicted of or imprisoned for any offense, or has had an administrative order served on the person in PNG within the last 10 years.

Litigation – whether a person has engaged or is expecting to be engaged in litigation, in PNG, which may have a material adverse effect on the resources of BSP Life PNG Limited or its promoters.

Judgments – whether a person has, within the last 10 years, failed to satisfy within one year a judgment of debt under a court order in PNG.

Fraud – whether a person has ever been judged by a court, in PNG, to be civilly liable for fraud, malfeasance, or any other misconduct.

Bankruptcy or Debt Compromise – whether a person has ever been judged bankrupt by a court, in PNG, or has made any compromise or otherwise failed to satisfy his/her creditors in full within the last 10 years.

Taxes – whether a person has not satisfied all undisputed obligations for taxes due and payable to the Internal Revenue Commission.

Political Office – whether a person holds an appointed or elected position in Parliament, a Provincial Council, or a local authority in PNG, or is an officer of a recognized political party as referenced in the Constitutions of BSP Life.

Resources – whether in the case of a body corporate, a person does not have, or have ready access to, sufficient financial, managerial, technological, intellectual or other relevant resources to reasonably conclude that the person will be able to discharge satisfactorily the duties and responsibilities of the proposed position.

3. REQUIREMENTS OF THE POLICY

3.1 Minimum Requirements

In line with the requirements of the prudential standards, below are the minimum requirements of the processes that will be involved in implementing the Policy:

- The Board will be responsible in conducting the Fit and Proper assessment of responsible persons of BSP Life. The Group's Company Secretary and the Board's Remuneration and Nomination Committee (RNC) will support the Board in carrying out this task annually and as and when new appointments are made;
- Each responsible person will provide the necessary information needed for the assessment (as outlined under clause 3.1.2 of this policy)
- The information provided by responsible persons will be reviewed by the Board and provided to BPNG for final assessment.
- The Group's Company Secretary will maintain a central repository or register of all fit and proper assessments/documentation for the BSP Group.
- A declaration of compliance with this policy must be provided to BPNG as part of the Annual Attestations.

3.2 Fit and Proper Criteria

In determining whether a person is Fit and Proper, BPNG must consider all matters specified in LIPS 8/2008 Fit and Proper Requirements and Schedule 2 of the Life Insurance Act 2000.

BPNG may determine whether to object a person not meeting the fit and proper requirements, shall consider all matters including written representations from the recipient (BSP Life) of the notice.

3.3 Information Requirement for Fit and Proper

Each person required to undergo a fit and proper person assessment must provide the following information to BPNG:

1. **Current Curriculum Vitae (CV)** and copies of **Educational Certificates**. Include in the CV the following:
 - a) Name, Address - Full name and physical address (current and permanent or immediate past);
 - b) Nationality - the citizenship and national identity or passport number;
 - c) Birth date - date and place of birth;
 - d) Position - provide details of the position and/or title the person will hold in the company;
 - e) Qualifications - provide listing of the professional and academic qualifications;
 - f) Employment History - Information regarding the employment history and professional experience for the past 10 years. Include name and address of employer, nature or type of business, title and duties/responsibilities and date employed, and date and reason for leaving. Provide complete details regarding positions held in financial institutions, the number of employees and/or assets supervised, lending authority, etc. and the performance of the institution or department for which responsible. If the person has ever been dismissed or otherwise terminated from any office or employment, been subject to disciplinary proceedings, or barred from entry to any profession or occupation, provide details;
2. **Police Clearance Report:** Obtain and provide a current police clearance report;
3. **Personal Financial Statement:** Provide personal financial information using the format in Appendix 2 Individual Financial Statement. Supporting schedules must be included to explain aggregated data and for all real estate, notes and accounts receivable, and proprietary interests in unlisted shares or closely held companies. Methods and assumptions used in establishing values for real estate, unlisted shares, or closely held companies must be fully disclosed. Dates and amounts shown in the supporting schedules must correspond to those shown in the financial statement. If unlisted shares are shown as an asset and if such shares represent 10% or more of the net worth of the person submitting the financial statement, then financial statements for the underlying company (ies) must be provided for the most recent two (2) full years. BPNG may require submission of additional information, including real estate or business valuations, in order to accurately assess financial strength and capacity;
4. **Register of Assets:** Provide a listing of all assets held/owned using format in Appendix 3 Individual Asset Register;
5. **Signed Statutory Declaration:** Each person must complete and sign a statutory declaration attesting to meeting the fit and proper criteria, undertaking to inform BPNG within 7 days in event of not meeting the criteria and giving consent to BPNG to make inquiries and verify information. Use the format in Appendix 4 Individual Statutory Declaration; and
6. Provide information on the following matters and attach or include any supporting details:
 - a) **Affiliations:** Provide the name of any other financial institution with which the above person is now or will be affiliated as a director or executive officer. Indicate his title or official capacity, duties/responsibilities in the other financial institution, and describe any relationship which now exists or will exist between the other institution and the proposed institution.

- b) **Shareholder Controller of Any Other Financial Institution:** If the above person is now or ever has been a shareholder controller (owning 15% or more of voting shares) of any other financial institution, provide details thereof including any relationship which now exists or will exist between the other financial institution and the proposed institution.
- c) **Membership in Professional or Trade Associations:** If the above person is now or will be a member of any professional or trade association concerned with financial activities in Papua New Guinea or elsewhere, provide details including whether such membership has ever been refused or terminated.
- d) **Censures:** Has the above person ever been censured, prosecuted, warned as to conduct, disciplined, or publicly criticized by, or made subject to a court order by any governmental department or agency, professional association, or regulatory body in Papua New Guinea or elsewhere? If so, provide details.
- e) **Convictions or Administrative Orders:** Has the above person ever been convicted of any felony offence, or has a petition for an administrative order been served on him, in Papua New Guinea or elsewhere, within the last 10 years? If so, provide details.
- f) **Investigations:** Has the above person ever been or is he now subject to an investigation, in Papua New Guinea or elsewhere, by or at the instigation of any governmental department or agency, professional association, or other regulatory body? If so, provide details.
- g) **Litigation:** Is the above person engaged or expecting to be engaged in litigation, in Papua New Guinea or elsewhere, which may have a material effect on his resources or his ability to financially support the proposed institution? If so, provide details.
- h) **Judgments:** Has the above person, within the last 10 years, failed to satisfy within one year a judgment of debt under a court order in Papua New Guinea or elsewhere? If so, provide details.
- i) **Fraud:** Has the above person ever been judged by a court, in Papua New Guinea or elsewhere, to be civilly liable for fraud, malfeasance, or any other misconduct? If so, provide details.
- j) **Bankruptcy or Debt Compromise:** Has the above person been judged bankrupt by a court, in Papua New Guinea or elsewhere, or has a bankruptcy petition ever been served on him within the last 10 years, or has he made any compromise arrangement or otherwise failed to satisfy his creditors in full within the last 10 years? If so, provide details including obtaining a current police clearance certificate.
- k) **Receiver:** Has a receiver of any property of the above person been appointed within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the receiver is still acting under the appointment.
- l) **Liquidation:**
 - (1) **Voluntary** - Has a notice of resolution for the voluntary liquidation of the above person been issued within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the liquidation has been fully resolved.
 - (2) **Compulsory** - Has a petition for the compulsory liquidation of the above person been served within the last 10 years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the petition has been fully resolved.
- m) **Income Taxes:** Is the above person in good standing with the Internal Revenue Commission in Papua New Guinea or in any other jurisdiction, or does he/she have any tax liabilities, which are unpaid, or in dispute?
- n) **Share Registrations:** How many shares in the proposed institution are or will be registered in the name of the above person or in the name of a related party? Provide the name(s) in which the shares will be registered and the class of shares if not ordinary shares.

- o) **Beneficial Interest:** How many shares in the proposed institution, which are not registered in the name of the above person or in the name of a related party, will the above person have a beneficial interest in? Provide the name(s) in which the shares will be registered and the nature of the beneficial interest.
- p) **Trustee or Nominee:** Does or will the above person or any party related to him hold shares in the proposed institution as a trustee or nominee? If so, provide details.
- q) **Assignments or Pledges:** Are or will any of the shares in response to Questions (n)-(p) above be equitably or legally assigned or pledged to any other party? If so, provide details.
- r) **Voting Authority.**
 - (1) **Direct** - What proportion of the voting shares at any general meeting of the proposed institution, or of any other organization of which the proposed institution is a subsidiary, is or will the above person be entitled to vote or exercise control over? Provide details of such voting authority or control.
 - (2) **Indirect** - If the exercise of voting power at any general meeting of the proposed institution, or of any other organization of which the proposed institution is a subsidiary, is or may be controlled or influenced by someone other than the above person, provide the identity of such other person and the proportion of voting power so controlled or influenced.
- s) Any other information, which may assist BPNG in evaluating this application.

3.4 Implementation and Specific Requirements

3.4.1 Executive Officers

Pursuant to Section 20(1) of the Act, every licence holder shall ensure that the criteria specified in Schedule 2 of the Act, any provisions of this prudential standard and any determination or ruling made under any provisions of the Act are fulfilled when appointing or continuing with the appointment of persons as executive officers.

BSP Life must ensure that, at all times, each of its executive officers it appoints or engages is a fit and proper person to hold the office or engagement that he or she holds.

BPNG may, by notice under section 29 of the Act, require BSP Life to remove from office or no longer engage a specified executive officer who, in the opinion of BPNG:

- i) does not comply, with the applicable provisions of the Act and this prudential standard; or
- ii) is otherwise not a fit and proper person to hold the office or engagement that he or she holds.

For the purposes of determining whether:

- i) a person is a fit and proper person to hold a licence under the Act, or a particular office or position; or
- ii) a person can be relied on to perform, in a fit and proper manner, the duties of a licence holder or of a particular office or position;

regard must be had, among other things, to the matters set out in Schedule 2 in relation to the person.

BPNG may, at any time for determining whether a person is fit and proper person to hold the office or engagement that he or she holds, may by written notice require the person to give BPNG, as specified in the notice, information or documents specified in the notice relevant to fit and proper person requirements.

3.4.2 Corporate Shareholder Controllers

Each individual person of each corporate shareholders that owns or controls, or will own or control, 15% or more of the outstanding shares of BSP Life may be required to provide the following information to BPNG;

- All information specified in Appendices 1, 2, 3, 4, 5 and 6 of Life Insurance Prudential Standard 8/2008 Fit and Proper Requirements.
- Any other necessary and relevant information as required by the Life Insurance Act and relevant prudential standards.

Once the required information has been provided at the initial assessment, then it may only be necessary for a corporate shareholder continuing in a controlling position to provide details or copies of any new information/ data plus those things that have changed between the initial assessment period and any subsequent assessments.

It should also be noted that BSP Life is required to notify BPNG if a shareholder controller or an indirect shareholder controller proposes to increase its stake in BSP Life beyond the maximum specified by BPNG.

3.4.3 BSP Life Agents

BSP Life must appoint a person, natural or corporate that is fit and proper to act as a BSP Life insurance agent who must also have the appropriate skills, experience, expertise and resources. That person can be relied on to perform, in a fit and proper manner, the duties of a life insurance agent.

3.5 Policies and Procedures

BSP Life must implement policies and procedures to ensure every person who intends to be a responsible person for BSP Life has to be a fit and proper person. BSP Life must also maintain documentations of its considerations, findings and conclusions with respect to its investigations and determinations as to fit and proper.

This policy will be made available to BPNG upon written request for their review during the course of an on-site examination of BSP Life PNG Limited. The auditors may also examine this document to ensure compliance with the BPNG Prudential Standards and the Life Insurance Act 2000.

3.6 Bank of Papua New Guinea

BPNG, for the purpose of determining whether a person is fit and proper to hold office or engagement may by written notice require that person to give the relevant information or documents as specified in the notice relevant to fit and proper requirements. The required documentation is to be submitted to BPNG, when required and within the set deadlines/ timeframes.

BPNG requires the Board to report on the continuing compliance with fit and proper requirements by all responsible persons as part of the annual attestation made by the Chairman on behalf of the BSP Life PNG Limited Group.

Any changes in key person's fit and proper status (i.e. resignation, retirement or removal) must be reported immediately to BPNG, but no later than fourteen (14) days.

4. ASSESSMENT

4.1 BSP Life Board

The Board (or their delegate) will conduct the assessment of any person nominated/proposed for the position of a director, executive officer or Senior Manager.

Unless changed by approval of the Board, the Remuneration and Nomination Committee (RNC) will be specifically tasked with the assessment duty, on behalf of the Board, and will also be responsible for undertaking an annual assessment of these persons.

The Committee will request and review all of the required documentation from each applicable person (or corporation) that is to be proposed for appointment to the position(s) of director, executive officer, or senior manager.

The Committee will also monitor on a regular basis (at least annually) the ongoing status of the following:

- Shareholder controllers and/ or indirect controllers
- Person(s) continuing in their appointments over the ensuing twelve (12) months.

The RNC Committee (in collaboration with the Group's Company Secretary) will maintain sufficient records of the assessment process to satisfy various BPNG requirements and make these records available when requested to in writing.

4.2 Bank of Papua New Guinea

The appointment or continuation of appointment of the proposed responsible person(s) or corporation(s) will commence after BSP Life has completed its assessment process and is convinced/satisfied that the person(s)/ corporation is fit and proper.

The application will then be forwarded in the case of newly proposed persons to BPNG for their assessment.

BPNG will then either;

- Accept the BSP Life's assessment without a formal response, or
- Provide its written confirmation of the appointment (or continuation thereof), or
- Reject the application (disqualify the person/ corporation), detailing reasons for its rejection and, if applicable, means to rectify any deficiencies to gain their approval.

4.3 Declined Applications

A person who has not satisfied BPNG that he is fit and proper may NOT become a shareholder controller or an indirect controller of BSP Life, and any person who is not fit and proper may NOT become, or continue to be, a director, executive officer or senior manager of BSP Life.

In the case of person(s) previously found to be fit and proper and now have been deemed NOT fit and proper, they are to be relieved of their positions immediately, until such time as they satisfy/ rectify the deficiencies and are subsequently approved by BPNG.

4.4 Appeal Process

If a person/corporation, which BSP Life has deemed to be fit and proper;

- (a) has their application rejected by BPNG or
- (b) during their appointment/ continuation of appointment is rejected/ disqualified;

and BSP Life feels that BPNG's action is unjustified and not in the best interest of BSP Life; then BSP Life may take whatever action it considers necessary to appeal the decision with BPNG.

4.5 Corrective Measures

If BPNG is not satisfied with the fitness and probity of potential candidates for responsible person positions, the Board must ensure that BSP Life does not appoint or contract that person to the position. If the person has already been appointed, the break provisions of the contract of employment or appointment as a director must be applied by the Board.

In the case of shareholder controllers, if ownership structures are opaque, or otherwise beneficial owners are not identified, the shareholder controller will be deemed to be not fit and proper. Where a shareholder controller is determined to be not fit and proper for any reason, BPNG can be expected to serve notices, under the relevant Act or prudential standards, requiring the shareholder to divest holdings or other restrictions on dealing in the shares and exercising shareholder rights.

5. ROLES AND RESPONSIBILITY

The roles of BSP Life's Board of Directors, Board Committee and senior management are outlined in detail in the following Board approved documents;

- BSP Life's Board Charter
- BSP Life Corporate Governance
- BSP Life Board Audit Risk and Compliance Charter (BARCC)
- BSP Life Board Remuneration and Nomination Committee Charter (BRNC)

The responsibilities outlined below are specifically in relation to the application and management of the Fit and Proper Policy and Processes.

5.1 Board of Directors

The Board of BSP Life must:

- ensure that every person who is, or is to be, an executive officer of BSP Life is at all times fit and proper in accordance with the Life Insurance Act 2000 and Prudential Standard 8/2008.
- approve a comprehensive and documented Fit & Proper Policy and oversee its effective implementation. A copy of the Policy is to be provided to BPNG along with any updates/revisions in the future.
- undertake regular reviews of the Fit and Proper Policy and supporting procedures and undertake steps to be satisfied as to effective implementation.
- Complete a fit and proper assessment prior to the person's appointment to a responsible person position.

Candidates for a director's position must be provided with a copy of the policy as soon as possible after nomination.

Applicants for other responsible person positions must also be provided with a copy of the policy before commencing an assessment of their fitness and probity, including obtaining any releases required under privacy laws to conduct background checks including police checks, education checks, company searches, credit evaluations and similar.

A fit and proper assessment is to be completed by the Board prior to the person's appointment to a responsible person position unless, BPNG has deemed a person to be a responsible person under the relevant prudential standard, whereby an assessment must be completed and submitted to BPNG within 28 days of the person becoming the holder of the responsible person position.

Professional Development – Directors

Unless otherwise exempt in writing by BPNG, each director must undertake professional development training each year as part of meeting ongoing fit and proper requirements. Further, each director's performance needs to be reviewed and assessed on an annual basis.

The Company Secretary must maintain a register of training undertaken by each director to satisfy the professional development requirements. All Directors must be members of PNG Institute of Directors (PNGID)

5.2 Shareholder Controller / Indirect Controller

It is the responsibility of every person who is, or intends to become, a shareholder controller or an indirect controller of BSP Life to satisfy BPNG that he is a fit and proper person.

BPNG will conduct fit and proper assessments on each shareholder controller and indirect shareholder controller.

5.3 Country Heads

It is the responsibility of every person who is, or intends to become, the Country Manager of BSP Life to satisfy BPNG that he is a fit and proper person.

The Board will delegate the responsibility for ensuring that senior managers are at all times fit and proper persons, to the appointed 'Country Manager/Heads'.

5.4 Employees

It is the responsibility of all employees of BSP Life who have valid concerns relating to the ongoing fit and proper person status of either the directors or senior management and based on the assessment criteria outlined in Section 2 of this document, to raise these concerns through the correct channels to the Group CEO, the Board, Country Manager (or in need as a last resort direct to BPNG) to deliberate and take action thereon.

5.4 External Auditor

The role of the External Auditors is to review this document to ensure compliance with the LIPS 8/2008 Fit & Proper and the Life Insurance Act 2020.

5.5 Whistle Blower Policy

BSP Life has an approved Fraud and Whistle Blower Policy, which is available on BSP Life website for all employees and stakeholders to read.

BSP Life is committed to the highest possible standards of openness, probity, accountability, integrity, honesty & transparency, which are expressed in the core values. In line with that commitment BSP Life expects employees who have serious concerns about any inappropriate or irregular aspect of the BSP Life's operations or management's actions or decisions regarding Fit and Proper Requirements to come forward and voice those concerns.

It is recognised that wherever practical, and subject to any legal constraints, many cases will proceed on a confidential basis. The relevant policy document makes it clear that employees and stakeholders can voice their concerns without fear of victimisation, subsequent discrimination or disadvantage. This policy is intended to encourage and enable employees/ stakeholders to raise serious concerns rather than overlooking a problem or 'blowing the whistle' outside BSP Life. The policy applies to all employees working for BSP Life.

Where executive or shareholder / indirect controller fit and proper status is concerned, matter can be reporting directly to Bank of PNG for further deliberation.

6. AMENDMENTS/ REVIEW TO THIS POLICY

6.1 Amendments

The success of this policy is measured by the usefulness of its contents. It is important that it is kept up to date and incorporates any changes/ new policies introduced by BSP and/ or BPNG.

Any proposed additions and revisions to policy should be initially submitted for review to the Head of Compliance, who if satisfied with the submission will refer the amendments to the Board for approval.

A document history table is provided (in the front of this document) to ensure all authorised amendments are received and actioned.

On receipt of an amendment, the following action is to be taken: -

- All staff effected by the changes are to be advised of the amendment,
- The document is to be amended,
- Document history table is to be duly and correctly completed, noting the amendment.

6.2 Review

The Quality Assurance Manager, in liaison with the Head of Group Compliance, shall be responsible for reviewing this document every two years, or as and when required and recommending any changes deemed necessary.