



# **BSP Financial Group Limited**

## **Board Renewal Policy**

June 2021

## Document Control & Version History

### Document Information

File Name	Board Renewal Policy
Policy Level	Corporate Governance
Document Owner	Company Secretary's Office
Document Author	Company Secretary

### Document History

Version	Issue Date	Changes
1.0	16/7/2021	Original

### Document Approval

Name of Approver	Signature	Date
Remuneration & Nominations Committee	Meeting Minute	14/7/2021
Board	Meeting Minute	16/7/2021

# Board Renewal Policy

## 1. Scope and Purpose

This Policy applies to BSP and sets out the renewal and appointment process of directors to the Board. This is to ensure a vibrant, efficient and effective Board with an appropriate balance of tenure, skill, diversity and experience.

## 2. Status of Policy

This Policy will be reviewed at least once every year by:

- (i) the RNC; and
- (ii) the Board (following receipt of a recommendation from the RNC arising from the RNC's review of this Policy).

## 3. Board Renewal Policy

- 3.1 The Board acknowledges that renewal of Directors is the responsibility of the Board.
- 3.2 The Board recognises the importance of renewal to facilitate new ideas and independent thinking whilst retaining adequate expertise and corporate knowledge to minimise risk associated with untimely director departures.
- 3.3 The Directors will: -
  - (i) determine the number and composition of the Board, subject to limits imposed by the Constitution;
  - (ii) identify and evaluate possible future directors for the Board (with the assistance of the RNC, where necessary);
  - (iii) appoint Directors to fill casual vacancies; and
  - (iv) make recommendations to Shareholders for the appointment and/or removal of Directors.
- 3.4 The Board is subject to the regulatory requirements of the:
  - (i) PNGX Listing Rules;
  - (ii) ASX Listing Rules
  - (iii) SPX Listing Rules
  - (iv) PNG *Companies Act* 1997;
  - (v) Banks & Financial Institutions Act,
  - (vi) Prudential Standard BPS300: Corporate Governance
  - (vii) Prudential Standard BPS310: Corporate Governance – Fit & Proper Requirements; and
  - (viii) the Constitution.

- 3.5 This Policy complements the Board Charter and the Fit & Proper Policy.
- 3.6 The maximum number of Directors of BSP, as prescribed by the Constitution and approved by Shareholders, is 10. The Board is comprised of 9 non-executive Directors, including the Chairman, and one executive Director, the CEO.
- 3.7 The majority of Directors must be ordinarily residents in PNG.
- 3.8 Under the Constitution, at each annual general meeting one-third of the company's Directors, in addition to any Director appointed during the year, excluding the CEO, must offer themselves for re-election by the Shareholders.
- 3.9 Normally, non-executive Directors are expected to serve a maximum of three three-year terms, dating from the annual general meeting at which the newly elected Director is first confirmed by Shareholders.
- 3.10 In proposing a Director as a candidate for re-election by Shareholders, the Board has the opportunity to consider the performance of the Director standing for re-election. The Board will make a recommendation to Shareholders voting on the re-election resolution. This recommendation and election process facilitates consideration of Board composition, knowledge and skills and Board decisions regarding its renewal.
- 3.11 The Board engages in an annual review of the performance of the Board, its Committees and Directors.
- 3.12 This review process identifies issues pertaining to the effectiveness, efficiency and functioning of the Board and its Committees and the knowledge, skills and capabilities of Directors. This annual evaluation process facilitates consideration by the Board of its membership, including renewal considerations.
- 3.13 Additionally, as part of its annual performance assessment, the Board will review its composition and size, to ensure that it is appropriate to support the Board's effective functioning and decision making ability and remains appropriate for the size, nature, and complexity of BSP's business operations.

#### **4. Board Appointment Process**

- 4.1 Recommendations and nominations for new directors are made by the RNC and considered and approved by the Board.
- 4.2 When the RNC and the Board consider that a suitable candidate has been found, appropriate background checks are undertaken as to the candidate's:-
- a) Character, honesty, integrity, reputation, good character and fairness;
  - b) Education, competence, capacity, capability; and
  - c) Financial soundness.

4.3 The Board will additionally assess the candidate's current and past associations, and the appropriateness of other directorships.

**5. Monitoring**

5.1 The Board renewal will be monitored and considered as part of the annual Board, Committee and Director's performance evaluation.

This Policy was approved by the Board on 16 July 2021.

## Glossary

For the purpose of this Policy, the following definitions apply:

Term / Acronym	Definition
ASX	Australian Securities Exchange
BSP	BSP Financial Group Limited
Board	Board of Directors of BSP
CEO	Chief Executive Officer of BSP
Chairman	Chairman of the Board
Committee	Any of the Board's committees
Constitution	Constitution of BSP
Director	A director of the Board
PNG	Papua New Guinea
PNGX	Papua New Guinea National Stock Exchange
RNC	Remuneration and Nomination Committee
SPX	South Pacific Stock Exchange
Shareholder	A shareholder of BSP