



BOARD SHARE OWNERSHIP POLICY

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Document Author	Methuselah Eka Wabiria
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BOARD SHARE OWNERSHIP POLICY

1. INTRODUCTION

1.1. Mandate / Authority

By the powers conferred, the Chairman and the Board have set forth for themselves minimum share ownership requirements in BSP shares in order to strengthen the alignment of the Board's interests with those of the shareholders.

1.2. Link to Other Policies

Actions taken to comply with this Policy must be undertaken in accordance with BSP's Securities Dealing Policy.

2. OVERVIEW

2.1. Background

This Policy sets out the requirements for the mandatory acquisition of shares in BSP by the Board of Directors.

2.2. Objectives

This Policy is intended to:

- (a) Determine the scope, limits, and minimum thresholds for compliance with the mandatory acquisition of shares by Directors during their respective tenures on the Board of BSP;
- (b) Align the interests of Directors with that of the Shareholders;
- (c) Encourage long-term decision-making and considerations towards sustainable profitability by requiring a significant personal stake in BSP;
- (d) Strengthen investor confidence in the Board and its decisions;

2.3. Definitions

Refer to Appendix A: Glossary. Defined words are capitalised throughout the Policy.

2.4. Scope

This Policy applies to Directors serving on the Board of the BSP Group. Where this Policy is inconsistent with an applicable law, regulation or prudential standard within a relevant jurisdiction, the Policy applies only to the extent applicable.

2.5. Policy Statement

This Policy aims to strengthen the alignment of Directors' interests with the long-term success and interests of Shareholders. The Policy seeks to promote a sense of ownership, commitment, and accountability among the Directors, and meet investor expectations.

3. REQUIREMENTS OF THE POLICY

3.1. Required Level of Ownership

- 3.1.1. The Directors are required to have a direct shareholding in BSP at least equal to the value of their respective gross annual director's fees.
- 3.1.2. The shareholding requirement is met once a director has invested in BSP an amount equal to their gross annual director's fees.
- 3.1.3. An increase in the annual gross fee levels will result in a proportional increase in the required level of ownership for Directors.
- 3.1.4. Shares can be purchased and held for the purposes of this Policy on both the PNGX and ASX.

3.2. Timeline for Compliance

- 3.2.1. Directors will have a period of five (5) years to achieve the required ownership level commencing from the month of their confirmation to the Board.
- 3.2.2. Directors that have met their share ownership requirements prior to an increase in the annual

fees as set by BSP's Board of Directors will have twelve (12) months to meet the additional ownership requirements in accordance with 3.1.2 above.

- 3.2.3. Directors with a remaining term of less than two (2) years at the date of this policy shall be exempt from this requirement.
- 3.2.4. Directors with a remaining term exceeding two (2) years to five (5) years will be required to purchase shares on a pro rata bases in accordance with 3.3.1 below.

3.3. Pace of acquiring shares

- 3.3.1. Directors must acquire shares annually at a pace of at least twenty percent (20%) of their gross annual director's fees at the time of purchase, until they meet the required ownership levels.
- 3.3.2. Directors with an outstanding share ownership requirement equalling a value less than twenty percent (20%) of their annual director's fees may acquire shares equal to the percentage required to fulfil their share ownership obligation within the year.
- 3.3.3. Directors shall purchase shares to meet the required ownership level at their own expense and BSP shall not purchase, discount, or issues new shares to Directors for this purpose.

3.4. Prior Shareholding

- 3.4.1. A prior shareholding is defined as parcels of ordinary shares, held directly in the name of the Director on the PNGX and/or ASX, and acquired prior to their confirmation to the Board.
- 3.4.2. Share ownership that will not be included in the assessment of a Director's prior ownership includes:
 - (a) shares held jointly in the name of the Director; and
 - (b) shares having liens, claims, or disputes on the matter of their ownership.
- 3.4.3. The value of prior shareholdings will be determined as follows:
 - (a) For directors on the Board at the commencement date of this policy, the price of BSP shares on the PNGX on the date of commencement of this policy.
 - (b) For directors joining the Board subsequent to the commencement of this policy, the price of BSP shares on the PNGX at the date the director joins the Board.
- 3.4.4. The assessment of a Director's prior shareholding in 3.4.2 and 3.4.3 shall only be conducted upon their initial confirmation to the Board, and will serve as the basis for their ongoing commitment to acquiring shares in BSP through their tenure in accordance with this Policy.
- 3.4.5. Directors with a prior shareholding that is assessed to be valued:
 - (a) equal to, or greater than, their annual director fee levels shall be deemed in compliance with the requirements of this Policy;
 - (b) less than their annual director fee levels shall be required to acquire shares, in accordance with 3.3 above, until their share ownership requirements are met.

3.5. Grace period

A grace period of ninety (90) days shall apply if a Director has not met their annual share acquisition requirements.

3.6. Disclosure

Director's shareholding in BSP will be disclosed in line with applicable stock exchange listing rules and regulatory requirements.

4. MAINTENANCE OF POLICY

4.1. Location and Access

- 4.1.1. Approved versions of this Policy will be published on the Bank's website and Intranet for all stakeholders to access/read. The publication of these documents will be in a form that is not editable, i.e.: portable document format (PDF), or web-page.
- 4.1.2. The editable versions (Microsoft Word format) of these documents will be securely stored in the Bank's Policies and Procedures Library. Access to the Policies and Procedures Library document management system will be restricted to the Compliance team only.

4.2. Review Responsibilities

- 4.2.1. BSP Company Secretary and the Board will review this Policy every two (2) years, or earlier if required, to ensure it remains current and effective.
- 4.2.2. Any breaches or non-compliance with this Policy must be escalated and reported to the Chairman of the Board of Directors.

Appendix A: GLOSSARY

<i>Term</i>	<i>Definition</i>
ASX	Australian Securities Exchange
BSP	BSP Financial Group Limited (parent company)
BSP Group	Any or all of BSP's wholly owned subsidiaries, as the context may require
Board	Board of Directors of the BSP Group
Chairman	Unless otherwise specified, refers to the Chairman of the Board of Directors for the BSP Group.
Company	BSP Financial Group Limited (parent company)
Company Secretary	Company Secretary of BSP
Director	Unless otherwise specified, refers to a director of the Board of the BSP Group.
Employee	For purposes of this policy, refers to an employee of BSP or BSP Group
Group	BSP Financial Group Limited (parent company)
PNGX	Papua New Guinea National Stock Exchange
Policy	Unless otherwise specified, refers to the Board Share Ownership Policy
Securities	Shares, debentures, options to subscribe for new shares and options over existing shares, preference shares, warrant contracts and other derivatives relating to shares
SPX	South Pacific Stock Exchange