Fair Conduct Programme

This Fair Conduct Programme is important, and every employee and agent involved with consumer insurance contracts in New Zealand must be familiar with, and comply with, its contents.

Contravention of this Fair Conduct Programme and its policies, processes, systems and controls will be taken seriously and may be a matter for disciplinary action, which in extreme cases could result in the employee's or agent's suspension or dismissal.

Contents

1 OVERVIEW

Purpose of this Fair Conduct Programme

1.1 Mitsui Sumitomo Insurance Company, Limited (283534) (**MSI**), incorporated in Japan, operates as a branch of an overseas insurer in New Zealand (**MSI NZ**). Because Mitsui Sumitomo Insurance Company, Limited is a licensed insurer in New Zealand, MSI NZ is required, under the Financial Markets Conduct Act 2013 (the **FMC Act**), to:

(a) establish, implement, and maintain this Fair Conduct Programme, which meets the requirements of the FMC Act (including the minimum requirements in section 446J, the **Minimum Programme Requirements**); and

(b) take all reasonable steps to comply with this Fair Conduct Programme when MSI NZ is acting as an insurer of, and providing consumer insurance contracts to, consumers who reside in New Zealand.[1]

1.2 All employees and agents who are involved in MSI NZ's provision of insurance related services, or MSI NZ's consumer insurance contracts, to consumers in New Zealand are expected to be familiar with, and take all reasonable steps to comply with, this Fair Conduct Programme's requirements when doing so.

1.3 This Fair Conduct Programme applies when MSI NZ is:

(a) designing a consumer insurance contract for consumers;

(b) offering or providing a consumer insurance contract to consumers; and

(c) dealing or interacting with consumers in connection with a consumer insurance contract[2].

1.4 This Fair Conduct Programme includes the policies, processes, systems and controls listed in **Schedule One** which are designed to be effective to ensure that MSI NZ complies with the **Fair Conduct Principle** (to treat consumers fairly) when MSI NZ is providing consumer insurance contracts to consumers either itself or through intermediaries[3].

Overview of this Fair Conduct Programme

1.5 MSI NZ's Fair Conduct Programme covers:

(a) a description of the Fair Conduct Principle and how it applies to MSI NZ when MSI NZ is acting as an insurer for consumers and providing consumer insurance contracts for consumers;

(b) when MSI NZ is required to take all reasonable steps to comply with this Fair Conduct Programme;

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1 Section 446I of the Financial Markets Conduct Act 2013.

2 MSI NZ does not provide financial advice, so this relevant service is not included within the scope of this Fair Conduct Programme.

3 Sections 446C and 446G of the Financial Markets Conduct Act 2013.

(c) a summary of MSI NZ's products and insurance related services[4] which are provided to consumers and covered by the Fair Conduct Programme;

(d) the list of the policies, processes, systems and controls that comprise the Fair Conduct Programme;

(e) an assessment of MSI NZ's risks of breaches of this Fair Conduct Programme and how they are addressed by this Fair Conduct Programme;

(f) the allocation of roles and responsibilities to employees and agents, and of MSI NZ's resources, for the purposes of this Fair Conduct Programme;

(g) MSI NZ's fair conduct training programme;

(h) MSI NZ's compliance assurance processes;

(i) MSI NZ's governance processes and reporting to the MSI Oceania Executive Committee, a Board-equivalent governing body;

(j) the Fair Conduct Programme's approval, review and audit processes;

(k) an explanation why this Fair Conduct Programme is effective for MSI NZ's circumstances; and

(l) a summary of other matters relating to the Fair Conduct Programme, such as the outsourcing arrangements.

Scope of the Programme

1.6 The Fair Conduct Programme applies to:

(a) MSI NZ's operation in New Zealand;

(b) Executive Committee members and local branch management;

(c) Employees and agents who are involved in providing consumer insurance contracts to consumers; and

(d) MSI NZ's third-party distributors and external providers (if any) involved in providing consumer insurance contracts to consumers,

when MSI NZ is acting as an insurer of, and providing consumer insurance contracts to, consumers in New Zealand.

1.7 The Fair Conduct Programme does not apply with respect to MSI NZ's non-consumer insurance business or to offshore consumers.

Where this Fair Conduct Programme is available

1.8 A summary of the key matters about MSI NZ's Fair Conduct Programme is published at all reasonable times on its website at https://www.msi-oceania.com/ and will be provided, free of charge, to any person who requests the summary by notifying MSI

[4] Section 446F of the Financial Markets Conduct Act 2013.

NZ at MSI NZ's contact address, as soon as reasonably practicable, but in any event within 5 working days after MSI NZ receives the person's request. [5]

Responsibility for the Fair Conduct Programme

1.9 This Fair Conduct Programme was first approved by the Executive Committee on 3 October 2024 and applies from 31 March 2025. All material changes to this Fair Conduct Programme will be approved by the local Senior Management Committee and also approved by the Executive Committee. The person responsible for this Fair Conduct Programme shall be the Chief Risk Officer.

Latest Authorisation

Version	Name	Latest Approval Date
1.1	Quoc Vo (CRO)	7 March 2025
1.1	Senior Management Committee	13 March 2025
1.1	Executive Committee	14 March 2025

Review Frequency

1.10 This Fair Conduct Programme will be regularly reviewed in accordance with the procedures set out in Part 10.

Version	Action	Approval Date
1.0	Establishment of the Fair Conduct Programme	3 October 2024
1.1	Revision to include Travel Insurance arrangements	14 March 2025

Distribution to employees, agents and intermediaries

1.11 Employees, agents and intermediaries involved in any of the activities at 2.2 below in respect of consumer insurance contracts provided to consumers will be provided a copy of this Fair Conduct Programme.

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5 Section 446H of the Financial Markets Conduct Act 2013.

2 FAIR CONDUCT PRINCIPLE AND HOW IT APPLIES TO MSI NZ

2.1 The Fair Conduct Principle is that MSI NZ must treat consumers fairly, including (but not limited to): [6]

(a) paying due regard to those consumers' interests;

(b) acting ethically, transparently, and in good faith;

(c) assisting consumers to make informed decisions;

(d) ensuring that the relevant services and associated products that MSI NZ provides to consumers are likely to meet the requirements and objectives of likely consumers (when viewed as a group); and

(e) not subjecting consumers to unfair pressure or tactics or undue influence.

2.2 The Fair Conduct Principle applies under the FMC Act when MSI NZ:[7]

(a) is designing any consumer insurance contract;

(b) offers to provide a consumer insurance contract to a consumer;

(c) provides a consumer insurance contract to a consumer; or

(d) has any dealings or interactions with a consumer in connection with any consumer insurance contract (for example, responding to a complaint or handling a claim under a consumer insurance contract).

2.3 The Fair Conduct Principle also applies under the FMC Act to MSI NZ when MSI NZ and its intermediaries are involved in the distribution of MSI NZ's consumer insurance contracts, including their post-sale dealings and interactions with consumers.

2.4 This Fair Conduct Programme has been designed, and MSI NZ will use all reasonable endeavours to implement and maintain this Fair Conduct Programme, so that MSI NZ treats consumers fairly and complies with the Fair Conduct Principle when acting as an insurer in New Zealand.

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[6] Section 446C of the Financial Markets Conduct Act 2013.

[7] Section 446D of the Financial Markets Conduct Act 2013.

3 RELEVANT SERVICES AND ASSOCIATED PRODUCTS

3.1 The Fair Conduct Principle applies to the relevant services and associated products (as defined in section 446D of the FMC Act) which, in MSI NZ's case, is acting as an insurer under consumer insurance contracts.

3.2 MSI NZ's associated products are:

Associated Product	Detailed Product List[8]
Consumer insurance contracts	House insurance Contents insurance Vehicle insurance Travel insurance

3.3 Products and services are provided to consumers through the following channels:[9]

(a) Direct to consumer - phone and email

(b) Applications made through insurance brokers, and

(c) Intermediaries engaged by MSI NZ

3.4 MSI NZ does not act as an intermediary to distribute products and services manufactured by other financial institutions.

3.5 The overwhelming majority of consumer insurance contracts is placed via the following group of insurance brokers :

(a) Aon;

(b) Marsh; and

(c) Gallagher.

These insurance brokers are not, for the purposes of the FMC Act, intermediaries. MSI NZ does not engage with these insurance brokers (or any insurance broker) in respect of consumer insurance contracts and MSI NZ does not (directly or indirectly) pay these insurance brokers (or any insurance brokers) for introducing consumers to MSI NZ.

8 This table has been designed to align with FMA's Financial Institution Licence Guide (July 2023).

9 See also FMA's Financial Institution Licence Guide (July 2023), at page 18.

4 CONDUCT RISKS

4.1 Under section 446J(1)(c) of the FMC Act, MSI NZ must have effective policies, processes, systems and controls for identifying, monitoring, and managing risks in respect of its New Zealand activities that are associated with conduct that fails to comply with the Fair Conduct Principle (**Conduct Risks**).

4.2 MSI NZ has identified the following Conduct Risks applicable to its business, which MSI NZ's policies, processes, systems and controls seek to address:

(a) limited oversight over the distribution process of insurance brokers who apply for consumer insurance contracts on behalf of their customers;

(b) ineffective consumer feedback mechanism;

(c) ineffective monitoring of key internal processes and those outsourced to external service providers;

(d) consumer vulnerability, particularly as the insureds under MSI NZ's non-Travel consumer insurance contracts are predominantly Japanese ex-patriates and therefore have different language and cultural needs, requirements and expectations; and

(e) any new products will need to be designed with the Fair Conduct Principle in mind, and existing products should be regularly reviewed to ensure compliance with the Fair Conduct Principle and to ensure that they are providing good outcomes for consumers who may acquire them.

4.3 MSI NZ's methods for identifying and monitoring Conduct Risks include:[10]

(a) methods for consumers to report any complaints or concerns about MSI NZ's conduct, including MSI NZ's complaints management policy;

(b) methods for employees and agents to report any complaints or concerns about MSI NZ's conduct, including MSI NZ's active focus on fostering a 'speak up' culture and whistleblowing system;

(c) methods for other persons involved in distributing MSI NZ's consumer insurance policies to report any complaints or concerns about MSI NZ's conduct;

(d) proactive and systematic reviews of MSI NZ's processes, systems, controls, products, services and other key aspects of MSI NZ's business, including MSI NZ's product development policy, product governance framework and claims handling manual;

(e) proactive and systematic reviews of MSI NZ's product features and policy wordings, which includes seeking input from consumers, brokers and MSI NZ's intermediaries and taking into account industry developments.

4.4 MSI NZ segregates responsibilities for risk management across its business in accordance with the 'three lines of defence' model. Conduct Risks are identified,

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[10] See also FMA's Financial Institution Licence Guide (July 2023), at page 20.

monitored and managed by the second line. Their responsibilities include having primary oversight over the front-line employees, intermediaries and insurance brokers in ensuring compliance with the Fair Conduct Principle and this Fair Conduct Programme.

4.5 Second line risk has accountability arrangements that report to the Risk Management Committee. The Risk Management Committee meets on a quarterly basis (or earlier as needed), during which all risks identified (including Conduct Risks) are reviewed and assigned to the appropriate responsible person(s) to remediate as required.

5 APPLICABLE POLICIES, PROCESSES, SYSTEMS AND CONTROLS

5.1 Each of the different policies, processes, systems and controls that comprise the Fair Conduct Programme are documented in **Schedule One**. Schedule One:

(a) identifies and demonstrates how each of the Minimum Programme Requirements are met;

(b) documents when each of the policies, processes, systems and controls were last reviewed.

5.2 Section 12 explains why MSI NZ considers the policy, process, system and control are effective;[11]

[11] Section 446J(2) of the Financial Markets Conduct Act 2013.

6 ROLES AND RESPONIBILITES

6.1 The day-to-day responsibility for the Fair Conduct Programme is maintained by the CRO.[12]

6.2 Questions or comments about this Fair Conduct Programme should be directed (in the first instance) to the CRO.

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[12] Ibid, at page 12.

7 **TRAINING AND SUPERVISING EMPLOYEES, AGENTS, INSURANCE BROKERS AND ANY INTERMEDIARIES**

7.1 In addition to all initial and ongoing training required by MSI NZ, all employees and agents of MSI who are involved in providing consumer insurance contracts and insurance related services to consumers in New Zealand must complete additional initial and ongoing training to ensure that the relevant employee and agent understands the requirements of this Fair Conduct Programme, including the relevant policies, procedures and processes that are necessary and desirable to support the MSI NZ's compliance with the Fair Conduct Principle (**FCP Training Programme**).

7.2 The FCP Training Programme is comprised of:

(a) **Assessments**: initial and regular assessments to identify the relevant employee or agent's training needs, which take into account the employees' role, responsibility and changes in regulatory requirements;

(b) **Delivery**: initial and regular training sessions through a variety of methods including workshops, seminars, information sheets and on-the-job training;

(c) **Testing**: where appropriate, a testing element to ensure that the learning points and objectives of the training session have been understood by the employee and/or agent. If gaps remain, further training may be required;

(d) **Evaluation**: evaluating the outcomes of each training session to ensure the effectiveness of the training delivered against the employee or agent's assessed needs; and

(e) **Documentation**: written records of training attendance, content covered and evaluations must be kept.

7.3 The FCP Training Programme supplements MSI NZ's existing training programme and requirements, including initial on-boarding, vulnerable customer identification training, and complaints handling and management training.

Intermediary supervision

7.4 If an intermediary was to be engaged by MSI NZ to distribute a consumer insurance policy, MSI NZ will take reasonable steps to confirm that these distribution channels are consistent with the Fair Conduct Principle. MSI NZ would:

(a) conduct due diligence, before any new intermediary is engaged to distribute a consumer insurance policy, to confirm that intermediary is operating in a manner which is consistent with the Fair Conduct Principle (this is in addition to meeting all relevant requirements of MSI NZ's outsourcing policy); and

(b) regularly monitor the intermediaries' performance by requiring its intermediaries who are financial advice providers to provide an annual confirmation that they are operating in a manner which is consistent with the Fair Conduct Principle.

Insurance broker supervision

7.5 To ensure that applications for consumer insurance contracts from third party insurance brokers are an acceptable distribution channel, MSI NZ requires all insurance brokers who place consumer insurance contracts with MSI NZ to provide an annual confirmation that they are operating in a manner which is consistent with the Fair Conduct Principle**.**

8 COMPLIANCE ASSURANCE

8.1 MSI NZ believes this Fair Conduct Programme is effective for MSI's New Zealand consumer insurance business, having regard to the factors described in section 446J(2) of the FMC Act and the size of MSI NZ's consumer insurance contract business. This section sets out MSI NZ's approach to monitoring, evaluating, and enhancing MSI NZ's compliance with the Fair Conduct Principle and that this Fair Conduct Programme remains effective (**FCP Compliance Assurance Programme**).

8.2 The FCP Compliance Assurance Programme is comprised of:

(a) biennially reviewing and auditing (including internal audits) this Fair Conduct Programme in accordance with Part 11 of this Fair Conduct Programme;

(b) biennially reviewing and auditing (including internal audits) the various policies, procedures and controls (as set out in Schedule 1) that comprise this Fair Conduct Programme in accordance with the review and auditing procedures set out in the relevant policy;

(c) regularly reviewing whether the distribution methods are operating in a manner that is consistent with the Fair Conduct Principle, which may include obtaining intermediary and insurance broker confirmations of compliance with the Fair Conduct Principle.

8.3 The FCP Compliance Assurance Programme has been prepared having regard to:

(a) the size of MSI's New Zealand business (including its number of employees and agents);

(b) the relative simplicity of MSI NZ's distribution channels, being:

(i) direct sales with no remuneration linked to volume or value targets (including no soft commissions);

(ii) brokers who are licensed financial advice providers, with no remuneration from MSI NZ, linked to volume or value targets or otherwise (including no soft commissions);

(iii) Intermediaries with no remuneration from MSI NZ linked to volume or value targets or otherwise (including no soft commissions); and

(c) the complexity of MSI NZ's consumer insurance contract book (only one predominant type of consumer insurance product).

8.4 The FCP Compliance Assurance Programme supplements MSI NZ's existing compliance assurance programme as set out in the risk management strategy and framework.

9 GOVERNANCE

Board Approval

9.1 The Fair Conduct Programme is prepared by the CRO and has been approved by the Executive Committee of MSI Oceania on behalf of the MSI Board of Directors (the **Board**).

9.2 It is audited by the (independent) Internal Audit function and reviewed by the Risk Management Committee, with continued oversight from the Executive Committee on behalf of the Board.[13]

Reporting and oversight

9.3 Due to the size and scale of MSI's global business, MSI has implemented an internal governance structure to manage and oversee the New Zealand business as follows:

(a) MSI New Zealand branch reports to the General Manager of MSI Oceania (comprising both MSI New Zealand branch and MSI Australia branch);

(b) the Executive Committee of MSI Oceania (a Board of Directors equivalent) governs MSI New Zealand branch;

(c) MSI Oceania reports to MSIG Asia, a regional company based in Singapore, which is also a wholly owned subsidiary of MSI;

(d) the chairperson of the Executive Committee of MSI Oceania is also the chairperson of MSIG Asia Board of Directors; and

(e) MSIG Asia reports to the International Business Department of MSI and this department is ultimately governed by the MSI Board of Directors (sitting in Japan).

9.4 This governance and reporting structure is set up to provide an appropriate level of governance control over MSI New Zealand business, and therefore the governance of this fair conduct programme is the responsibility of the Executive Committee of MSI Oceania.

9.5 The Executive Committee of MSI Oceania meets on a quarterly basis (or earlier as needed), during which matters relating to the Fair Conduct Programme (including material changes to the Fair Conduct Programme, its ongoing effectiveness, conduct risks if any, remediation plan and related topics) are discussed and reviewed as required.

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[13] See also FMA's guide to financial institution licence requirements (July 2023), at page 10 to 12

10 FAIR CONDUCT PLAN APPROVAL, REVIEW AND AUDIT

Review of the Fair Conduct Programme

10.1 This Fair Conduct Programme is effective for MSI's New Zealand consumer insurance business, having regard to the factors described in section 446J(2) of the FMC Act and the size and complexity of MSI NZ's consumer insurance contract business. [14] The Fair Conduct Programme will be reviewed every 12 months[15] by the Risk Management Committee and, if necessary, amended in response to legislative and structural changes.

10.2 The Fair Conduct Programme will also be reviewed following certain trigger events, including;

(a) during periods of significant change in the business (including significant expansion and reductions in the size of the business);

(b) following identification of serious misconduct that fails to comply with the Fair Conduct Principle or this Fair Conduct Programme; and

(c) where there is significant change to the policies, processes, systems and controls related to the Fair Conduct Programme.

10.3 Each individual policies, processes, systems and controls that comprises the Fair Conduct Programme are subject to individual review frequencies and trigger events. All policies, processes, systems and controls are reviewed at least biennially.

10.4 Where a deficiency in the Fair Conduct Programme is identified by the review of the Fair Conduct Programme (or other means), MSI NZ will promptly remediate the deficiency in accordance with the processes set out in **Schedule One**.

10.5 All material changes to the Fair Conduct Programme (or the Programme itself) must be approved by the Executive Committee of MSI Oceania on behalf of the Board of Directors.[16]

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[14] Section 446J(k) of the Financial Markets Conduct Act 2013.

[15] FMA's Financial Institution Licensing Guide (July 2023).

[16] FMA's Financial Institution Licence Guide (July 2023), at Page 11.

11 EFFECTIVENESS ASSESSMENT OF THE FAIR CONDUCT PROGRAMME

Effectiveness

11.1 When preparing this Fair Conduct Programme, MSI NZ has reviewed and considered the effectiveness of this Fair Conduct Programme and each of the policies, processes, systems and controls in **Schedule One**.

11.2 When considering whether the Fair Conduct Programme and each policy, process, system or control is "effective", MSI NZ had regards to:[17]

(a) the nature, size, and complexity of its business;

(b) the relevant services and associated products[18] it offers;

(c) the methods by which it provides relevant services and associated products[19] to consumers;

(d) the types of consumers it deals with, including consumers in vulnerable circumstances;

(e) the types of intermediaries that are involved in the provision of its relevant services and associated products[20], including the nature and extent of the following:

(i) their involvement;

(ii) their legal obligations in connection with that involvement;

(iii) the types of agents that are engaged to carry out work in relation to the financial institution's relevant services and associated products, including the nature and extent of that work and of the authority of those agents;

(f) any other factors that may be provided for in regulations.[21]

11.3 Each of the policies, processes, systems and controls has independent review frequencies and trigger events to ensure they remain effective.

MSI's New Zealand business

11.4 With respect to paragraph 11.2 above, and in all aspects of preparing this Fair Conduct Programme, MSI NZ has had regard to the following matters when evaluating this Fair Conduct Programme's effectiveness:

(a) MSI NZ's consumer insurance contract book is relatively simple;

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[17] Section 446J(2) of the Financial Markets Conduct Act 2013.

[18] See Part 3 of the Framework Document.

[19] See Part 3 of the Framework Document.

[20] See Part 5 of the Framework Document.

[21] There are currently no prescribed factors under the Financial Markets Conduct Regulations 2014.

(b) the consumer insurance products offered by MSI NZ are relatively simple general insurance products commonly found in the New Zealand market.

(c) MSI NZ has not withdrawn any legacy products within the previous five years due to poor outcomes;

(d) the relatively simple distribution network, which consists of:

  (i) direct sales;

  (ii) insurance brokers, who are all reputable and vetted financial adviser providers businesses who are familiar with MSI NZ's products, and are subject to their own fair conduct requirements under the FMC Act; and

  (iii) specialised intermediaries for selected products.

(e) MSI NZ has a comprehensive vulnerable customer policy; and

(f) consumer insurance contracts are primarily distributed via reputable third-party brokers and intermediaries, whose engagement, if engaged by MSI NZ, is reviewed in accordance with MSI NZ's internal policies and are subject to MSI NZ's fair conduct requirements under the FMC Act.

Section 446J(2) of the FMC Act and the above factors indicate that this Fair Conduct Programme and its policies, processes, systems and controls do not need to be as extensive as those for larger insurers with complicated consumer insurance contract books, for this Fair Conduct Programme and its policies, processes, systems and controls to be 'effective' in MSI NZ's circumstances.

12 OTHER RELEVANT MATTERS

Outsourcing

12.1 MSI NZ outsources the following functions:[22]

(a) IT core system maintenance

(b) claims management

(c) product distribution

12.2 In accordance with MSI NZ's Outsourcing Policy contractual agreements are in place with all outsourced providers which enable MSI NZ to effectively monitor their performance and take appropriate action for non-performance. Due diligence is also performed on all outsourced providers before establishing a relationship to ensure that services can be delivered in accordance with the Programme.

12.3 Further, in relation to distribution, intermediaries, if engaged by MSI NZ, are required to comply with MSI NZ's product distribution policy as contained in the product governance framework (which is explained further in **Schedule One**).

Business Continuity and Operational Resilience

12.4 MSI NZ's business continuity requirements are set out in the Business Continuity Management Policy (the **BCP**). MSI NZ's operational resilience arrangements are set out in the Risk Management Strategy and Framework (the **RMP**).

12.5 The BCP is reviewed on an annual basis and was last reviewed in June 2024. The RMP is reviewed on an annual basis and was last reviewed in June 2024.

Record Keeping

12.6 As noted in **Schedule One**,[23] MSI NZ has a record keeping policy that enables it to comply with the requirements under the FMC Act (including Standard Condition 6 of the standard conditions for licenced financial institutions).

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[22] Ibid, at page 23.

[23] See minimum requirement under section 446J(1)(c)(ii) of the Financial Markets Conduct Act 2013.

13 SUMMARY OF THE KEY MATTERS ABOUT THE PROGRAMME

13.1 The key matters about MSI NZ's Fair Conduct Programme (the **Key Summary**) is set out in three parts:

(a) a summary of the Fair Conduct Principle and an explanation of how it applies to MSI NZ's consumers;

(b) a summary of how MSI NZ will comply with the Fair Conduct Principle; and

(c) a summary of;

(i) where consumers can find information about the consumer insurance contracts and insurance related services provided by MSI NZ,

(ii) who they can contact for additional information (or advice), and

(iii) how to make a complaint.

13.2 The Key Summary is available to consumers at all reasonable times on MSI Oceania's website at https://www.msi-oceania.com/.[24]

13.3 The Key Summary will also be provided to any person who requests the information within 5 working days of the request (free of charge).[25] MSI NZ will provide that information by giving to the person, or delivering or sending the information to the person's address within 5 working days (at no charge).[26]

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[24] Section 446H of the Financial Markets Conduct Act 2013.

[25] Section 446H(3) of the Financial Markets Conduct Act 2013.

[26] Regulation 237C of the Financial Markets Conduct Regulations 2014.

14 DEFINITIONS

14.1 For the purposes of this Programme, unless the context requires otherwise:

(a) **Consumer** has the meaning given to that term in the FMC Act, provided the person resides in New Zealand.

(b) **Consumer insurance contract** has the meaning given to that term in the FMC Act, provided that contract is entered into by a consumer.

(c) **Fair Conduct Principle** has the meaning given to that term in the FMC Act.

(d) **FMC Act** means the Financial Markets Conduct Act 2013.

(e) **FSP Act** means the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

(f) **MSI NZ** means Mitsui Sumitomo Insurance Company, Limited (New Zealand Branch), the licensed entity.

(g) **Regulations** means the Financial Markets Conduct Regulations 2014.

14.2 Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this Fair Conduct Programme has the same meaning as in the Act or the Regulations, provided that meaning applies solely to activities or consumer insurance contracts provided to consumers.

SCHEDULE ONE: POLICIES, PROCESSES, SYSTEMS AND CONTROLS THAT FORM PART OF THE FAIR CONDUCT PROGRAMME

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
1	Legal compliance	S 446J(1)(a) – Policies, procedures, systems and controls for enabling the Financial Institution to meet all of its legal obligations to consumers, including under: • the FMC Act; • Fair Trading Act 1986; • Credit Contracts and Consumer Finance Act 2003; • Consumer Guarantees Act 1993; and • Financial Service Providers (Registration and Dispute Resolution) Act 2008.	MSI NZ has a New Zealand law compliance manual, which describes all of its New Zealand legal obligations to consumers, which applies when dealing with consumers, including under: • the FMC Act; • Fair Trading Act 1986; • Credit Contracts and Consumer Finance Act 2003; • Consumer Guarantees Act 1993; and • Financial Service Providers (Registration and Dispute Resolution) Act 2008. MSI NZ circulates annually a reminder of the compliance manual requirements to all senior employees and agents, who are likely to interact with consumers in New Zealand and requires a confirmation from them that they are aware of MSI NZ's New Zealand legal obligations to consumers and will comply with them. The NZ CEO is responsible for MSI NZ's New Zealand legal obligations to consumers. MSI NZ's complaints register will be monitored for breaches of New Zealand legal obligations to consumers, and, if there are material breaches identified of MSI NZ's compliance with its New Zealand legal obligations to consumers, such material breaches will be notified to the CRO. The CRO provides the Risk Management Committee annually with a confirmation that, to the best of the CRO's knowledge, MSI NZ has complied with its New	March 2025

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
			Zealand legal obligations to consumers, identifying any material exceptions. If the CRO is unsure of whether MSI NZ has breached its New Zealand legal obligations to consumers the CRO can seek legal advice from Chapman Tripp, which shall be treated as definitive on the matter. Where the CRO identifies any material breach of MSI NZ's New Zealand legal obligations to consumers, the CRO will consider and implement whatever remedial steps, if any, should be taken, and advise the Risk Management Committee of the event and the remediation steps taken. The Risk Management Committee will then report such material breaches and any remedial steps up to the relevant governing body as set out in Part 9 (as appropriate).	
2	Design and Distribution of products and services	S 446J(1)(b) – Policies, procedures, systems and controls for designing and managing the provision of the Financial Institution's relevant services and associated products[27] to consumers, including by: i. Providing for the methods which relevant services and associated products are provided to consumers (*distribution methods*) to operate in a manner that is consistent with the fair conduct principle;	**Product design** All new consumer insurance contracts or new insurance related services (including any variation of an existing consumer insurance contract) must comply with MSI NZ's product development policy (**PDP**) and Part A of the MSI NZ product governance framework (**PGF**). The policy owner for the PDP is the head of underwriting. **Product management and governance** All of MSI NZ's consumer insurance contracts, their management and review must comply with the PGF. The policy owner for the PGF is the head of underwriting. All	November 2024

[27] See Part 3 of the Framework Document.

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
		ii. Regularly reviewing if the distribution methods are operating in a manner consistent with the fair conduct principle; iii. Ensuring that any deficiencies identified under (ii) are remedied within a reasonable time; iv. Regularly reviewing relevant services and associated products provided to consumers on an ongoing basis to determine if they are likely to continue to meet the requirements and objectives of those consumers (when viewed as a group); v. Regularly reviewing if enhancements or improvements in the Financial Institution's relevant services and associated products should be made available to those consumers (when viewed as a group); and vi. Ensuring any enhancements or improvements identified under (v) are made available in a reasonable time	consumer insurance contracts and all insurance related services provided to consumers (viewed as a group) are to be regularly reviewed in accordance with the PGF to determine: • if they are likely to continue to meet the requirements and objectives of consumers (viewed as a group) to whom they are likely to be provided; and • whether any material enhancements and improvements should be made to MSI NZ's consumer insurance contracts and insurance related services provided to consumers so they meet MSI NZ's reasonable expectations of the requirements and objectives of the consumers (viewed as a group) to whom such consumer insurance contracts and insurance related services are likely to be provided; and • how such enhancements and improvements can be made available within a reasonable time. **Distribution methods** MSI NZ's consumer insurance contracts are provided to consumers directly and are placed through third party insurance brokers, including: • Aon; • Marsh; and • Gallagher. MSI NZ ensures that intermediaries (if any) distribute its consumer insurance contracts to consumers in a manner	

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
			consistent with the fair conduct principle by selecting reputable financial adviser providers businesses which: • are familiar with MSI NZ's products; • are subject to their own fair conduct requirements under the FMC Act; and • provide annually confirmations that the intermediary complies with the requirements of the Fair Conduct Principle. MSI NZ also ensures that insurance brokers and intermediaries that place consumer insurance contracts with MSI NZ provide annually confirmations that they complies with the requirements of the Fair Conduct Principle. MSI NZ's distribution methods for consumers are to be reviewed against the Fair Conduct Principle, and any identified material deficiencies remediated within a reasonable time, in accordance with Part B and Annex B of the PGF.	
3	Risk identification, monitoring and management	S 446J(1)(c) – Policies, processes, systems and controls for identifying, monitoring, and managing risks associated with conduct that fails to comply with the fair conduct principle,[28] including: i. Having clearly defined roles, responsibilities, and accountability	MSI NZ's Risk Management Strategy and Framework 2024 contains MSI NZ's risk identification, monitoring and management policies, procedures, systems and controls, including in respect of operational, legal, regulatory and compliance matters which covers the risk that MSI NZ's conduct fails to comply with the Fair Conduct Principle	June 2024

[28] See Part 3.5 of the Framework Document.

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
		arrangements in relation to identifying, monitoring, and managing those risks ii. Requiring records to be maintained that are sufficient to allow assessment of the Financial Institution's performance in complying with the fair conduct principle iii. Requiring regular and comprehensive reporting about those risks, and about failures to comply with the fair conduct principle, to the governing body of the Financial Institution	when dealing with consumers in New Zealand. It specifies clearly roles, responsibilities, and accountability arrangements in relation to identifying, monitoring, and managing those risks. Fair Conduct Programme sets out the role, responsibilities, accountability for identifying, monitoring and managing risks and reporting arrangements with consumers. This Schedule also identifies each of the policies, processes, systems and controls that make up the Fair Conduct Programme	
4	Breach identification and mitigation	S 446J(1)(d) – Policies, processes, systems and controls for identifying conduct that fails to comply with the fair conduct principle and taking reasonable steps to mitigate any actual or potential adverse effects of the failure	MSI NZ conducts multi-level reviews to identify conduct involving consumers that fails to comply with the Fair Conduct Principle and to identify reasonable steps to mitigate any actual or potential adverse effects of such failures. These reviews are undertaken when dealing with consumers as part of operating MSI NZ's business and conducting the following reviews: • reviews under Parts A3, B5 and C and Annexes A and B of the PGF which set out MSI NZ's TMD monitoring and review procedure, including MSI NZ's claims, complaints and distributions reviews; • regular product reviews under section 6 (Product Review and Product Feedback Mechanism) and section 7 (Legal Review) of the PDP; • reviews of MSI NZ's products by the Product Council (see its Standing Agenda in the Product Council – Terms of Reference); and • reviews by MSI NZ's complaints handling team, which analyses complaints to identify unusual	November 2024

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
			tends/systemic issues or suspected cases for risk management purposes, and recommends remedial action proposals and reports to the Compliance Controller on a monthly basis (see Part 8 of MSI NZ's Complaints management process).	
5	Compliance by employees and agents	S 446J(1)(e) – Policies, processes, systems and controls for requiring the Financial Institution's employees and agents to follow procedures or processes necessary/desirable to support the FI's compliance with the fair conduct principle	MSI's employees and agents are required to follow the following policies and procedures when dealing with consumers that are considered to be necessary and desirable to support MSI NZ's compliance with the Fair Conduct Principle: • **Communication**: all relevant employees and agents, who are likely to interact with consumers in New Zealand, as set out in Part 1, will be provided a copy of the Fair Conduct Programme; • **Training and Education**: as set out in Part 7, all relevant employees and agents, who are likely to interact with consumers in New Zealand, will undergo regular training, which will be documented; • **Oversight**: senior management, led by the CRO, will regularly monitor the performance of all relevant employees and agents, who are likely to interact with consumers in New Zealand, against this Fair Conduct Programme; and • **Accountability**: all employees and agents will be held accountable for their compliance with the Fair Conduct Programme (including all of MSI NZ's procedures and processes to support compliance with the Fair Conduct Principle) when dealing with consumers;	November 2024

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
			MSI NZ will annually require its intermediaries and insurance brokers to provide confirmations that they are complying with the requirements of the Fair Conduct Principle.	
6	Training of employees	S 446J(1)(f) – Policies, processes, systems and controls for requiring initial and regular ongoing training for each of those employees on the following matters to the extent the training is relevant to their work in providing the Financial Institution's relevant services or associated products to consumers: i. the relevant services or associated products in respect of which the employee carries out work ii. the Fair Conduct Programme and the procedures/processes referred to in (e) that the employee must follow	Part 7 sets out MSI NZ's FCP Training Programmes which sets out the initial and ongoing training requirements for all employees and agents of MSI who are involved in providing a relevant service or associated product to a consumer.	March 2025
7	Testing employees' training and reasonable understanding	S 446J(1)(g) – Policies, processes, systems and controls for checking each of those employees have completed the training and has a reasonable understanding of the matters it covers	Part 7 sets out MSI NZ's FCP Training Programmes which sets out the initial and ongoing training requirements for all employees and agents of MSI NZ who are involved in providing a consumer insurance contract or insurance related services to consumers. The core aspects of the FCP Training Programme include 'Testing', 'Evaluation' and 'Documentation', which are designed to ensure that employees and agents who complete training have a reasonable understanding of the matters covered.	March 2025
8	Managing or supervising and	S 446J(1)(h) – Policies, processes, systems and controls for managing or	In addition to the various requirement for managing and supervising employees to ensure they are supporting MSI	March 2025

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
	monitoring the employees' support of the financial institution's compliance with the fair conduct principle	supervising employees to ensure they are supporting the FI's compliance with the fair conduct principle, and monitoring if those persons are giving that support, including by: i. Obtaining reasonable assurance each employee is competent to carry out the work for which they will be, or are, employed (in relation to FI's RSAP) ii. Setting conduct expectations for those persons iii. Establishing robust and transparent procedures/processes for dealing with misconduct by those persons iv. Monitoring whether consumers have been treated by those persons in a manner consistent with the fair conduct principle	NZ's compliance with the Fair Conduct Principle set out elsewhere in this Fair Conduct Programme, MSI NZ recognises the important role that senior management plays in supporting MSI NZ's compliance with the Fair Conduct Principles and monitoring and supporting front line employees with their compliance with the Fair Conduct Programme. Senior management is expected to: • seek reasonable assurance each employee who is likely to interact with consumers in New Zealand is competent to carry out the work for which they will be, or are, employed. This includes auditing each such employee's compliance with the FCP Training Programme; • set the tone for MSI NZ's expectations around compliance by employees who are likely to interact with consumers in New Zealand with the Fair Conduct Principle and this Fair Conduct Programme, including clearly articulating the expectations of such employee; • apply MSI NZ's disciplinary policy to those employees who are likely to interact with consumers in New Zealand if they are found to be in breach of this Fair Conduct Programme (as appropriate). The policy owner of the disciplinary policy is Head of Human Resources; • comply with the PDP, which requires MSI NZ to seek regular (and at least annually) an event-based feedback from consumers.	
9	Designing and managing incentives	S 446J(1)(i) – Policies, processes, systems and controls for designing and managing incentives to mitigate or avoid the actual or potential adverse effects of incentives	To prevent the potential adverse effects of incentives on the interests of consumers, MSI NZ will not pay prohibited volume or value-based sales commissions in respect of consumer insurance contracts to:	March 2025

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
		on the interests of consumers, so far as reasonably practicable	• MSI NZ's front-line employees, who are involved with MSI NZ's consumer insurance contracts and in the course of that involvement have direct contact with 1 or more consumers, or persons who act of their behalf; • those MSI NZ's front-line employees' immediate managers who are involved in the provision of MSI NZ's consumer insurance contracts; • its third party brokers (if engaged by MSI NZ). Where a brokerage applies, MSI NZ pays a fixed commission rate ranging from 10% to 15% to its brokers, depending on each product type which is in line with industry standard; • its intermediaries with no remuneration from MSI NZ linked to volume or value targets or otherwise (including no soft commissions).	
10	Timely, clear, concise and effective communications	S 446J(1)(j) – Policies, processes, systems and controls for communicating with consumers about the FI's relevant services or associated products[29] in a timely, clear, concise, and effective manner	To ensure that consumers receive timely, clear, concise and effective communications from MSI NZ regarding their policies, MSI NZ shall endeavour to ensure that all communications with consumers adhere to the following principles: • **Timeliness**: when relevant, information about new products, changes to existing products, or updates to policy wording are communicated promptly to consumers through the appropriate channels (including via the broker);	March 2025

[29] See Part 3 of the Framework Document.

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
			• **Plain language**: communications should be in plain language (e.g., Plain English, Japanese etc) and adopt a friendly, helpful tone in all communications to enhance clarity and approachability; • **Consistency**: wherever possible, there should be consistency in the information being communicated; • **Accessibility**: information should be made as accessible to the consumer as possible, including (if appropriate) making relevant information available on MSI NZ's website free of charge; • **Feedback**: consumers should be encouraged to ask questions, seek clarification, or provide feedback regarding the information MSI NZ provides to ensure comprehension.	
11	Review of the Fair Conduct Programme	S 446J(1)(k) – Policies, processes, systems and controls for ensuring that there are methods for regularly reviewing, and systematically identifying deficiencies in the effectiveness of the programme	Part 11 sets out the processes for regularly reviewing and systematically identifying deficiencies in the effectiveness of the Fair Conduct Programme.	March 2025
12	Remedying deficiencies in the Fair Conduct Programme	S 446J(1)(l) – Policies, processes, systems and controls for ensuring that any deficiencies identified are promptly remedied	MSI NZ shall endeavour to remedy any deficiency identified within the Fair Conduct Programme as soon as possible. If a deficiency is identified under Part 11, then the following procedures will apply to remedy that deficiency: • **Analysis**: the purported deficiency should be analysed to ensure the proper scope of the deficiency is understood. This should include, as appropriate:	March 2025

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
			◦ reviewing existing policies, procedures and controls that are the subject of the deficiency; ◦ undertaking a root cause analysis (including trends analysis) to ascertain whether or not there are broader systemic deficiencies; ◦ seeking feedback (including, if relevant, from consumers) from relevant employees, agents and brokers connected to the deficiency; • **Action plan**: an action plan should be created to address the identified deficiencies. Appropriate resources should be sought and allocated, and realistic timeframes should be implemented; • **Monitoring**: once the deficiency has been remedied in accordance with the action plan, the corrective actions should be monitored to measure their effectiveness; and • **Documentation**: once the deficiency has been remedied and measured to be effective, a written report setting out the deficiency, the steps taken and measured effectiveness should be presented to senior management (who will then report up to the relevant governing body set out in Part 9, as appropriate). In carrying out the above, the overarching consideration is MSI NZ's continued compliance with the Fair Conduct Principle.	

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
13	Prescribed requirements	S 446J(1)(m) – Policies, processes, systems and controls for complying with all requirements prescribed for purposes of this section	N/A – there are no additional requirements prescribed for the purposes of S 446J as of June 2024.	
	Other	Other - Policies, processes, systems and controls designed to ensure the financial institution's compliance with the Fair Conduct Principle.[30]	MSI NZ shall use reasonable endeavours to deal with consumers that are identified as being vulnerable in accordance with its Supporting Customers Experiencing Vulnerability policy. If MSI NZ receives a complaint from a consumer, MSI NZ shall use reasonable endeavours to deal with that complaint in accordance with its Complaints Management policy and the Fair Insurance Code developed by the Insurance Council of New Zealand. When MSI NZ receives a claim from a consumer, MSI NZ shall use reasonable endeavours to comply with its Claims Manual and the Fair Insurance Code developed by the Insurance Council of New Zealand. In all other respects, MSI NZ will use reasonable endeavours to comply with the requirements in the MSI Oceania A-2 Compliance Policy when dealing with consumers in New Zealand, including its regulations and guidelines relating to: • whistle blowing/speaking up; • dishonest and unlawful acts; • conflicts of interest; • compliance training;	March 2025

30 See also Part 3 of the Framework Document.

#	Category	Requirement	Relevant policies, processes, systems, and controls	Last Reviewed
			• compliance reporting; and • MSI NZ’s conduct.	