

# Fit and Proper Policy

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Version 4.1

26 April 2018

*(Operational Review: 4 August 2021)*

# Fit and Proper Policy

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## Policy Control Information

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## 1. Introduction

The *Superannuation Administration Act 1996* (NSW) (**SA Act**) outlines and governs the principal functions and duties<sup>1</sup> of the SAS Trustee Corporation (**STC**) as the trustee for the STC schemes<sup>2</sup> and the composition and duties of the STC Board<sup>3</sup>.

STC's obligations also flow from its broader regulatory environment including:

- (a) NSW legislation relating to trustee duties and obligations (principally the *Trustee Act 1925*);
- (b) NSW legislation relating to STC schemes (such as *Superannuation Act 1916*, *Police Regulation (Superannuation) Act 1906*, *State Authorities Superannuation Act 1987* and *State Authorities Non-contributory Superannuation Act 1987*);
- (c) NSW legislation relating to public sector governance, reporting and administration (such as *Government Information (Public Access) Act 2009*, *Public Finance and Audit Act 1983*, *Public Authorities (Financial Arrangements) Act 1987*, etc); and
- (d) Commonwealth legislation applicable to superannuation trustees and superannuation schemes generally (such as *Superannuation Industry (Supervision) Act 1993* (Cth) (**SIS Act**) and the Commonwealth taxation legislation).

STC has regard to the Heads of Government Agreement (**HOGA**) commencing 1 July 1996 as amended from time to time, relating to the exemption of the State schemes from the SIS Act in the exercise of its functions.

Having regard to HOGA, STC has exercised its best endeavours to conform to relevant APRA prudential standards in relation to the fitness and propriety of STC's Board members and other designated responsible persons.

This Fit and Proper Policy (**FP Policy**) sets out STC's standards for the fitness and propriety of Board members and other designated responsible persons and, in addition, how STC:

- (a) assesses the relevant characteristics of such persons including the requisite:
  - (i) education, knowledge, skills and experience; and
  - (ii) standards of honesty and integrity;
- (b) determines whether such persons are disqualified from holding or otherwise ineligible to hold senior positions with STC; and
- (c) manages the risk that persons who are not fit and proper pose to STC's business operations and the interests or reasonable expectations of beneficiaries of STC schemes, the financial position of those schemes, STC or any of STC's connected entities<sup>4</sup>, or in relation to any other relevant prudential matter.

This FP Policy forms part of STC's risk management framework.

## 2. Relevant APRA Prudential Standards

The relevant APRA prudential standards addressing fitness and propriety are:

- (a) APRA Prudential Standard SPS 510 *Governance* (**SPS 510**); and
- (b) APRA Prudential Standard SPS 520 *Fit and Proper* (**SPS 520**).

<sup>1</sup> Generally, Division 1 Part 3 of the SA Act and, in relation to STC's duties, section 51 in particular.

<sup>2</sup> See Note to Section 50: The STC schemes include the State Authorities Superannuation Scheme, the Police Superannuation Scheme, the State Superannuation Scheme, the State Authorities Non-contributory Superannuation Scheme and other public sector schemes.

<sup>3</sup> Division 4 Part 3 of the SA Act

<sup>4</sup> 'Connected entity' has the meaning given to it in section 10(1) of the *Superannuation Industry (Supervision) Act 1993* (Cth).

SPS 510 provides guidance for RSE Licensees on the minimum foundations for good governance and sets out APRA's expectations and requirements on the role of their Boards and senior management; Board performance assessment, and related matters. SPS 510 also sets out requirements for internal audit and auditor independence and may be viewed at [www.apra.gov.au](http://www.apra.gov.au).

SPS 520 sets out APRA's expectations and requirements for determining the fitness and propriety of individuals to hold positions of responsibility with a superannuation trustee and sets out detailed provisions in areas including the criteria to determine if a responsible person is fit and proper. SPS 520 also sets out requirements for auditors and actuaries and may be viewed at [www.apra.gov.au](http://www.apra.gov.au)

### 3. Who is a Responsible Person?

This FP Policy seeks to manage the governance risks associated with STC's business operations by ensuring that, to the extent possible and having regard to the Minister's power to appoint the members of the Board, its Responsible Persons satisfy defined competencies as to their fitness and propriety for the respective roles that they are discharging for and on behalf of STC.

This Policy defines **Responsible Persons** as:

- (a) a member of the Board;
- (b) the Company Secretary;
- (c) a Senior Manager (see paragraph 3.3);
- (d) the Auditor-General of New South Wales being the auditor under the *Public Finance and Audit Act 1983 (NSW)* (or their delegate), to conduct an audit of STC or any or all the STC schemes, (**STC's External Auditor**).
- (e) an actuary who is appointed to perform an actuarial function in relation to any of the STC schemes; and
- (f) a person who performs activities for an entity which is associated with STC where those activities could materially affect, either directly or indirectly, the whole or a substantial part of STC's business activities or financial standing.

A **Senior Manager** is a person (other than a Board member) who:

- (a) makes, or participates in making, decisions that affect the whole, or a substantial part, of STC's business operations; or
- (b) has the capacity to affect significantly STC's business operations or its financial standing; or
- (c) may materially affect the whole, or a substantial part, of STC's business operations or its financial standing through their responsibility for:
  - (i) enforcing policies and implementing strategies approved by the Board; or
  - (ii) the development and implementation of systems used to identify, assess, manage or monitor risks in relation to STC's business operations; or
  - (iii) monitoring the appropriateness, adequacy and effectiveness of risk management frameworks.

STC Responsible Persons are set out in **Attachment 1**.

The fit and proper requirements set out in this FP Policy apply to all STC Responsible Persons.

### 4. Competency Requirements for Responsible Persons

Each Responsible Person must:

- (a) meet the **propriety** requirements (i.e., act with honesty and integrity etc) and satisfy the minimum requirements of **fitness** (i.e., have certain basic skills and **competencies**); and
- (b) have at least one of the following **specific skills**/competencies relevant to STC's operations: Investments, Operational, Management, Financial, and Legal.

Each Board member is expected to understand the roles and responsibilities of a director and have a general knowledge of STC, its business and its regulatory environment. A particular Board member is not expected to be proficient in all the competencies; however, the Board must ensure that:

- (a) the Board members collectively have the knowledge, skills and experience that enable them to perform their duties, including "...to exercise a reasonable degree of care and diligence for the purposes of ensuring that STC carries out the duties referred to in section 51"<sup>5</sup>;
- (b) the Board members and the Senior Managers, collectively, have the full range of skills needed for the effective and prudent operation of STC, including that the Board members, collectively, have the necessary knowledge, skills and experience to understand the entity's operations (including its legal and prudential obligations) and the risks associated with them and to ensure that those operations are managed in an appropriate way considering those risks;
- (c) each Board member has skills that allow them to make an effective contribution to Board deliberations and processes and, to the extent the relevant expertise is provided by external consultants or advisers, the Board does not unquestionably rely on their advice; and
- (d) STC's processes and requirements for Responsible Persons other than Board members are appropriate and comparable to those for Board members.

The Board has directed the Company Secretary to develop, implement and maintain effective procedures for assessing, at least annually:

- (a) the performance of the Board relative to its objectives; and
- (b) the performance of individual Board members.

The competency requirements that STC has determined in relation to the Board and Senior Managers are set out in **Attachment 2**. The skills within the matrix have been identified having regard to:

- (a) STC's regulatory obligations;
- (b) STC's corporate strategy as applicable from time to time;
- (c) the environment in which STC operates;
- (d) the defined benefit nature of the STC schemes;
- (e) the structure, size, complexity and nature of the STC Pooled Fund; and
- (f) the risks identified within STC's Risk Management Strategy.

STC's Company Secretary will:

- (a) arrange for an annual skills assessment for each Responsible Person utilising the Skills Matrix at **Attachment 2**;
- (b) arrange for a skills assessment each time any of the following occurs:
  - (i) a Responsible Persons resigns (to identify any skill gaps);
  - (ii) the Risk Management Strategy is materially amended; or

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<sup>5</sup> Section 73 SA Act

- (iii) a new strategic plan, or change/s to an existing strategic plan, is being considered;
- (iv) there are material changes to STC's business by utilising the Skills Matrix at **Attachment 2**; and
- (c) report the findings of each skills assessment to the Board and, when requested, make available each Board member's skills matrix to the office of the Minister.

The Board will consider the Company Secretary's report and determine the steps (if any) to be taken to rectify any competency shortcomings or skills gaps identified in the findings.

Under the SA Act, the appointment of each Board member is made by the Minister. STC will provide the Minister with information on possible candidates to fill any vacancy on the Board, together with any selection criteria the Board wishes the identified persons to meet, including the restrictions in section 4.8.

The Board's selection criteria for possible candidates to be appointed as a Board member or Senior Manager includes:

- (a) a person, who was a member of an audit firm or a director of an audit company, and who served in a professional capacity in the audit of STC, should not be appointed to the role of Board member or Senior Manager of STC until at least two years have passed since they served in that professional capacity; and
- (b) a person, who was an employee of an audit company, other than a director of that company, and who acted as the lead auditor<sup>6</sup> or review auditor<sup>7</sup> in the audit of STC, should not be appointed to the role of Board member or Senior Manager of STC until at least two years have passed since they acted as the lead auditor or review auditor.

A person cannot be appointed as a Senior Manager or as a member in any committee established by the Board from time to time (where such person is not a member of the Board) if:

- (a) the person was, or is, a director of the audit company or a member of the audit firm that was, or is, responsible for the audit of STC; and
- (b) there is already another person appointed or employed as a Board member or Senior Manager of STC who was a director of the audit company or a member of the audit firm, at a time when the audit company or audit firm undertook an audit of STC at any time during the previous two years.

## 5. Process for Assessment of Fit and Proper Requirements

STC will apply section 5 to determine whether a person is fit and proper to hold a Responsible Person position at STC. Section 5 is structured as follows:

- (a) sections 5.2 to 5.13 apply to all Responsible Persons other than those who perform duties as an actuary or auditor; and
- (b) sections 5.14 to 5.23 apply to Responsible Persons who perform duties of an actuary or auditor for STC.

The General Counsel is responsible for mapping out the competencies and fitness of a Responsible Person based on information provided in their curriculum vitae and from other supporting material (such as business and other references, educational qualifications, work experience, training, etc.) and will provide this to the Chief Executive Officer (**CEO**) and, where the Responsible Person is a Board member, the Chair for their final

<sup>6</sup> 'Lead auditor' means the registered company auditor who is primarily responsible to the audit firm or the audit company for the conduct of audit work.

<sup>7</sup> 'Review auditor' means the registered company auditor (if any) who is primarily responsible to the individual auditor, audit firm or audit company for reviewing audit work.

consideration and assessment. Although there are certain basic skills and competencies that all Responsible Persons must have, STC understands that a person may not have all them all at the outset and consequently will work with the individual to ensure they obtain this minimum level of knowledge within a reasonable period (consistent with the STC's Training Policy requirements).

The General Counsel will also, upon being notified of a member's appointment, undertake the relevant enquiries as to propriety of Board members (including criminal record checks, bankruptcy checks, checks on Regulator databases for disqualified persons, eligibility declarations etc.) and will report any issues of concern to the CEO and the Chair in the first instance.

In relation to Senior Managers, the General Counsel will undertake the relevant enquiries as to the competency, fitness and propriety of Senior Managers and will advise the CEO if there are any issues. The fit and proper assessment must be done before the appointment of the Senior Manager is confirmed on a permanent basis by the CEO.

The Board will consider the fitness and propriety of all Responsible Persons, including Senior Managers, on an annual basis.

In relation to other Responsible Persons, such as the External Auditor and any STC schemes' actuaries, the General Counsel will undertake the relevant enquiries as to fitness and propriety in consultation with other departments where appropriate.

All Responsible Persons must consent to STC collecting and using information that is required to determine whether the individual satisfies the fitness and propriety requirement.

### ***Information to assess propriety***

STC will consider a person to be "proper" and to be suitable for appointment or to continue as a Responsible Person if STC concludes that the person:

- (a) possesses the competence, character, diligence, experience, honesty, integrity and judgement to perform properly the duties of the responsible person position;
- (b) possesses the education or technical qualifications, knowledge and skills relevant to the duties and responsibilities of the STC;
- (c) the person is not disqualified (see section 6 below) from holding the position; and
- (d) the person either:
  - (i) has no conflict in performing the duties of the Responsible Person position; or
  - (ii) if the person has a conflict, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform properly the duties of the position.

### ***Information to assess fitness***

A person is generally fit to act as a Responsible Person if, in addition to the matters set out in section 5.9(b), the Responsible Person also meets:

- (a) a minimum level; and
- (b) a comprehensive level, of skills, knowledge, qualification and experience.

Responsible Persons must have the following **minimum levels of skills and knowledge**:

- (c) a capacity to understand the principal functions of STC and its duties in the performance of those functions as set out in the SA Act insofar as they apply or relate to STC or the Responsible Persons;
- (d) an awareness of areas where additional technical, professional or expert advice should be sought;



- (e) basic knowledge of the SA Act, the SIS Act, the Trustee Act and other legislative or prudential requirements for superannuation schemes insofar as they apply or relate to STC, the STC schemes or the Responsible Persons;
- (f) basic knowledge of accounting, auditing and operational processes relating to STC and the STC schemes;
- (g) basic investment knowledge; and
- (h) basic knowledge of the elements and application of trust law.

STC has determined a **comprehensive level** of skills, knowledge, qualifications and experience for each type of Responsible Person and articulates these in the relevant position descriptions for the role. A person who has applied for a role which involves being a Responsible Person must satisfy the criteria in a position description, unless the Board or CEO (as relevant) determines that a candidate has other skills, qualifications or experience which makes them suitable for the role.

STC recognises that its Board members are appointed by the Minister and that the process of appointment is subject to the relevant provisions of the SA Act.

Sections 5.15 to 5.23 set out specific requirements for Responsible Persons who are **auditors and actuaries** to STC.

### ***Additional criteria for External Auditors and Actuaries***

Under the *Public Finance and Audit Act 1983 (NSW)*, the Auditor-General of New South Wales is STC's External Auditor. Accordingly, STC is not able to determine the criteria for fitness and propriety of the Auditor-General of New South Wales.

STC will consider a person to be suitable to act as a Responsible Person in the position of an actuary or an auditor to STC if, in addition to the criteria set out in section 5.8, STC concludes that the person satisfies the following minimum requirements (**Minimum Requirements**):

- (a) possesses the competence, character, diligence, experience, honesty, integrity and judgement to perform properly the duties of the auditor or actuary of the STC schemes; and
- (b) possesses the education or technical qualifications, knowledge and skills relevant to their duties and responsibilities as auditor or actuary of the STC schemes; and
- (c) the person is not disqualified under the SIS Act, being a person who has been disqualified by the Federal Court of Australia from being or acting as an auditor or actuary, for the purposes of the SIS Act, of:
  - (i) a superannuation entity;
  - (ii) a class of superannuation entities; or
  - (iii) any superannuation entity; and
- (d) the person either:
  - (i) has no conflict in performing the duties as auditor or actuary; or
  - (ii) if the person has a conflict, it would be prudent for STC to conclude that the conflict will not create a material risk that the person will fail to perform properly the duties of auditor or actuary.

In addition to the Minimum Requirements, **STC's External Auditor** must satisfy the following criteria to qualify as fit and proper:

- (a) the person is registered as an auditor under the Corporations Act or is the Auditor-General (or a delegate of the Auditor-General) of the Commonwealth, a State or Territory;

- (b) the person is not the CEO or a Board member of STC, or of a related body corporate or a connected entity;
- (c) the person has, or is deemed to have, a minimum of five years' relevant experience in the audit of the business operations of superannuation trustees;
- (d) the person has, or is deemed to have, experience relating to the business operations of trustees that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the audit of the business operations of trustees;
- (e) the person is not:
  - (i) the actuary for STC or the STC schemes;
  - (ii) an employee or director of a body corporate, statutory body, partnership, trust, or commercial or professional enterprise of any kind of which the actuary is an employee or director; or
  - (iii) a partner of the actuary;
- (f) the person is a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants;
- (g) the person is ordinarily resident in Australia<sup>8</sup>; and
- (h) must not be an employee of STC.

The criteria in section 5.16 do not apply where STC considers there are exceptional circumstances and, having notified the Minister of the eligibility criteria that are not satisfied and of the exceptional circumstances, the Minister notifies STC in writing that he or she does not object to the person holding the position.

In addition to satisfying the Minimum Requirements, to determine whether an **actuary** is fit and proper, the person:

- (a) must have appropriate formal qualifications;
- (b) must not be the CEO or a Board member of STC, or of a related body corporate (except when that related body corporate is a connected entity of STC);
- (c) must not be:
  - (i) the external auditor of STC or any STC scheme;
  - (ii) an employee or director of an entity of which the external auditor is an employee or director; or
  - (iii) a partner of the external auditor;
- (d) must have a minimum of five years' relevant experience in the provision of actuarial services to superannuation trustees and superannuation schemes or in superannuation more generally, that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the provision of actuarial services to the business operations of the trustees of superannuation schemes;
- (e) must be a Fellow or Accredited Member (however described) of the Institute of Actuaries of Australia;
- (f) must be ordinarily resident in Australia; and
- (g) must not be an employee of STC.

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<sup>8</sup> A person will be considered to be ordinarily resident in Australia if they are likely to be in Australia for a majority of days in any 12-month period.

## 6. Disqualified Persons

STC will not appoint a person as a Responsible Person if they are disqualified under the SIS Act or if they are prohibited from being appointed as a director under the *Corporations Act 2001*.

The SIS Act provides that a person is a disqualified person if:

- (a) at any time, they have been:
  - (i) convicted of an offence in respect of dishonest conduct, either in Australia or elsewhere; or
  - (ii) been the subject of a civil penalty order;
- (b) the person is an insolvent under administration; or
- (c) they have been disqualified by APRA or the Federal Court.

The *Corporations Act 2001* (Part 2D.6) contains a number of provisions regarding disqualification from managing a company, including the automatic disqualification of a person:

- (d) with certain convictions;
- (e) who is an undischarged bankrupt or has entered a personal insolvency agreement; or
- (f) who is the subject of foreign court orders.

STC recognises that:

- (g) not all offences will involve dishonest conduct (e.g., strict liability offences); and
- (h) in the current context, “disqualification” does not involve a materiality threshold resulting in the potential for minor offences (e.g., fare evasion) to cause a person to be a “disqualified person”

STC requires all offences to be disclosed, following which STC will give due consideration to whether the offence involved dishonest conduct.

## 7. Assessment of Fitness and Propriety: New Appointments

Board members are appointed by the Minister pursuant to relevant provisions of the SA Act.

A copy of this FP Policy and a summary of STC's duties and responsibilities as trustee of the STC schemes will be provided to the office of the Minister and Unions NSW. The Board understands that the office of the Minister or Unions NSW may have regard to this FP Policy when assessing any proposed candidate for appointment. This FP Policy and a summary of STC's duties and responsibilities as trustee of the STC schemes will be provided to any prospective candidate recommended by STC for a vacancy on the Board, and in any event, to each newly appointed Board member as part of their induction process.

STC will conduct its own fit and proper assessment of a newly appointed Board member and must complete the assessment within 90 days of written confirmation of the appointment. The process for the assessment of fitness and propriety for a Board member upon their initial appointment is set out in **Attachment 5** and includes the requirement to complete an initial proper person declaration in the form set out at **Attachment 3**.

Responsible Persons (other than Board members) must participate in, and have a fit and proper assessment conducted and completed by STC **before** that person is appointed as a Responsible Person. This FP Policy and a summary of STC's duties and responsibilities as trustee of the STC schemes will be provided to a candidate for a Responsible Person position prior to assessment and appointment.

Interim appointments to a Responsible Person position (other than Board member, auditor or actuary) may be made without a full fit and proper assessment for a period of up to 90 days. However, prior to making such an appointment:

- (a) reasonable steps must be taken to assess the fitness and propriety of the person; and
- (b) as a minimum, all relevant police/criminal history checks and bankruptcy checks should be applied for and the results of the Australian police/criminal history check and bankruptcy check obtained.

A fit and proper assessment must be satisfactorily completed prior to appointing the person as a Responsible Person (other than a Board member) on a permanent basis.

The initial assessment of fitness and propriety process for a Responsible Person is set out in **Attachment 5** and includes the requirement to complete an initial proper person declaration in the form set out at **Attachment 3**.

If an attestation or representation provided by a person in the assessment of their fitness and propriety is later discovered to have been given in the knowledge that it was false, this will typically be taken to indicate that the person is not fit and proper and the appropriate notification and recommendation will be made to the responsible Minister to the effect that the person should be removed.

In undertaking a fit and proper assessment, STC may consider, where prudent, taking into account other assessments of fitness and propriety or information collected for such assessments. In determining the weight to be given to other assessments, STC will have regard to the time elapsed since the assessment was made (including considering whether the information remains current) and whether the criteria applied were comparable and relevant.

## 8. Annual and Ongoing Assessment of Fitness and Propriety

Fit and proper assessments of all Responsible Persons must be carried out on an annual basis. This is in addition to the ongoing obligation Responsible Persons have to inform STC of any matter they are or may become aware of that may be taken into account in determining the status of their fitness and propriety.

Assessment of Board members' fitness and propriety should be conducted as part of the annual board performance assessment arranged by Company Secretary. When such an assessment is conducted, STC has an obligation to take all reasonable steps to obtain information – including sensitive information – which it believes is relevant to the assessment.

Fitness and propriety assessments for Responsible Persons (other than Board members) should be conducted as part of the annual performance review process, utilising the process in **Attachment 6** and includes the requirement to complete an initial proper person declaration in the form set out at **Attachment 4**.

The fitness and propriety assessment of a Responsible Person must include consideration of the results of police checks and bankruptcy checks at least once every five years.

Where STC becomes aware of any information that could reasonably impact on whether a Responsible Person is fit and proper, the Chair in consultation with the CEO and the General Counsel will take reasonable steps to investigate whether a material fitness and propriety concern exists. Where they form the view that a material fitness and propriety concern exists, a fit and proper assessment must be conducted in accordance with the process set out in **Attachment 6** and the relevant individual given an opportunity to respond to concerns (in accordance with the principles of natural justice and procedural fairness as outlined in the Code of Conduct) and the results reported the Board (after full consultation with the individual).

If an attestation or representation provided by a person in the assessment of their fitness and propriety is later discovered to have been given in the knowledge that it was false, this will typically be taken to indicate that the person is not fit and proper and the appropriate notification and recommendation will be made to the responsible Minister to the effect that the person should be removed.

In undertaking a fit and proper assessment, STC may consider, where prudent, taking into account other assessments of fitness and propriety or information collected for such assessments. In determining the weight to be given to other assessments, STC will have regard to the time elapsed since the assessment was made (including considering whether the information remains current) and whether the criteria applied were comparable and relevant.

STC will report to the office of the Minister on an annual basis as to whether the annual performance review process was undertaken for the Senior Managers of STC.

## 9. Failure to Satisfy Fitness and Propriety Requirements

If a Board member at any time during their term including at an annual assessment:

- (a) is or becomes a disqualified person under the SIS Act;
- (b) has been or is convicted in NSW of an offence that is punishable by imprisonment for 12 months or more or is convicted elsewhere than in NSW of an offence that, if committed in NSW, would be an offence so punishable;
- (c) becomes mentally incapacitated; or
- (d) becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt and insolvent debtors, compromises with his or her creditors or makes an assignment of his or her remuneration for their benefit,

under clause 6 of Schedule 2 to the SA Act, that member's office becomes vacant.

Should any of the circumstances in 9.1 occur, the Chair will advise the Minister of the vacancy of office, and the reason for the vacancy, as soon as practicable.

If the fit and proper assessment of a newly appointed Board member is not satisfied for other reasons, the Board (in the absence of the particular Board member) will consider a resolution to advise the Minister that the particular Board member does not satisfy the requirements to be a Board member, and to recommend that the Board member be removed from office.

For Responsible Persons other than Board members, a person should not be appointed as a Responsible Person if they fail to meet the requisite standard of fitness and propriety upon an initial assessment. If the person is appointed on an interim appointment, the appointment must be terminated.

If a Responsible Persons other than a Board member fails a fit and proper assessment at any time after appointment, the CEO (or the Chair where the Responsible Person is the CEO) must be immediately notified.

After obtaining appropriate advice (if necessary) and reviewing the terms of the Responsible Person's employment/appointment, reasonable steps will be taken to address the failure and may include:

- (a) where the Responsible Person is the CEO, the Board suspends, removes or dismisses the CEO and appoints another person in his/her place;
- (b) where the Responsible Person is not the CEO, auditor or actuary, the CEO suspends, removes or dismisses the Responsible Person and appoints another person in his or her place; and
- (c) where the Responsible Person is an actuary, their appointment is terminated and another actuary appointed in his or her place.

The *Public Finance and Audit Act 1983 (NSW)* requires the Auditor-General of New South Wales to conduct regular audits of the STC schemes. Accordingly, STC is not able to suspend or terminate the appointment of the Auditor-General upon the failure of a fit and proper assessment. In this situation, the Board will consider a resolution to advise the Auditor-General and the Premier's office of the failure.

Before any of the steps outlined in this section 9 are taken the relevant individual must be given an opportunity to respond to concerns (in accordance with the principles of natural justice and procedural fairness as outlined in the Code of Conduct).

## 10. Whistle-Blower

The Board encourages a person who has a reasonable basis to believe that a Responsible Person (or candidate for a Responsible Person position) does not meet the fit and proper requirements of this Policy to notify any one of the following of that belief and the reason for it:

- (a) the General Counsel and Company Secretary; or
- (b) the Chief Executive Officer if the notification concerns the General Counsel, the Company Secretary, or a member of the Board.

STC consents, and will ensure its connected entities consent, to the person providing such notification.

A person can make such notification and provide any documentation about the matter notwithstanding anything contained in the employment or service contract of the person making the notification, any STC policy or the Code that may indicate a contrary obligation, e.g. to privacy or confidentiality.

STC must ensure that all provisions of this FP Policy encouraging whistleblowing and the procedures relating to whistleblowing in any applicable legislation or STC's *Protected Disclosures – Reporting Policy* are adequately explained to Board members and staff of STC and its connected entities who are likely to have information relevant to fit and proper assessments.

The procedure that would occur following such a notification is to be along the lines outlined in STC's *Public Interest Disclosure Policy* as adapted to suit the situation. STC must take all reasonable steps to ensure that no person making such a notification in good faith will be subject to, or threatened with, a detriment because of the notification.

## 11. Compliance

STC's General Counsel is responsible for ensuring compliance with this FP Policy.

STC will ensure that it complies with its privacy obligations, including under the [\*Privacy and Personal Information Protection Act 1998 \(NSW\)\*](#), with respect to any information about an individual that has been collected or used in a fit and proper assessment.

## 12. Review & Audit

### 12.1 Review

The General Counsel must conduct an internal review of this FP Policy, and the processes flowing from it, triennially to:

- (a) maintain its currency and that it is up-to-date as regards STC's business;
- (b) consider any changes to the environment that impact on business operations and should be dealt with in this FP Policy;
- (c) improve existing processes; and

- (d) reflect changes in relevant governing legislation, APRA or ASIC standards or policies.

The General Counsel will arrange an external review of this FP Policy, in conjunction with any review of STC's governance structure, every five years. Such review should:

- (a) verify that appropriate governance structures and processes are in place; and
- (b) consider best practice and industry standards and make recommendations to STC as to how to align its practices accordingly.

The General Counsel must report the results of both the internal and the external review to the Board.

## **12.2 Audit**

The Chief Audit Executive will:

- (a) arrange for an internal audit of this FP Policy every 3 years or as may otherwise be considered necessary; and
- (b) report the findings of the audit to the Board/Risk, Audit and Compliance Committee.

## **12.3 Board approval**

The Board must approve this FP Policy and any amendments to it.

# Attachment 1

## List of Responsible Persons

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# List of Responsible Persons

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The following persons are Responsible Persons in relation to STC:

1. Board members
2. Chief Executive Officer
3. Senior Managers, being any person who reports directly to the Chief Executive Officer
4. General Manager, Asset Allocation
5. The Auditor-General of New South Wales
6. The actuary appointed by STC in relation to the STC schemes

# Attachment 2

## Skills Matrix

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# Responsible Persons' Skills Matrix

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STC Responsible Persons' Skills Matrix

Name of Responsible Person: \_\_\_\_\_ Date of Self-Assessment\_\_/\_\_/\_\_

**Key Skill Levels**

	<b>Skill Level</b>	<b>Description</b>
1	Proficient	Expert
2	Sufficient	Reasonable in depth knowledge and applications of skills. Responsible Persons are expected to meet this level within 18 months of appointment.
3	Basic	All Responsible Persons to meet this standard within 12 months of appointment

**Part A – Skills Sets**

This Part sets out the skill sets that STC has determined are required for the Responsible Persons to perform their functions appropriately. In particular, STC requires the Board and committees to include Responsible Persons with experience in:

<b>Specific Skills</b>	<b>(Trustee determined)</b>
<b>Investment</b>	Knowledge of asset classes, performance of asset classes, risks associated with investment in particular asset classes, macro-economics, portfolio construction and an ability to follow investment market commentary and investment jargon having regard to the overall objectives of STC to provide benefits including defined benefits to its members.
<b>Fund Management and Operations</b>	Knowledge of the procedural aspects of a superannuation business (for example, member services, fund administration, custodial arrangements, marketing, communications).
<b>Public Administration</b>	Knowledge of how to manage a large public sector organisation or enterprise and an understanding of key business drivers for performance and use of sound management practices. The ability to use sound management principles in all areas of such an organisation or enterprise.
<b>Audit and Financial Management</b>	An ability to interpret and apply financial data (which may include working knowledge of the accounting and auditing processes of STC and the STC schemes).
<b>Governance, Legal and Risk Management</b>	Knowledge of laws which apply to superannuation schemes generally, and laws that apply to STC and the STC schemes (being exempt public sector superannuation schemes) specifically, including the Trustee's and each Board member's responsibilities and duties, the nature and requirements associated with the provision of defined benefits to members.
<b>Resources Remuneration and People</b>	<p>Knowledge of remuneration frameworks and trends within financial services and public sector for executive and CEO remuneration including:</p> <ul style="list-style-type: none"> <li>• understanding the remuneration drivers within organisations and how pay is set and reviewed;</li> <li>• understanding trends and methodologies behind "directors' fees";</li> </ul>

	<ul style="list-style-type: none"> <li>knowledge and experience of organisation development themes and trends.</li> </ul>
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Each Responsible Person must also exhibit the following important general attributes

<b>General attributes</b>	
<b>Comprehension</b>	The ability to understand and to question the advice received from consultants and technical experts.
<b>Decision making</b>	The ability to make informed decisions in the best interests of the members and beneficiaries.
<b>Independence</b>	The ability to make an independent assessment of the merits of a matter.

Any additional skill sets required by Senior Managers will be determined by the positions they hold and will be outlined in the position description documentation (if appropriate).

STC acknowledges that notwithstanding its ability to engage professional advisers and consultants to provide their expertise, STC remains responsible for all decisions.




### ***Part B – Skills Matrix***




The Skills Matrix will be reviewed on each appointment or resignation of a Responsible Person, and will also be reviewed annually by the Board and the Human Resources and Nominations Committee as part of their review process.

### ***Part C – Directions***



The following table sets out the skill sets that STC has determined a Responsible Person must have for the successful operation of the STC Schemes.

Please complete the matrix below by placing a ✓ in the Skill Level column reflecting the key above.


<b>Skills Matrix Self-Assessment</b>		
<b>Investments</b>		
<b>Skill Level</b>	<b>Skill Set</b>	<b>Training/Knowledge Base</b>
<b>Proficient</b> 	Should be able to demonstrate: <ul style="list-style-type: none"> <li>• In-depth knowledge of the items in Basic and Sufficient categories;</li> <li>• Understanding of economic factors and the impact on investment markets.</li> </ul>	1. Relevant work experience in investment related or economic field
<b>Sufficient</b> 	Should demonstrate an understanding of the following: <ul style="list-style-type: none"> <li>• investment principles (including risk and return, diversification, liquidity etc.);</li> <li>• the characteristics of the major asset classes;</li> <li>• the process for formulating investment beliefs and setting investment objectives and strategy including the range of factors a superannuation trustee must take into account;</li> <li>• STC's Investment Governance Framework and its constituent policies and procedures; and</li> <li>• investment processes;</li> <li>• implementation and risk management including legal, tax, fees, governance and investment structures.</li> </ul>	2. Investment Committee induction. 3. Investment Committee attendance, participation and training. 4. Obtain a more in-depth understanding of the Investment Governance Framework and its constituent policies and procedures including: <ul style="list-style-type: none"> <li>(a) the investment strategies for each of the STC schemes and each investment option;</li> <li>(b) investment policy statement;</li> <li>(c) liquidity management plan;</li> <li>(d) due Diligence Policy and processes;</li> <li>(e) asset valuation policy; and</li> <li>(f) policies for the management of derivatives and currency</li> </ul>
<b>Basic</b> 	Should demonstrate an understanding of the following: <ul style="list-style-type: none"> <li>• investment principles (including risk and return, diversification, liquidity etc.);</li> <li>• the characteristics of the major asset classes;</li> <li>• the process for formulating investment beliefs and setting investment objectives and strategy including the range of factors a Trustee must take into account; and</li> <li>• the Trustee's Investment Governance Framework and its constituent policies and procedures.</li> </ul>	5. Induction session with Investment Team. 6. Obtain a good understanding of the Investment Governance Framework and its constituent policies and procedures including: <ul style="list-style-type: none"> <li>(a) the Investment Strategy for Fund and each investment option; and</li> <li>(b) investment policy statement.</li> </ul> 7. Board and Investment Committee training.
<b>Fund Management and Operations</b>		




<b>Proficient</b> 	<p>Should be able to demonstrate detailed experience and knowledge of the items in Basic and Sufficient categories.</p>	<p>8. Experience and/or qualifications in either super administration, custodial arrangements, group life or IT systems;</p> <p>9. Relevant Marketing experience and/or qualifications; or</p> <p>10. Experience in public sector entities especially exempt public sector defined benefit superannuation schemes on behalf of the NSW Government and associated employers.</p>
<b>Sufficient</b> 	<p>Should demonstrate an understanding of the following:</p> <ul style="list-style-type: none"> <li>• <b>Administration</b> – understanding of structure of the administration and service arrangements. High-level understanding of IT systems, understanding of the Complaints Management Framework.</li> <li>• <b>Marketing</b> – more in-depth knowledge of the brand and its attributes and how it drives service and product development.</li> <li>• <b>Insurance</b> – a detailed knowledge of the key elements the Trustee's insurance framework including an understanding of group life risk principles and types of cover and claims, the Fund risk profile. Understand the operational environment including the respective roles of the administrator, broker and insurer.</li> <li>• <b>Custody</b> – an in-depth understanding of the custodian agreements and arrangements in place for the safekeeping and protection of the STC Funds' assets.</li> </ul>	<p>11. Attendance at Board meetings, participation and training.</p> <p>12. Understanding member and employer research</p> <p>(a) Marketing and Member Service Committee attendance, participation and training.</p> <p>(b) Induction session for new members to the Board including information on administration, insurance and outsourcing.</p> <p>(c) Induction on the history and development of the brand.</p> <p>13. External courses/conference</p> <p>(a) ASFA or CMSF Conference;</p> <p>(b) AIST Administration or Insurance Conference;</p> <p>(c) Other marketing conferences.</p>
<b>Basic</b> 	<p>Should demonstrate an understanding of the following:</p> <ul style="list-style-type: none"> <li>• <b>Strategic</b> – an understanding of the framework for developing the strategic direction of the Fund and understanding of the business planning and budgeting process;</li> <li>• <b>Administration and Insurance</b> – demonstrate an understanding of the Trustee's Outsourcing Framework, the STC Funds' products and services and the key elements of the Trustee's insurance management framework including the insurance strategy characteristics of the major asset classes;</li> </ul>	<p><b>Strategic</b></p> <p>14. Induction session.</p> <p>15. Read and understand the STC Business Plan.</p> <p>16. Attendance at Board strategy days.</p> <p>17. Attendance at Board meetings.</p> <p><b>Administration and Insurance</b></p> <p>18. Induction session with STC Administration and</p>









	<ul style="list-style-type: none"> <li>• <b>Marketing</b> – demonstrate an understanding of the Fund's brand position, attributes and marketing strategies;</li> <li>• <b>Member and Employer Requirements</b> – demonstrate an understanding of member and/or employer requirements in the public sector;</li> <li>• <b>Custody</b> - an understanding of custodial arrangements that STC has in place.</li> </ul>	<p>introduction to key administration personnel.</p> <p>19. Understanding of the Trustee's insurance management framework and outsourcing framework.</p> <p><b>Marketing</b></p> <p>20. Induction session on latest member and employer research</p> <p><b>Member and Employer Requirements</b></p> <p>21. Experience in public sector entities.</p> <p><b>Custody</b></p> <p>22. Induction session on STC's custodial arrangements.</p>
<b>Public Administration</b>		
<b>Proficient</b> 	Should demonstrate a greater understanding of the items in the Basic and Sufficient categories.	<p>23. Tertiary qualification in public administration.</p> <p>24. Experience as a public administrator or as an employee of a public sector organisation or an exempt public sector superannuation scheme.</p> <p>25. Specialized training in the public administration.</p>
<b>Sufficient</b> 	<p>Should demonstrate a greater understanding of the items in the Basic category and an understanding that:</p> <ul style="list-style-type: none"> <li>• while the same general principles of governance operate in the public, not-for-profit and private sectors, some differences of emphasis apply in the public sector;</li> <li>• these differences arise from the fact that public entities are part of the executive arm of Government. That is, they are created, resourced and supported by Government to carry out a public function. Therefore public entities need to take into account government policy and applicable legislation;</li> <li>• as a consequence, this generally means there are higher transparency requirements than in the private sector: For instance, freedom of information obligations, reporting to ministers and departments, government reporting, and integrity requirements;</li> <li>• public entities are subject to additional oversight by the Auditor-General, Ombudsman, Independent Broad-based Anti-corruption Commission (IBAC) and other specialist integrity bodies (e.g. Health Services Commissioner and Disability Services</li> </ul>	<p>26. Board attendance and participation.</p> <p>27. External training courses and conferences on understanding public administration.</p>



	<p>Commissioner). The emphasis on demonstrating proper behaviours and values is also generally greater;</p> <ul style="list-style-type: none"> <li>the STC Code of Conduct and Ethics applies to all Board members. These codes are based on public sector values which are contained in the Government Sector Employment Act 2013 (<b>GSE Act</b>) and the SA Act;</li> <li>stakeholder engagement in the public sector can be more complex and critical than in the private sector. Since entities use state power and resources, citizens, media and integrity bodies monitor what entities do and how they do it. Adverse findings or publicity can affect directors' and entities' reputations and can also lead to removal by the Minister;</li> <li>the existence of freedom of information obligations also creates a need for Boards to be mindful to balance transparency and confidentiality in their relationships with stakeholders;</li> <li>information provided to individual directors and decisions of the Board are confidential to the Board. The Board as a whole (with management) determines how, when and who communicates information and decisions to stakeholders, as part of an agreed stakeholder management plan;</li> <li>the GSE Act codifies a succinct, minimum set of governance principles and accountabilities for NSW public entities, their directors, Boards and chairpersons. These principles are based on widely accepted governance principles typically also found in the common law, Corporations Law and Australian standards on governance.</li> </ul>	
<p><b>Basic</b></p> <p></p>	<p>Should demonstrate an understanding of the following:</p> <ul style="list-style-type: none"> <li>government services budgets are finite and must only be used for intended purposes;</li> <li>public entities such as STC and the STC Schemes are created by government to carry out specific public functions and are accountable to a minister. In turn, the minister is accountable to parliament and to the community;</li> <li>STC and the Board must act consistently with the functions and objectives of STC as a public entity (as set out in the SA Act or other establishing document) and with any business or strategic plan or other relevant document based on it being a public entity;</li> <li>public administration insofar as it applies to governance relates to the manner in which a public entity is controlled and managed. It includes the relationship between a public entity's minister, portfolio department, Board, management and stakeholders, and the</li> </ul>	<p>28. Induction session with key STC Responsible Persons.</p> <p>29. Obtain a good understanding of the:</p> <ul style="list-style-type: none"> <li>(a) STC Governance Policy;</li> <li>(b) Risk Management Framework (including the Risk Management Strategy and Risk Appetite Statement).</li> </ul>

	<p>administrative arrangements that support those relationships;</p> <ul style="list-style-type: none"> <li>• good governance is essential to a public entity's reputation and performance and to community confidence. It enables public entities to perform efficiently and effectively, and to respond strategically to changing demands and insofar as it relates to STC and the STC Schemes to ensure the security of members' retirement benefits.</li> </ul>	
<b>Audit and Financial Management</b>		
<b>Proficient</b> 	<p>Should demonstrate:</p> <ul style="list-style-type: none"> <li>• a detailed knowledge of the financial, accounting and taxation implications for superannuation schemes and the risks associated with these, including risk mitigation processes;</li> <li>• the application of this knowledge to STC and the STC Schemes and their financial statements; and</li> <li>• an awareness of the latest accounting standards and taxation regulation amendments as applicable to STC and the STC Schemes.</li> </ul>	<p>30. CPA/CA qualified;</p> <p>31. Experience in the provision of accounting, tax, and audit/assurance advice for financial services entities; or</p> <p>32. Specialized training in the accounting, taxation and/or auditing of superannuation schemes.</p>
<b>Sufficient</b> 	<p>Should demonstrate an understanding of the following:</p> <ul style="list-style-type: none"> <li>• Financial statements applicable to superannuation schemes and the risks associated with their preparation;</li> <li>• STC's budgeting process, the relevant costs outcomes of this process including the dynamics between direct and other management costs and investment management costs;</li> <li>• Internal and external audit scopes, sampling and testing methodology and audit reporting;</li> <li>• Key taxation issues affecting superannuation schemes and how they apply to STC and the STC Schemes.</li> </ul>	<p>33. Audit &amp; Risk Committee attendance, participation and training.</p> <p>34. Audit &amp; Risk Committee induction.</p> <p>35. More in-depth understanding of:</p> <p>(a) Risk Management Framework and the constituent policies and procedures relating to finance and accounting; and</p> <p>(b) STC Schemes financial statements and external audit reports.</p> <p>36. External training courses and conferences on understanding financial statements.</p>
<b>Basic</b> 	<p>Should demonstrate an understanding of the accounting and audit processes of STC and the STC Schemes.</p>	<p>37. Induction session with STC finance staff.</p> <p>38. Good understanding of:</p> <p>(a) Risk Management Framework and the constituent policies and procedures relating to finance and accounting; and</p>

		(b) STC Schemes financial statements and external audit reports.
<b>Governance, Legal and Risk Management</b>		
<b>Proficient</b> 	Should be able to demonstrate: <ul style="list-style-type: none"> <li>• In-depth knowledge of the items in Basic and Sufficient categories;</li> <li>• a detailed knowledge of the legal and governance requirements for superannuation funds – particularly their application to STC as a defined benefit exempt public sector superannuation scheme;</li> <li>• detailed knowledge of risk management principles and the key elements and operation of the Trustee's Risk Management Framework;</li> <li>• an awareness of the latest legal and governance requirements or proposed changes and potential impacts as applicable to STC and the STC Schemes.</li> </ul>	39. Legal and / or governance qualifications; 40. Experience in the provision of legal services and advice; or 41. Specialised training – in superannuation law or risk management.
<b>Sufficient</b> 	Should demonstrate more in-depth knowledge and application of SA Act, RSE licensee law and the key elements and operation of the Trustee's Risk Management Framework and Conflicts Management Framework.	42. Board attendance, participation and training 43. More in-depth understanding of: <ul style="list-style-type: none"> <li>(a) Risk Management Framework (including the Risk Management Strategy and Risk Appetite Statement); and</li> <li>(b) Business Continuity.</li> </ul> 44. External courses and conferences <ul style="list-style-type: none"> <li>(a) ASFA or AIST courses;</li> <li>(b) Other governance courses, e.g. Australian Institute of Company Directors.</li> </ul>
<b>Basic</b> 	Should demonstrate: <ul style="list-style-type: none"> <li>• an understanding of the duties and obligations set out in the SA Act and an ability to effectively implement those duties and obligations;</li> <li>• an understanding of the key elements and application of the SA Act and SIS Regulations and Prudential Standards;</li> <li>• a working knowledge of the elements and application of the <i>Superannuation Industry (Supervision) Act 1993</i>, the regulations and prudential standards associated with that legislation and trust law; and</li> <li>• an understanding of STC's risk management framework including STC's risk appetite statement and risk management strategy.</li> </ul>	45. Completion of RG 146 or equivalent. 46. Induction session with key STC Responsible Persons. 47. Obtain a good understanding of the: <ul style="list-style-type: none"> <li>(a) STC Governance Policy and Conflicts Management Framework;</li> <li>(b) Risk Management Framework (including the Risk Management Strategy and Risk</li> </ul>

		Appetite Statement); and (c) Business Continuity Management Policy.
<b>Resources – Remuneration and People</b>		
<b>Proficient</b> 	Should demonstrate: <ul style="list-style-type: none"> <li>Detailed knowledge of current and emerging trends within remuneration of those within financial services sector;</li> <li>Understanding of the employment market and economic drivers for remuneration changes;</li> <li>Understanding of position of STC against other superannuation schemes in relation to director and responsible officer remuneration and additional benefits.</li> </ul>	48. Relevant experience at organizational leadership level. 49. Relevant experience at the leadership level involved in determining conditions of employment and remuneration issues.
<b>Sufficient</b> 	Should demonstrate: <ul style="list-style-type: none"> <li>More in-depth knowledge of “directors” remuneration, various guidance notes on directors’ remuneration and disclosure;</li> <li>More detailed understanding of the trends within the financial services sector for staff and executive remuneration including the link between performance drivers and pay and the risks associated with performance based remuneration.</li> </ul>	50. Remuneration Committee induction. 51. Remuneration Committee attendance, participation and training.
<b>Basic</b> 	Should demonstrate: <ul style="list-style-type: none"> <li>understanding of remuneration frameworks and trends within financial services for executive and CEO remuneration;</li> <li>understanding of the remuneration drivers within organizations and how pay is set and reviewed;</li> <li>understanding of trends and methodologies behind “directors’ fees”;</li> <li>knowledge and experience of organization development themes and trends.</li> </ul>	52. Induction with the CEO and the General Manager People and Culture. 53. Reasonable workplace experience at a managerial level. 54. Obtain a good understanding of the STC remuneration policy.

# Attachment 3

## Proper Person Declaration: Initial

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# Proper Person Declaration: Initial

Full name:

Address:

Occupation:

Position:

Please complete the following declaration in relation to any conduct either in Australia or overseas

## Section 1: Criteria to determine Responsible Person's fitness and propriety

1.	Do you possess the necessary skills, knowledge, expertise, diligence and soundness of judgement to undertake and fulfil the particular duties and responsibilities of your Responsible Person position?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.	Can you demonstrate the appropriate competency and integrity in fulfilling occupational, managerial and professional responsibilities in the conduct of your duties?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.	Have you demonstrated a lack of willingness to comply with legal obligations, regulatory requirements or professional standards, or been obstructive, misleading or untruthful in dealing with regulatory bodies of a Court?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.	Have you breached a fiduciary obligation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5.	Have you perpetrated or participated in negligent, deceitful or otherwise discreditable business or professional practices?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6.	Have you been reprimanded disqualified, removed, banned or refused membership, by a professional or regulatory body in relation to matters relating to your honesty, integrity or business conduct?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.	Have you seriously or persistently failed to manage personal debts or financial affairs satisfactorily in circumstances where such failure caused loss to others?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8.	Have you been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9.	Are you, or have you been, the subject of civil or criminal proceedings or enforcement action, in relation to the management of an entity, or commercial or professional activities, which were determined adversely to you (including you consenting to an order or direction, or giving an undertaking, not to engage in unlawful or improper conduct) and which reflected adversely on your competence, diligence, judgement, honesty or integrity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10.	Are you of bad repute in any business or financial community or any market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
11.	Have you been disqualified under an applicable Prudential Standard or other Act from holding a Responsible Person, management or any other position?	<input type="checkbox"/> Yes <input type="checkbox"/> No
12.	Do you have any conflicts, including directorship, major shareholding or financial benefits that may create a risk in you performing properly the duties of a Responsible Person?  If yes, have you disclosed the conflict(s) in line with the Conflicts Management Policy?	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> Yes <input type="checkbox"/> No

13.	Have you been engaged in the management of any companies/businesses that have been the subject of disciplinary action, insolvency, licence revocation or similar?	<input type="checkbox"/> Yes <input type="checkbox"/> No
14.	Have you been refused the right, or been restricted in the right, to carry on any trade, business or profession for which a license, registration or other authority is required by law?	<input type="checkbox"/> Yes <input type="checkbox"/> No
15.	Are you, or have you even been, declared bankrupt or insolvent under administration?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16.	If the declarant is an actuary or auditor, are you ordinarily resident in Australia?	<input type="checkbox"/> Yes <input type="checkbox"/> No

## Section 2: Training and Continuing Professional Development (CPD)

As a Responsible Person you are required to undertake CPD of appropriate content relating to risk, compliance, product, legislative and regulatory changes and industry developments by attending formal accredited training and relevant industry events, forums and educational sessions.

16.	Have you completed all mandatory training modules assigned to you?	<input type="checkbox"/> Yes <input type="checkbox"/> No
-----	--------------------------------------------------------------------	----------------------------------------------------------

## Section 3: Declaration

I certify by signing this declaration that:

1. I am aware of, and have complied with, the requirements in the STC Fit and Proper Policy; and
2. the information I have provided is true and correct.

.....  
Signature

.....  
Print name

.....  
Date

.....

# Attachment 4

## Proper Person Declaration: Annual

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# Proper Person Declaration – Annual

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Full name:

Address:

Responsible Person Position:

I declare that:

1. I have reviewed the initial declaration I made when I was appointed to the position of [insert position] and became an STC Responsible Person<sup>3</sup> and confirm that the information in that initial declaration remains true and that nothing has occurred since that date which would cause me to qualify the declaration in any way, apart from:
  - (a) any matter that I have previously brought to the attention of STC in writing or verbally at a Board meeting; and
  - (b) the following circumstances:
    - (i) **[insert details];**
    - (ii)
2. I understand that, and consent to, the following checks being undertaken every 5 years while I am a Responsible Person with STC:
  - (a) Federal Police check; and
  - (b) ITSA Bankruptcy check.
3. I have/ have not undertaken the necessary training over the past 12 month period as reasonably required by STC in the Fit and Proper Policy and commit to undertake ongoing annual training during the forthcoming year in order to meet/maintain the fitness requirements of that Policy.

.....  
Signature

.....  
Print name

.....  
Date

---

<sup>3</sup> A copy of the initial declaration will be made available on request.

# **Attachment 5**

## **Initial Assessment Process**

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# 5-Step Process for Initial Assessment

The process for an initial assessment of a person's fitness and propriety is comprised of the following 5 steps.

In order to conclude that a person is Fit & Proper, the Board must be able to conclude on the basis of information collected under this Policy whether:

- it would be reasonable to conclude that the person possesses the competence, character, diligence, experience, honesty, integrity and judgement to perform properly the duties they perform for STC;
- it would be reasonable to conclude that the person possesses the education or technical qualifications, knowledge and skills relevant to the duties and responsibilities of a superannuation trustee;
- the person is not disqualified or excluded under the SA Act, the SIS Act, the Corporations Act or any other relevant legislation from holding their position; and
- the person either:
  - has no conflict of interest in performing their duties; or
  - if the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform properly their duties properly.

## Step 1: Provide copies of relevant documents

Provide a copy of this FP Policy and a summary of STC's duties and responsibilities as trustee of the STC schemes, as well as the following documents, to the person being assessed:

1. Code of Conduct (the **Code**) and Conflicts Management Policy;
2. criminal history check application form for the Australian Federal Police and, where appropriate, any other local or foreign jurisdiction;
3. in relation to a Responsible Person (other than an auditor or actuary), the Skills Matrix (Attachment 2);
4. proper person declaration (Attachment 3);
5. in relation to a Board member and the CEO, a Deed of Access, Insurance and Indemnity.

## Step 2: Conduct due diligence

This Step involves:

1. obtaining the person's resume, curriculum vitae or other document providing details of their qualifications and experience;
2. obtaining the completed and signed Declaration and criminal history check application form(s);
3. obtaining a completed Skills Matrix;
4. obtaining copies or other evidence of material qualifications;
5. conducting criminal checks;
6. obtaining an ITSA bankruptcy check;
7. checking APRA's disqualification register;
8. searching APRA's website for civil penalty orders;
9. searching ASIC's register of banned and disqualified persons; and

10. verifying business references, both internal and external.

### **Step 3: Process for Assessing Fitness**

1. Assess whether the person meets the minimum fitness requirements set out in section 4.1 of the FP Policy.
2. Assess whether the person meets the comprehensive fitness requirements for their position description having regard to their:
  - (a) resume / curriculum vitae;
  - (b) completed Skills Matrix; and
  - (c) results from their business references.
3. If insufficient information is available to enable STC to prudently conclude that the fitness requirements have been satisfied, the person will normally be considered to have failed the fitness requirements.
4. In making an assessment of fitness, STC will consider a person's conduct both within and outside the superannuation industry.
5. Where a concern about the person's fitness and propriety exists, the relevant individual must be given an opportunity to respond to concerns in accordance with the principles of natural justice and procedural fairness as outlined in the Code of Conduct.
6. The results of the fitness assessment must be documented, together with evidence supporting the conclusion.

### **Step 4: Process for Assessing Propriety**

1. Assess whether the person is proper having regard to the:
  - (a) person's proper person declaration (Attachment 3);
  - (b) results of the criminal history checks;
  - (c) results of the bankruptcy check; and
  - (d) results of searches of APRA and ASIC registers and websites.
2. If insufficient information is available to enable STC to prudently conclude that the propriety requirements have been satisfied, including through lack of co-operation, the person will normally be considered to have failed to meet the propriety requirements.
3. Further, failure to meet one of the factors relevant to propriety will not necessarily result in a conclusion that the person is not a proper person. Depending on the circumstances, a factor may not be relevant to the assessment having regard to materiality, the person's role, time elapsed since the event and repetition or duration of behaviour.
4. The results of the propriety assessment must be documented, together with evidence supporting the conclusion.
5. Where the person is found to have failed the propriety requirements due to a lack of character, diligence, honesty, integrity or judgement, that person will normally not be suitable for any Responsible Person position.
6. General propriety factors to be taken into account include:
  - (a) demonstrated lack of willingness to comply with legal obligations, regulatory requirements, or professional standards;
  - (b) obstructive, misleading or untruthful in dealing with regulatory bodies or a court;

- (c) breach of fiduciary obligation;
- (d) failure to deal appropriately with conflicts in the past;
- (e) previously reprimanded, disqualified or banned by a professional or regulatory body in relation to matters of personal honesty, integrity or business conduct;
- (f) prior participation in negligent, deceitful, or otherwise discreditable business or professional practices;
- (g) serious or persistent failure to manage personal debts or financial affairs satisfactorily in circumstances where such failure caused loss to others;
- (h) substantial involvement in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management;
- (i) whether the person is of bad repute in any business or financial community or any market; and
- (j) whether the person has previously been the subject of any legal action (civil or criminal) or enforcement action in relation to the management of an entity or commercial or professional activities which reflected adversely on their competence, diligence, judgement, honesty or integrity.

#### **Step 5: Conflicts declaration and assessment**

1. The person must provide a written disclosure of any relevant interests, duties or relationships that may result in the existence, potential existence or perception of a conflict of interest.
2. Where an existing, potential or perceived conflict is identified, an assessment must be conducted of whether the conflict gives rise to a risk that the person will fail to properly perform their duties as a Responsible Person, and if so, whether the level of risk is material. The person to conduct such assessment is set out in the table on the following page.

Person being assessed	Person to conduct the assessment
Board member	Board
CEO (or a candidate proposed to be appointed as CEO)	Chair of Board
Responsible Person who is a staff member (or a proposed candidate)	General Counsel
Auditor and Actuary (or a proposed candidate)	CRO and GM Finance and Strategy

# **Attachment 6**

## **Annual Assessment Process**

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# 5-Step Process for Annual Assessments

The process for an annual assessment of a person's fitness and propriety is comprised of the following 5 steps.

In order to conclude that a person is Fit & Proper, the Board must be able to conclude on the basis of information collected under this Policy whether:

- it would be reasonable to conclude that the person possesses the competence, character, diligence, experience, honesty, integrity and judgement to perform properly the duties they perform for STC;
- it would be reasonable to conclude that the person possesses the education or technical qualifications, knowledge and skills relevant to the duties and responsibilities of a superannuation trustee;
- the person is not disqualified or excluded under the SA Act, the SIS Act, the Corporations Act or any other relevant legislation from holding their position; and
- the person either:
  - has no conflict of interest in performing their duties; or
  - if the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform properly their duties properly.

## Step 1: Provide copies of relevant documents

Provide the Responsible Person with a copy of this FP Policy and a summary of STC's duties and responsibilities as trustee of the STC schemes, together with:

1. the Code and the Conflicts Management Policy;
2. if relevant, criminal history check application form for the Australian Federal Police;
3. proper person declaration (Attachment 4); and
4. in relation to a Responsible Person other than an auditor or actuary, the Skills Matrix (Attachment 2).

## Step 2: Conduct due diligence

This Step involves:

1. reviewing STC's training register;
2. obtaining the completed and signed declaration (Attachment 4) and, if relevant, criminal history check application form(s);
3. obtaining a completed Skills Matrix (Attachment 2);
4. where relevant, conducting criminal checks;
5. if relevant, conducting an ITSA bankruptcy check;
6. checking APRA's disqualifications register;
7. searching APRA's web site for civil penalty orders;
8. searching ASIC's register of banned and disqualified persons; and
9. obtaining copies of previous assessments of fitness and propriety.

## Step 3: Process for Assessing Fitness

1. Assess whether the person meets the minimum fitness requirements set out in section 4.1 of the FP Policy.



2. Assess whether the person meets the comprehensive fitness requirements in their position description having regard to:
  - (a) the training register;
  - (b) the completed Skills Matrix; and
  - (c) previous assessments of fitness.
3. Where STC becomes aware of information that could lead to an assessment that a Responsible Person is no longer fit, the person must be provided with a fair opportunity to put forward submissions to demonstrate that notwithstanding the information, they still meet or can meet the requisite standard of fitness.
4. If insufficient information is available to enable STC to prudently conclude that the fitness requirements have been satisfied, the person will normally be considered to have failed to meet the fitness requirements.
5. The results of the fitness assessment must be documented, together with evidence supporting the conclusion.

#### **Step 4: Process for Assessing Propriety**

1. Assess the person's propriety having regard to:
  - (a) the declaration;
  - (b) results of the criminal history checks (if relevant);
  - (c) the results of any bankruptcy check (if relevant);
  - (d) the results of searches of APRA and ASIC registers and websites; and
  - (e) previous assessments of propriety.
2. If insufficient information is available to enable STC to prudently conclude that the propriety requirements have been satisfied, including through lack of co-operation, the person will normally be considered to have failed the propriety requirements.
3. Further, failure to meet one of the factors relevant to propriety will not necessarily result in a conclusion that the person is not a proper person. Depending on the circumstances, a factor may not be relevant to the assessment having regard to materiality, the person's role, time elapsed since the event and repetition or duration of behaviour.
4. The results of the propriety assessment must be documented, together with evidence supporting the conclusion.
5. Where the person is found to have failed the propriety requirements due to a lack of character, diligence, honesty, integrity or judgement, that person will normally not be suitable for any Responsible Person position.

#### **Step 5: Conflicts declaration and assessment**

1. Search the Register of Relevant Interests and Register of Relevant Duties for previous declarations.
2. Where an existing, potential or perceived conflict is noted, assess whether the conflict gives rise to a risk that the person will fail to properly perform their duties as a Responsible Person, and if so, whether the level of risk is material.
3. Where no existing, potential or perceived conflict is noted ask the person whether there has been any change to their circumstances as recorded in the Register of Relevant Interests and Register of Relevant Duties.
4. Annual assessments will be conducted by those persons in the table at Attachment 5.