

Fit and Proper Policy

Version 5

3 October 2024

Fit and Proper Policy

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1. Introduction

The *Superannuation Administration Act 1996* (NSW) (**SA Act**) outlines and governs the principal functions and duties¹ of the SAS Trustee Corporation (**STC**) as the trustee for the STC schemes² and the composition and duties of the STC Board³.

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*, *Government Sector Audit Act 1983*, *Government Sector Finance Act 2018* 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 entities⁴, 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**).

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

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

² 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.

³ Division 4 Part 3 of the SA Act

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

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.

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

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 *Government Sector 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.

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"⁵;
- (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 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;
- (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
 - (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; and
- (c) report the findings of each skills assessment to the Board.

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.

⁵ Section 73 SA Act

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 sub-section 5.8.

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 auditor⁶ or review auditor⁷ 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

5.1 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) sub-sections 5.2 to 5.12 apply to all Responsible Persons other than those who perform duties as an actuary or auditor; and
- (b) sub-sections 5.14 to 5.18 apply to Responsible Persons who perform duties of an actuary or auditor for STC.

5.2 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 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 STC's Training Policy requirements).

5.3 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 etc.) and will report any issues of concern to the CEO and the Chair in the first instance.

⁶ '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.

⁷ '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.

- 5.4 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.
- 5.5 The Board will consider the fitness and propriety of all Responsible Persons, including Senior Managers, on an annual basis.
- 5.6 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.
- 5.7 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

- 5.8 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 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

- 5.9 A person is generally fit to act as a Responsible Person if, in addition to the matters set out in sub-section 5.8(b), the Responsible Person also meets:
- (a) a minimum level; and
 - (b) a comprehensive level, of skills, knowledge, qualification and experience.
- 5.10 Responsible Persons must have the following **minimum levels of skills and knowledge**:
- (a) 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;
 - (b) an awareness of areas where additional technical, professional or expert advice should be sought;
 - (c) 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;
 - (d) basic knowledge of accounting, auditing and operational processes relating to STC and the STC schemes;
 - (e) basic investment knowledge; and
 - (f) basic knowledge of the elements and application of trust law.
- 5.11 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.

- 5.12 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.
- 5.13 Sub-sections 5.14 to 5.18 set out specific requirements for Responsible Persons who are **auditors and actuaries** to STC.

Additional criteria for External Auditors and Actuaries

- 5.14 Under the *Government Sector 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.
- 5.15 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 sub-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.
- 5.16 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 Australia⁸; and
 - (h) must not be an employee of STC.
- 5.17 The criteria in sub-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.
- 5.18 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.

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

⁸ 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.

- (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 includes the requirement to complete an initial proper person declaration.

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:

- (i) reasonable steps must be taken to assess the fitness and propriety of the person; and
- (j) 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 includes the requirement to complete an initial proper person declaration.

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.

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 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 to the Board (after 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 *Government Sector 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. Public Interest Disclosures

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 these types of disclosures and the procedures relating to the same in any applicable legislation or STC's *Public Interest Disclosures 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 Disclosures 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.

STC's Risk and Compliance team have incorporated relevant control and monitoring tools in STC's Protecht electronic compliance system to support the implementation of this Policy.

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.