

Fit and Proper Policy

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Key messages

This document sets out:

- who is a Responsible Person,
- information needed about a Responsible Person,
- the expectations of their fitness and propriety to hold this role, and
- how fitness and propriety will be assessed.

As a Responsible Person, you have responsibilities under this policy.

Key contact/s for this policy

- Company Secretariat

Applies to:

Entity(s):	ART
Division(s):	Chief of Staff
Business unit(s):	Chief of Staff
Owner:	Company Secretary
Author:	Company Secretary
Approval:	Board
Active date:	08 February 2024
Review date:	08 February 2027

Risk Management

The Board considers good governance to be a fundamental pillar of meeting its legal and fiduciary obligations and the appointment of appropriate people underpins its commitment to high standards of corporate governance.

Material Risk	Control(s)	Business unit
1. Governance and Regulatory Risk	<ul style="list-style-type: none"> • Assessment of fitness and propriety of Responsible Persons on appointment and ongoing. • Assessment of the Board’s fitness to oversee ART’s operations. 	<ul style="list-style-type: none"> • Company Secretariat

Related Documents

- Risk Management Framework
- Conflicts Management Policy
- Whistleblower Policy

Approval history

Version	Approver	Approval date
1	Board	28 February 2022
2	People and Nominations Committee	06 February 2024
3	Board	08 February 2024

1. Introduction

This policy articulates 'fit and proper' expectations which must be met by Responsible Persons on appointment, as well as on an ongoing basis, to ensure that the persons responsible for the governance, oversight and management of the Fund have the appropriate knowledge, skills and experience, and that they act with honesty and integrity in the performance of their duties.

This policy is owned by the Board and subject to review every three (3) years.

2. Objectives

This policy aims to:

- define the Trustee's Responsible Persons and the minimum standards for determining the fitness and propriety of these people,
- provide an objective framework which encourages the appointment of prospective Responsible Persons with appropriate knowledge, skill and experience which complements and improves the existing collective competence of the Trustee's existing Responsible Persons, and
- outline the process for assessing the fitness and propriety of the Trustee's Responsible Persons, and the course of action for any instances of non-compliance.

3. Definitions

APRA

Australian Prudential Regulation Authority.

Board

The Trustee's Board of Directors.

Constitution

The Constitution of the Trustee, as amended from time to time.

Corporations Act

Corporations Act 2001 (Cth).

Deed

The trust deed of the Fund, as amended from time to time.

Director

Has the meaning given to that term in the Constitution.

Director Responsible Person

A Responsible Person of the Trustee that also holds the position of Director of the ART Board.

Fund

Australian Retirement Trust (ABN 60 905 115 063) and any other Registrable Superannuation Entity of which the Trustee is a trustee.

Nominating Body

Each of the Group A Nominating Body and the Group B Nominating Body as defined in the Constitution.

Responsible Person

As defined in Prudential Standard SPS 520.

RSE or Registrable Superannuation Entity

As defined in the SIS Act.

RSE Licensee

As defined in the SIS Act.

SIS Act

Superannuation Industry (Supervision) Act 1993 (Cth).

Trustee

Australian Retirement Trust Pty Ltd (ABN 88 010 720 840), the trustee and RSE Licensee of the Fund.

4. Roles and Responsibilities

<u>Role</u>	<u>Accountability/Responsibility</u>
Board	Accountable for tri-ennial review and approval of the policy. Responsible for noting and approving the results of fitness and propriety assessments.
Company Secretary	Responsible for <ul style="list-style-type: none"> • Collecting fitness and propriety information from Responsible Persons and those proposed for Responsible Person roles • Conducting initial, 6-month post appointment check-ins and annual fitness and propriety assessments on behalf of the Board • Providing induction training to Responsible Persons • Tri-ennial review of policy.
Company Secretariat Team	Responsible for <ul style="list-style-type: none"> • Organising relevant fitness and propriety checks as set out in this policy • Maintaining records of fitness and propriety assessments • Notification of relevant fit and proper information to APRA • Coordinating the annual fit and proper attestation process.
Responsible Person	Responsible for: <ul style="list-style-type: none"> • Monitoring and maintaining own records of training to support the fitness element of the fit and proper standard. • Pursuing ongoing development activities in line with their capability requirements. • Attesting annually as to their fit and proper status.

5. Responsible Persons

A 'Responsible Person' is defined in SPS 520 to mean:

- a director of the RSE Licensee;
- a secretary of the RSE Licensee;
- a senior manager of the RSE Licensee 1;

¹ See SPS520.16 for the definition of 'senior manager'.

- an RSE auditor who is appointed to conduct any audit of an RSE for which the RSE Licensee is trustee, or of any connected entity of the RSE Licensee;
- an RSE actuary who is appointed to perform an actuarial function under RSE Licensee law; and
- a person who performs activities for a connected entity of the RSE Licensee where those activities could materially affect the whole, or a substantial part, of the RSE Licensee's business operations, or its financial standing, either directly or indirectly.

The Board has determined the Trustee's Responsible Person positions to be as follows:

- | | |
|----------------------------------|------------------------------------|
| • Directors of the Trustee Board | • Chief Financial Officer |
| • Chief Executive Officer | • Chief Risk Officer |
| • Chief Investment Officer | • Chief Strategy Officer |
| • Chief of Retirement | • Chief Technology Officer |
| • Chief Commercial Officer | • Company Secretary of the Trustee |
| • Chief Member Officer | • External Auditor |
| • Chief People Officer | • Actuaries |

The following roles have been excluded from the list of Responsible Persons:

- General Counsel - due to the predominantly advisory nature of the role and the extensive oversight of the Board and its Committees of litigation proceedings.
- Chief of Staff - as they are not considered to be Key Management Personnel under the Trustee's financial statement disclosures.
- Chief Executive Officer of QInsure Limited – QInsure Limited maintains its own Fit and Proper Policy applicable to Responsible Persons of QInsure Limited.

In addition to persons who meet the definition of a Responsible Person, APRA may determine, in writing, whether a person is or is not a Responsible Person based on APRA's assessment of relevant prudential matters, including the significance of the person's role in the management or control of the RSE Licensee.

6. Expectations of Responsible Persons

Responsible Persons are expected to, and must act, in accordance with the following principles:

- Responsible Persons recognise that their primary responsibility is to the Fund membership as a whole.
- Where Responsible Persons have outside interests or representations, there is potential for conflicts of interest. Where the possibility of a conflict arises, whether actual, apparent or potential, Responsible Persons should follow the requirements of the Fund's Conflict Management Policy.
- Responsible Persons will comply with the Code of Conduct and not engage in conduct likely to bring discredit to the Fund.
- Responsible Persons have an obligation to comply with the spirit as well as the letter of the law and all relevant Trustee and Fund policies.

7. Notifying APRA

Within 14 days the Trustee must notify APRA of:

- the appointment, resignation or removal of a Responsible Person;
- the change in Responsible Person details provided to APRA (see below);

- if the Board assesses that a Responsible Person is not fit and proper (if the person remains in the Responsible Person position, the notification must state the reason for this and the action that is being taken).

The Trustee must provide APRA with the following details of each Responsible Person:

- the title of the Responsible Person position;
- the person's full name;
- the person's date of birth (for identification purposes only);
- the person's position and main responsibilities; and
- a statement of whether the person has been assessed under the Fit and Proper Policy.

8. Fit and Proper Framework

The Board recognises that each Responsible Person brings something unique and valuable to the Fund. In order to determine that the Trustee's Responsible Persons are Fit and Proper, the Board needs to be satisfied that each Responsible Person:

- possesses the competence, character, diligence, experience, honesty, integrity and judgement to perform properly the duties of the Responsible Person position;
- possesses the education or technical qualifications, knowledge and skills relevant to the duties and responsibilities of an RSE Licensee;
- is not disqualified under the SIS Act from holding the position; and
- either has no conflict of interest in performing the duties of the Responsible Person position or, if the person has a conflict of interest, the conflict will not create a material risk that the person will fail to perform properly the duties of their position.

To achieve this, a Fit and Proper Assessment is conducted and considers each of the above matters.

In setting the framework for the fitness element of Fit and Proper, the Board considers that Responsible Persons should have a level of fitness (education, knowledge and skills), reflective of their role. As regards the Board, each Director is not expected to have all the competencies that the Board collectively needs if other Directors have those competencies or they are obtained from external consultants or experts and the Board does not unquestionably rely on their advice. However, each individual should be expected to make a contribution to the Trustee satisfying the requirements of fitness at a collective level. For other Responsible Persons, each person should meet the fitness requirement as it applies to their role. This approach provides an opportunity for new directors and other Responsible Persons to undertake relevant training after their appointment.

In considering the propriety element of Fit and Proper, the Board acknowledges that each individual must meet this and a collective test cannot be applied. The propriety of all of its Responsible Persons should be beyond reproach and the Board therefore applies a robust and uniform standard of propriety assessment across all Responsible Persons.

8.1. Collection of Information

To assess the fitness and propriety of Responsible Persons, the Company Secretary organises the collection of information (refer Attachment 1) in relation to each Responsible Person prior to or immediately after the appointment of the Responsible Person.

All Responsible Persons (or candidates to act as a Responsible Person) must consent to and must promptly do all things necessary (including by completing consent forms for due diligence checks) to facilitate the collection and use of information:

- by the Trustee – in relation to compliance with the Fit and Proper Policy and Prudential Standard 520; and

- by APRA – for its powers and functions under the SIS Act.

It should be noted that any information provided, or disclosures made by Responsible Persons, may be provided by the Trustee to APRA. The Trustee will use reasonable endeavours, where appropriate, to provide or obtain consents required for the collection and use of information, associated with administering this Policy, to comply with Prudential Standard SPS 520, or by APRA for its powers and functions under the SIS Act.

In addition, the Trustee must retain sufficient documentation in relation to each Fit and Proper Assessment of current and former (up to three years) Responsible Persons, to demonstrate its compliance with the SIS Act and relevant Prudential Standards for 7 years after the departure of the Responsible Person.

In situations where a Responsible Person is re-appointed for a subsequent term(s), an Australian Federal Police check, an APRA Disqualification Register check, an ASIC Register of Banned and Disqualified Persons check, and a bankruptcy register (National Personal Insolvency Index) check will be conducted prior to their re-appointment.

In situations where a Responsible Person is not subject to re-appointment (i.e. Executives on an open-ended contract), an Australian Federal Police check, an APRA Disqualification Register check, an ASIC Register of Banned and Disqualified Persons check, and a bankruptcy register (National Personal Insolvency Index) check will be conducted at least every three years.

Any person who has information that may be relevant to a fit and proper assessment should provide it to the Trustee (via the Company Secretary) or to APRA.

8.2. Fit and Proper Assessment Timeframes

An assessment of a Responsible Person's fitness and propriety must be carried out:

- before a person is appointed as a Responsible Person (subject to 8.3 below); or
- where APRA has determined that the person is a Responsible Person, within 28 days of a person becoming a Responsible Person or 28 days after APRA makes the determination.

As the fitness and propriety requirements are ongoing, there will also be an annual Fit and Proper Assessment for each of the Responsible Person positions. If, however, a Responsible Person has been appointed within the six-month period pre-dating the annual assessment, their appointment assessment may be used for the annual assessment process.

If the Board is required to carry out a Fit and Proper Assessment under this Policy for any other reason, that assessment must be carried out as soon as practicable but no later than 28 days from the date that the requirement arises.

8.3. Assessment Timeframe for Interim Appointments

For Director Responsible Persons or where the Responsible Person is a senior manager, the CEO may appoint a Responsible Person on an interim basis without completing a full Fit and Proper Assessment. An interim appointment may occur, for example, due to a Responsible Person's cessation of employment and where someone is "acting" in a role whilst the recruitment process is undertaken and an appropriate attestation as to fitness and propriety will be provided by the individual and a review of prior fitness and propriety related information (for example, recent police checks) has been received from the person.

In the event of an interim appointment, the individual's full Fit and Proper Assessment must be completed within 90 days of that person's interim appointment (or longer with APRA's written agreement) less any prior period of interim appointment. The Trustee must complete a full Fit and Proper Assessment prior to appointing the person to the Responsible Person position on a permanent basis.

8.4. Fitness Requirements

In developing this Policy, the following three categories of fitness requirements have been determined for Director Responsible Persons:

- Minimum individual Responsible Person requirements (to be achieved within six months of initial appointment);
- Collective blend of qualities, skills, knowledge, and experience (on-going); and
- Chair and Deputy Chair qualities, skills, knowledge, and experience (on-going).

For other Responsible Persons (non-Directors), minimum fitness requirements as they apply to each role will be defined and reflected in individual engagement documentation, for example position descriptions or terms of engagement.

8.4.1. Minimum Individual Director Responsible Person Requirements

The Board considers that as a matter of best practice, within the first six months of their appointment, each Director Responsible Person should have an understanding of:

- the SIS Act and SIS Regulations (in particular the covenants outlined in section 52 of the SIS Act) as well as other relevant prudential requirements;
- the elements and application of other RSE Licensee and trust law;
- the Deed with respect to overseeing the administration of the Fund;
- the accounting, auditing and operational processes relating to the Fund;
- investments and financial markets; and
- areas where additional technical, professional, or expert advice could be sought.

The Board requires new Director Responsible Persons to undertake an induction course to ensure competency across the above requirements as they relate to the Fund. A check will be undertaken by the Company Secretary within three (3) months of the person completing their first six (6) months of appointment to ensure there is a reasonable level of competency held by the individual. The Company Secretary will report to the People and Nominations Committee on the outcome.

If the minimum competencies are not attained, monitoring will occur post the six-month period to ensure that the minimum skills are attained as soon as possible thereafter, with regular reporting to the Chair of the Board on progress. Any Responsible Person who fails to progress to meet these minimum competencies within an appropriate timeframe may need to justify their continued appointment as a Responsible Person.

In addition to the initial assessment and annual assessment procedures, each Director Responsible Person is required to affirm their fit and proper status at each Board meeting.

8.4.2. Director Fitness Competencies and Collective Blend of Qualities, Skills, Knowledge and Experience

The specific set of Director Fitness Competencies (set out in Attachment 2) is based on the nature, scale, and complexity of the Fund, as well as the internal management structure which supports the Board.

In addition, members of Board Committees shall have diverse, complementary backgrounds and, as the Committees are representative of the Board (being established to provide assistance to the Board in discharging its oversight responsibilities for a particular area of focus), the competencies required by each Committee will largely reflect those required by the Board as a whole.

The Board's expectations are that:

- for each Fitness Competency, each director will aim to meet level 2 skill level within 6 to 12 months of appointment; and
- the Board will collectively aim to meet for each Competency area:
 - at least 11 of the 13 directors will meet the level 2 skill level;
 - at least 3 of the 13 directors will meet the level 3 skill level;

- at least 1 of the 13 directors will meet the level 4 skill level.

It is noted that the 'collective' requirements (i.e. the second bullet point above) are not expected to be met by one (or a few Directors), as that could lead to key person risk, but rather that each Director will have areas of particular strength. So, one Director may be a level 4 in investments, another in RSE governance, and another in risk management; thereby fulfilling the requirement that at least 1 of the 13 directors will meet the level 4 skill level across the range of competencies.

It is expected that there will be a spread of all skill levels across the Board. Expert advisers will be considered where additional expertise, knowledge and/or skills are required.

8.4.3. Induction Training

All Responsible Persons have an obligation to develop a broad understanding of the Fund's structure and operations as well as the context in which it operates. Responsible Persons must be able to quickly acquire sufficient knowledge regarding the duties and responsibilities of the Trustee in order to be able to make informed decisions having regard to the advice of technical experts.

The Trustee considers that as a matter of best practice, an induction shall be provided to each Responsible Person (with the exception of auditors and actuaries who are engaged on a commercial basis and briefed according to the scope of their activities), prior to, or within the first month, of their initial appointment. The induction must ensure that the Responsible Person is aware of, and understands, the provisions of this Policy.

For new Director Responsible Persons, this induction period may extend across the first 3 months of their appointment and their induction must include all the relevant Trustee and Fund information and resources required by the Director to fulfil their responsibilities. This will include meeting with the CEO and various Executives. The induction program will be designed for each new Director taking into account their Board and Committee membership and the outcome of the assessment of their Fitness Competencies and any training required to ensure competency. The Company Secretary will review the induction program with the new Director 6 months post their appointment to obtain feedback on the program and if additional sessions are required.

8.4.4. Ongoing Professional Development

The Board is committed to the ongoing professional development of Responsible Persons and recognises that the continued development of Responsible Persons' knowledge and understanding will occur through a variety of channels including training, participation in the industry and on-going experience.

The purpose of ongoing professional development is to ensure that Responsible Persons meet and continue to meet the fitness element of Fit and Proper. Broadly, professional development to be undertaken should:

- have regard to any gaps or weaknesses in the Responsible Person's knowledge or understanding;
- be relevant to development of skills set out in the Director Fitness Competency Matrix (set out in Attachment 2), particularly for Director Responsible Persons; and
- meet professional development needs of individual Directors and/or Board as a collective and other Responsible Persons as appropriate.

Responsible Persons who have rated themselves as having an 'Introductory' level of knowledge and understanding in any of the competency areas are expected to address the identified weakness through undertaking development training activities focused in this area.

The Board acknowledges that ongoing professional development may include formal and informal training, conferences, membership and participation in professional associations, networking and industry events, briefings (both verbal and written) from industry experts as well as through continued participation in the industry by attending Board and Committee meetings, Board strategy and risk workshops, and day-to-day work where the person works in the industry.

In determining a balance of expected ongoing professional development, Responsible Persons are required to undertake at least 60 hours of development over a rolling two-year cycle, from the date of their appointment, of which:

- At least 40 hours should be recognised professional development, including
 - ‘structured’ learning (formally assessed training courses, professional body training events, roadshows, discussion groups and seminars, whether provided by the Trustee or other external parties), and
 - ‘unstructured’ learning (attendance at conferences, professional networking and industry events, briefings and deep dives provided to Board and Committee meetings, Board strategy and risk workshops, attendance at Fund member seminars and investment updates); and
- Up to 20 hours of personal development activities (Board and Committee meeting preparation, time spent working on other complementary professional obligations, general reading on superannuation industry news and regulatory environment changes, subscriptions to industry publications).

Each Responsible Person will be required to monitor and maintain records of their own progress towards meeting the professional and personal development requirement and will be asked annually to attest that they have completed the necessary hours.

8.4.5. Director Fitness Competency Matrix and Assessment Rating Scale

The Director Fitness Competencies are set out in Attachment 2 along with the Assessment Rating Scale to be used.

8.5. Director Annual Fitness Assessment

Annually Director Responsible Persons will self-assess their skills and experience against the competencies detailed in the Director Fitness Competency Matrix and will also be asked for feedback on the adequacy of the Board’s collective blend of qualities, skills, knowledge, and experience.

The results of the self-assessment process will be reviewed by the People and Nominations Committee, supported by the Company Secretary. This self-assessment review will be reported to the Board from time to time and form the basis for the Board to determine whether the Director Responsible Person meets the Fitness element of Fit and Proper.

If the Board determines at any time that the Board itself was not ‘fit’ to oversee a fund of the size and complexity of Fund, based on the assessment of one or more Responsible Persons, the Board may decide to enhance its knowledge and skills through the appointment to the Board of persons with experience and understanding in the areas deemed to be lacking, additional professional development and/or the engagement of subject matter specialist(s).

8.5.1. Chair Qualities, Skills, Knowledge and Experience

The Board recognises that the role of Chair / Deputy Chair requires a range of specific skills and attributes in leading the Board or Committee in its decision-making and oversight processes. As such, in addition to the above competencies, a Board or Committee Chair shall possess the qualities outlined in Attachment 2.

8.5.2. Other Responsible Person Fitness Assessment

Fitness requirements for other Responsible Persons will align to the requirements of their individual roles. Annually other Responsible Persons will be requested to attest that they have undertaken sufficient ongoing professional development or other training that assists in fulfilling the requirements of their role.

All attestations will be reviewed by the Head of Company Secretariat (or delegate). Results of the review process will be submitted to the Board as part of the Board’s assessment to determine if it meets the Fitness element of Fit and Proper.

8.6. Propriety Declaration

The Propriety standard must be met by each Responsible Person individually. A list of matters that the Board may consider in assessing propriety include whether the person:

- is over the age of 18 and ordinarily resides in Australia;
- is disqualified. 'Disqualified persons' automatically do not meet the propriety standard (see further below for who are "disqualified persons");
- the person has ever been convicted of any offence of dishonesty in any jurisdiction, whether in Australia or overseas;
- has been terminated, resigned or been asked to resign, from a position as director or manager of an entity in circumstances which reflected adversely on his/her competence, diligence, judgement, honesty, and integrity in discharging the responsibilities of the position;
- has demonstrated a lack of willingness to comply with relevant legal obligations, regulatory requirements, or professional standards, or has been obstructive, misleading, or untruthful in dealing with regulatory bodies or a court of law, and having regard to the circumstances which the Board might consider relevant to the person's performance as a fiduciary or may have a potentially negative impact on the reputation of the Fund;
- has breached a fiduciary obligation;
- has perpetrated or participated in negligent, deceitful, or otherwise discreditable business or professional practices
- has been reprimanded, disqualified, or removed, by a professional or regulatory body in relation to matters relating to the person's honesty, integrity, or business conduct;
- has seriously or persistently failed to manage personal debts or financial affairs satisfactorily in circumstances where such failure caused loss to others;
- has a conflict of interest which may influence the Trustee entity's or the individual's ability to carry out his or her role and functions with the degree of probity and independence required or with regard to the duty of care to superannuation fund members, or has failed to deal appropriately with such conflicts;
- has 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;
- is of bad repute in any business or financial community or any market;
- was 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 the person (including by the person consenting to an order or direction, or giving an undertaking, not to engage in unlawful or improper conduct) and which reflected adversely on the person's competence, diligence, judgement, honesty or integrity;
- has previously been reprimanded or terminated for unprofessional or inappropriate workplace behaviour.

Additional Propriety requirements for actuaries and external auditors are set out in Attachment 3.

A 'disqualified person' under the SIS Act is a person that:

- has been convicted of an offence by any court (Australian or foreign) involving dishonest conduct;
- was subject to a civil penalty order under the SIS Act;
- is an insolvent under administration; or
- has been disqualified by a regulator or a court.

For a Director, a disqualified person is also a person that:

- has been convicted of, or released from prison, less than 5 years ago for one of the following offences:

- convicted on indictment of an offence that concerns the making or participation in making decisions that affect the whole or a substantial part of the business of a corporation or has the capacity to affect significantly a corporation's financial standing;
- an offence under the Corporations Act which is punishable by imprisonment of a period greater than 12 months,
- an offence that involves dishonesty is punishable by imprisonment for at least 3 months; or
- an offence against the law of a foreign country that is punishable by imprisonment for a period greater than 12 months;
- is an undischarged bankrupt under Australian or foreign law;
- has executed a personal insolvency agreement and the terms have not been fully complied with; or
- is subject to a foreign court order which is in force and disqualifies the person from being concerned in the management or being a director of a foreign corporation.

9. Decision Making Process

Decisions related to a Responsible Person's (or candidate's) fitness and propriety ultimately rests with the Board. However, the Board Chair, or Company Secretary as their delegate, is responsible for conducting Fit and Proper Assessments on behalf of the Trustee.

A Responsible Person(s) may be assessed as not being 'fit' if they fail to meet the minimum individual fitness requirements or they have been remiss in their effort towards, or completion of, their professional development activities. Likewise, a Responsible Person(s) may be assessed as not being 'proper' if they do not meet the propriety element of Fit and Proper.

If insufficient information is available to enable the Board to prudently conclude that the fit and proper requirements are met, the requirements would normally be regarded as not met.

In considering any matters related to a person's propriety, the Board take into account a number of matters including but not limited to:

- the matters set out in this Policy;
- whether the person has breached any ART Group policies in a manner that is deemed unacceptable;
- materiality of the issue or event;
- elapsed time since an event;
- whether the person has voluntarily disclosed the issue or event (for example, where notice has been provided to the Board that the Responsible Person is a disqualified person within the meaning of s120 of the SIS Act) and
- repetition or duration of the behaviour.

A person may be considered as unfit for a particular Responsible Person position but fit for another because the competencies or conflicts were specific to the former position. However, the same does not apply where a person is considered as not meeting propriety requirements.

10. Non-Compliance and Removal of Responsible Person

Where the Board has assessed that a person does not meet the fit and proper requirements (or if a reasonable person would make that assessment), the Board must take all reasonable steps to ensure that the person:

- is not appointed as a Responsible Person; or

- for an existing Responsible Person, does not continue to hold a position as Responsible Person.

Where it considers it prudent to do so, the Board may consider redefining a Responsible Person's responsibilities pending further enquiries or until the person receives further training or experience.

Removal of a Responsible Person must occur as soon as practicable, but not later than within 14 days after the Board assesses that a Responsible Person is not fit and proper.

A Responsible Person ceases being a Responsible Person when they no longer hold one of the positions designated as a Responsible Person position.

Where the Responsible Person (or proposed Responsible Person) has been nominated by a stakeholder and there is evidence the individual may not meet the Fit and Proper requirements, the Company Secretary or Board Chair will meet with the nominating stakeholder to discuss the issue and determine whether:

- further evidence and investigation are required; or
- the nominating stakeholder will nominate another individual.

If any person believes that a Responsible Person, or the Board as a whole, does not meet the criteria outlined in this Policy, notification of that belief and the reasons for it should be given to the Chair, Chief Executive Officer or Company Secretary.

If the Trustee becomes aware of information that a Responsible Person may not be fit and proper (including because of receipt of information pursuant to the preceding paragraph), then all reasonable steps must be taken to investigate this matter to ensure that the Trustee can prudently conclude that no material fitness and proprietary concern exists. Where a concern exists, a full Fit and Proper Assessment must be conducted.

If no action is taken in respect of this disclosure within two months, the reporting person should escalate this matter through the appropriate internal reporting system and ultimately to APRA if necessary.

11. Whistleblowing

The Trustee and its connected entities consent:

- to any person who has information that a Responsible Person does not meet the requirements set out in this Policy, providing that information to either the person responsible for conducting fit and proper assessments or APRA;
- to any person who has information that the Trustee has not complied with Prudential Standard SPS 520, to provide that information to APRA; or
- to any person who holds, or has held, a Responsible Person position, disclosing information or providing documents to APRA relating to their reasons for resignation, retirement, or removal.

The Board supports any sincere disclosure made in this regard and will utilise appropriate anti-victimisation procedures to protect the person making such disclosure. The Trustee will take all reasonable steps to ensure that no person making such disclosures in good faith is subject to, or threatened with, a detriment because of any notification in purported compliance with the requirements of the Fit and Proper Policy.

Refer to ART's Whistleblower Policy for further information on how to make a disclosure.

12. Communication of this Policy

A copy of the Fit and Proper Policy must be provided to:

- any candidate for appointment as a Director of the Trustee as soon as possible after the candidate is nominated, and

- any other person before an assessment of their fitness and propriety is conducted.

To reduce the likelihood of non-compliance in relation to Directors proposed by a Nominating Body, each Nominating Body must be made aware of this policy and during the nomination process, a copy will be made available to prospective candidates.

An important element of this Policy is the Director Role Description set out in Attachment 4.

All Responsible Persons are to be given a copy of the revised Policy following any material amendments.

The Trustee must take all reasonable steps to ensure that each Responsible Person is aware of, and understand the provisions of this Policy and must adequately explain all provisions of the Policy, including those encouraging whistleblowing and the procedures relating to whistleblowing in relevant law including Part 9.4AAA of the Corporations Act, to directors and employees of the Trustee and its connected entities who are likely to have information relevant to fit and proper assessments.

Attachment 1

Information collected to assess fitness and propriety, at a minimum, includes:

- proof of identity which may be achieved by either the sighting of original documents (such as driver's licence, birth certificate or passport) and/or through an online identity verification system;
- an Australian Federal Police check;
- an APRA Disqualification Register check;
- an ASIC Register of Banned and Disqualified Persons check;
- a bankruptcy register (National Personal Insolvency Index) check;
- curriculum vitae that lists educational and / or vocational qualifications, names of issuing institutions or organisations, dates of qualifications, employment history, consultancies, directorships, memberships of professional or industry bodies and referees;
- completed documentation in relation to Disclosure of Interests and Duties and declarations in relation to Propriety and Fitness;
- any other information or documentation that may assist the Board in making a considered decision as to the person's fitness and propriety as a Responsible Person of the Fund.

Attachment 2

Assessment Rating Scale

The following rating scale will be used with respect to the Director Fitness Competencies:

Tier Level	Skill Level	Explanation
1	Introductory	Having basic skills, experience and knowledge of the subject matter.
2	Competent	Having adequate skills, experience and knowledge mainly gained through completion of relevant industry courses and/or less than 3 years' experience of the Competency and/or other measures demonstrated by the person
3	Proficient	Having advanced skills, experience and knowledge gained through completion of relevant industry courses and/or other education/training and/or more than 3 years' experience of the Competency and/or other measures demonstrated by the person.
4	Expert	Demonstrated excellence and regarded as an industry leading expert. This person must be able to point to objective measures to support categorisation as an expert.

* There may be some Competencies where assessment is agreed with Chair. For example: the Competency relating to 'Leadership and values'.

* The AICD Company Directors' course is highly recommended for all directors to complete.

Director Fitness Competency Matrix

The Fitness Competencies are set out in the table below.

#	Competency Area	Indicative Criteria
1	Directorship skills	<ul style="list-style-type: none"> Understanding of role and responsibilities of a director Consideration and prioritisation of member needs Experience in collective decision making Business acumen and/or Board experience Ability to analyse, problem solve, actively listen and constructively question
2	Leadership and values	<ul style="list-style-type: none"> Demonstrating and living the Fund's values and culture Being articulate, inclusive and persuasive Able to bring a group together to make the right decision Able to drive excellence whilst working effectively with Board and management
3	The superannuation industry and how a superannuation fund operates	<p>Understanding of:</p> <ul style="list-style-type: none"> The superannuation industry The complex inter-relationship between the various systems in which superannuation funds operate Board's role in the administration and protection of Australia's retirement income How a superannuation fund operates
4	RSE governance	<p>Understanding of:</p> <ul style="list-style-type: none"> Key indicators of a good culture Conflicts of interest (identification and management) Areas where additional technical, professional or expert advice should be sought The regulatory bodies and their roles in the superannuation industry

#	Competency Area	Indicative Criteria
		<ul style="list-style-type: none"> Key legal obligations of the SIS Act and regulations, APRA's prudential requirements, trust law, Workplace Health and Safety and other relevant laws Fund governance framework including best practice governance
5	Investments	<p>Understanding of:</p> <ul style="list-style-type: none"> Investment concepts including the major asset classes Market and economic conditions Climate risk and ESG considerations Global socio-political, societal, and economic considerations Fund's investment strategy and objectives Fund's asset allocation / portfolio construction Investment performance monitoring Investment manager selection and monitoring process Fund's liquidity management Securities lending practices Valuations process for unlisted assets Risks and controls relating to investment operations Custodian monitoring and relationship
6	Financial, audit and actuarial reviews	<p>Understanding of:</p> <ul style="list-style-type: none"> Financial management Accounting concepts Statutory reporting requirements, relevant accounting standards and taxation requirements Internal and external audit arrangements Actuarial issues relating to the Fund
7	Risk management	<p>Understanding of:</p> <ul style="list-style-type: none"> Risk concepts, metrics and regulatory requirements and application of them Fund's Risk Framework Risk management and compliance principles Corporate insurance program Fund's BCP/DRP arrangements Adequacy of fraud prevention, detection and controls
8	Member experience and focus	<p>Understanding of:</p> <ul style="list-style-type: none"> Member experience and needs, engagement, outcomes and economic and social drivers impacting members Marketing, communication and/or public relations Brand, marketing strategies and channels
9	Product	<p>Understanding of:</p> <ul style="list-style-type: none"> Products and services, how developed and purpose of Product Disclosure Statement Key product initiatives of competitors and in marketplace Understanding of purpose of due diligence process
10	Financial planning and advice	<p>Understanding of:</p> <ul style="list-style-type: none"> Advice frameworks Regulatory and industry requirements Member experience and needs
11	Insurance in superannuation	<p>Understanding of:</p> <ul style="list-style-type: none"> Insurance management frameworks Regulatory and industry requirements

#	Competency Area	Indicative Criteria
		<ul style="list-style-type: none"> Roles of Trustee and insurer Member experience
12	People, culture, remuneration and industrial relations	Understanding of: <ul style="list-style-type: none"> Human resources management The importance of the culture of effective organisations Behavioural aspects Remuneration strategies and impacts Retention and succession policies and regulatory requirements The political and social context Industrial Relations system
13	Technology and digital	Understanding of: <ul style="list-style-type: none"> Key issues relating to IT systems and IT security Regulatory and industry requirements relating to technology Technology opportunities and risks and external environment relating to technology
14	Strategy, sustainability and growth	Understanding of: <ul style="list-style-type: none"> Internal and external environment relevant to superannuation Trends, potential changes, and key dependencies Stakeholder relationships Strengths, weaknesses, threats and opportunities Regulatory requirements relating to Successor Fund Transfers
15	Climate and Sustainable Investment	Understanding of: <ul style="list-style-type: none"> Climate risk and opportunities ESG and sustainable investment concepts Regulatory requirements for ESG and sustainable investments including mandatory disclosures

In addition to the competencies set out in the Fitness Competency Matrix, the Board aims to ensure it has the following expertise represented on the Board namely:

- Senior Executive, CEO and/or Chair experience, and
- Member advocacy skills from working in leadership roles in highly successful member organisations.

Chair / Deputy Chair Qualities

The Qualities set out in the table below are in relation to the Board and Board Committee Chairs / Deputy Chair.

#	Qualities
1	Individual qualities (a commitment to good governance, personal and professional integrity, sound independent judgement as well as a clear vision and passion for the business).
2	Meeting management skills (agenda creation, create an atmosphere of balanced challenge and debate, encourage participation, ensure that Board/Committee decisions are reached through consensus and are properly clarified and recorded, time management skills).
3	Leadership skills (ability to bring the Board/Committee and Management together to work effectively as a team, deals appropriately with conflicts, addresses differences of opinion).
4	Stakeholder management skills (ability to ensure stakeholders are adequately informed, relationship management with relevant stakeholders include Board and Committee members, emotional intelligence, good communication skills including the ability to listen attentively).
5	A highly proficient or expert level of knowledge of the key topic (e.g. superannuation for the Board Chair, audit / risk for the Audit and Risk Committee Chair, investments for the Investment Committee Chair).

Attachment 3

Additional Requirements for the Fund's External Auditors

To supplement the fitness and propriety test, the Board has established additional requirements for the Fund's external auditors, specifically that the auditor (or lead auditors of the audit firm, as the case may be):

- 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;
- is not the CEO or a director or an employee of the Trustee, or of a related body corporate or a connected entity;
- has a minimum of five years' relevant experience in the audit of the business operations of RSE Licensees;
- has experience relating to the business operations of RSE licensees 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 RSE Licensees;
- is not:
 - the Fund's or Trustee's actuary;
 - an employee or director of a body corporate, statutory body, partnership, trust, or commercial or professional enterprise of any kind of which the Fund's actuary is an employee or director; or
 - a partner of the Fund's actuary;
- is a member of a recognised professional body; and
- is ordinarily resident in Australia.

Additional Requirements for the Fund's Actuaries

To supplement the fitness and propriety test, the Board has established additional requirements for the Fund's actuary, specifically that the actuary:

- has appropriate formal qualifications and is a Fellow or Accredited Member of the Institute of Actuaries of Australia;
- is not the CEO or a director of the Trustee, or of a related body corporate (except when that related body corporate is a connected entity of the Trustee);
- is not:
 - the Fund's or Trustee's auditor or any RSE within its business operations;
 - an employee or director of an entity of which the Fund's auditor is an employee or director; or
 - a partner of the Fund's auditor;
- has a minimum of five years' relevant experience in the provision of actuarial services to RSE licensees and RSEs 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 RSE licensees; and
- is ordinarily resident in Australia.

Attachment 4

Director Role Description

The Board provides strategic oversight to the operation of one of the largest superannuation funds in Australia.

Governance

The Board has primary responsibility for the oversight and prudential management of the Fund. The Fund is established as a trust arrangement and the Trustee has responsibility under superannuation and trust law to act in the best financial interests of members and beneficiaries.

The Board is responsible for the operation of the Fund, including the creation and implementation of its strategic plan, the formulation and oversight of its investment strategy, and the development and delivery of its membership offer. The Directors must act in accordance with:

- the provisions of the SIS Act and regulations;
- the Corporations Act and regulations;
- other general rules, such as those imposed under tax and trust law.

The SIS Act contains rules that impose minimum requirements on trustees and are deemed to be included in the trust deed of every regulated fund. These reflect the duties imposed on all trustees under trust law in general. The rules bind trustees to (among other things):

- act honestly in all matters concerning the entity;
- to exercise, in relation to all matters affecting the entity, the same degree of care, skill and diligence as a prudent superannuation trustee would exercise;
- to perform the trustee's duties and exercise the trustee's powers in the best financial interests of the beneficiaries;
- where there is a conflict between the duties of the trustee to beneficiaries and the duties of the trustee to any other person or interests of the trustee or an associate:
 - to give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons;
 - to ensure that the duties to beneficiaries are met despite the conflict;
 - to ensure that the interests of the beneficiaries are not adversely affected by the conflict; and
 - to comply with the prudential standards in relation to conflicts;
- to act fairly in dealing with classes of beneficiaries within the entity and in dealing with beneficiaries within a class;
- keep the money and assets of the fund separate from other money and assets;
- develop and implement an investment strategy, insurance strategy and risk management strategy;
- not enter into contracts or behave in a way that hinders the trustee from properly performing or exercising its functions or powers; and
- allow members access to certain information.

It is imperative that Directors understand the duties, responsibilities and obligations of being on the board of a superannuation fund trustee and there are significant penalties imposed on directors who fail to perform their duties.

The Board's Role

Directors attend Board meetings (generally monthly), to make the necessary decisions for the prudential management of the Fund. The business conducted at a typical Board meeting encompasses a range of activities focussed on the delivery of competitive and leading superannuation services for the Fund's members, including:

- ensuring the Fund is administered in accordance with the legislative and statutory requirements;
- determining the strategic plan for the Fund, monitor its implementation and undertake periodic reviews to ensure it continues to be appropriate;
- determining the investment strategy and framework for the Fund;
- determining the appropriate suite of products and services for the Fund and monitor the performance and delivery of these products and services to members;
- devising and implementing an insurance strategy and manage the Fund's insurance offering;
- determining the Fund's risk management framework, and oversee the appropriateness of risk mitigation strategies and business continuity plans;
- determining the appropriate delegation of authority to enable the CEO and Management to administer the Fund on a day-to-day basis;
- considering and approving the Fund's annual fee budget as well as regularly monitor the Fund's financial position and performance;
- implementing a framework to ensure the appointment of suitable and competent material service providers;
- ensuring a high standard of corporate governance; and
- selecting, appointing and overseeing the development of the CEO.

Directors' Duties and Responsibilities

The day-to-day duties and responsibilities of a Director include:

- review papers, prepare for and attend Board and Committee meetings;
- become familiar with the relevant legislation and Board and Fund policies;
- become familiar with material outsourcing arrangements;
- oversee the exercise of delegations;
- comply with the Fit and Proper requirements outlined in the Fit and Proper Policy;
- be available for other activities such as meeting members and employers (e.g. informal workplace meetings and business lunches with employing authorities); and
- disclose, manage and avoid (as appropriate) conflicts of interest in accordance with the Conflicts Management Policy.

Knowledge and Skills

In order to carry out these duties, the Board would expect incoming Directors to have (or acquire within a reasonable timeframe):

- an understanding of and ability to effectively implement the covenants outlined in s. 52 of the SIS Act (summarised above);
- a working knowledge of the SIS Act and SIS regulations and other relevant prudential requirements;
- basic knowledge of the elements and application of other RSE Licensee and trust law;
- a working knowledge of the Deed in order to oversee the administration of the Fund;
- a working knowledge of the accounting, auditing and operational processes relating to the Fund;
- basic investment knowledge; and

- awareness of areas where additional technical, professional or expert advice could be sought.

The Board may require new Directors to undertake an induction course to ensure ongoing competency across the above requirements within their first six months of appointment.

To maintain and enhance their knowledge and understanding of the superannuation industry, Directors are expected to undertake at least 60 hours of development (of which two-thirds should be professional development – as opposed to personal development) over a rolling two-year cycle.

Time Commitment

It is expected that Directors will devote sufficient time to adequately discharge their duties as a Director and be fully prepared for all meetings. This will involve a commitment of a significant number of hours each month and may be affected by the issues confronting the Fund from time to time. This commitment will include pre-reading of papers, attendance at Board / Committee meetings, Board strategy and risk workshops, as well as training and development. In addition to this, Directors may be required from time-to-time, to attend events on behalf of, or in support of the Fund.

Disqualified Persons not to be Directors

The SIS Act requires that trustees meet certain fit and proper requirements prior to and during their term of appointment to the Board. A person must not intentionally be, or act as, a trustee if that person knows that he or she is a disqualified person. A disqualified person is someone who:

- is a disqualified person under the SIS Act or other Australian Prudential Regulation Authority (APRA)-administered legislation;
- is prohibited from being a director of a body corporate under the Corporations Act 2001 or similar overseas legislation;
- has been convicted of an offence involving dishonesty or has had a civil penalty order made against them under the SIS Act;
- has been declared to be a disqualified person by ASIC, APRA, ATO or a court;
- has been convicted of, or released from prison, less than 5 years ago for one of the following offences:
 - convicted on indictment of an offence that concerns the making or participation in making decisions that affect the whole or a substantial part of the business of a corporation or a corporation's financial standing;
 - an offence under the Corporations Act which is punishable by imprisonment of a period greater than 12 months; or
 - an offence against the law of a foreign country that is punishable by imprisonment for a period greater than 12 months;
- is an undischarged bankrupt or insolvent under administration;
- has executed a personal insolvency agreement and the terms have not been fully complied with; or
- is subject to a foreign court order which is in force and disqualifies the person from managing or being a director of a foreign corporation.