



# **Fit and Proper Policy for Responsible Persons**

## **St.George Group**

**This Policy relates to Prudential Standards APS520, GPS 520 & LPS520  
issued by the Australian Prudential Regulation Authority**

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## Fit and Proper Policy for Responsible Persons

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**Approval:** Approved by St.George Bank Board on 30 May 2006  
The Board of each company to which it relates must approve this Policy.

### Policy Circulation and Sign-off:

#### St.George Bank

Name	Title	Action	Reason for Inclusion for Sign-off
St.George Bank Board	Board	Approval	Board Approval required
Gail Kelly	Managing Director	Sign-off	Governance
Steve McKerihan	Chief Financial Officer	Sign-off	Risk Management
Elvio Bechelli	GM External Reporting & Compliance	Sign-off	APRA Compliance
Michael Bowan	General Counsel	Sign-off	Legal
Brett Wright	Group Executive, Human Resources	Sign-off	Human Resources & Policy Owner
Greg Targett	Chief Risk Officer	Information	Risk Management
Michael King	Chief Internal Auditor	Information	Internal Audit

#### St.George Life Limited

Name	Title	Action	Reason for Inclusion for Sign-off
St.George Life Board	Board	Approval	Board Approval required
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Tim McKeon	Principal Executive Officer	Sign-off	Governance
Peter Richardson	Compliance & Risk Manager	Review	APRA Compliance & Owner of Life company specific aspects of the Policy

#### St.George Insurance Pte Limited

Name	Title	Action	Reason for Inclusion for Sign-off
St.George Insurance Board	Board	Approval	Board Approval required
Steve McKerihan	Chief Financial Officer	Sign-off	Governance
Peter Morgan	Principal Executive	Sign-off	Governance
Kelly Wyman	Executive Manager Compliance & Risk Management	Review	APRA Compliance & Owner of the Insurance company specific aspects of the Policy

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# 1 OBJECTIVES

## 1.1 Purpose of policy

This document provides the policy to assess the fitness and propriety of the Group's Responsible Persons both prior to their appointment and on an ongoing basis. The document also sets out the procedures for dealing with Responsible Persons who fail to meet the Group's fit and proper criteria.

Human Resources must provide a copy of this Policy to:

- a) any candidate for election as a director as soon as possible after the candidate is nominated;
- b) any other person applying for a Responsible Person position, ahead of their final interview for the role; and
- c) any other person before an assessment of their fitness and propriety is conducted.

This Policy should be read in conjunction with any relevant St.George Group policies issued from time to time, and in particular:

- St.George Group Whistleblowing Policy
- St.George Group Management of Conflicts of Interest Policy
- St.George Group Code of Ethics
- St.George Human Resources recruitment and employment policies and procedures
- St.George Group Disclosure Policy and Communications Strategy
- St.George Group Trading Policy

Compliance with the above St.George Group policies will be considered as part of the assessment criteria relating to the fitness and propriety of Responsible Persons. Responsible Persons will be required to attest annually that they have read and understood this Policy.

## 1.2 Australian Prudential Regulation Authority

The St.George Group is regulated by the Australian Prudential Regulatory Authority ("APRA") and compliance with any Prudential Standards issued by APRA is a mandatory requirement to remain authorised by APRA to operate in Australia.

The "Fit and Proper Policy for Responsible Persons – St.George Group" ("the Policy") is based on APRA's Fit and Proper Prudential Standards (APS520, LPS520 and GPS520) and associated non-binding Prudential Practice Guides. The Standards set out requirements for determining the fitness and propriety of individuals in Responsible Person positions, and are required by APRA to be applied by authorised deposit-taking institutions, general insurers and life insurers.

This Policy covers APRA requirements only and does not deal with the requirements set by the Australian Securities and Investments Commission ("ASIC") regarding Responsible Officers, nor on the ASX Corporate Governance Council – Principles of Good Corporate

Governance and Best Practice Recommendations, although there are number of areas of commonality. Indeed, if a Responsible Person is also a Responsible Officer of the holder of an Australian Financial Services Licence then assessments made under this Policy may take into consideration similar assessments made in relation to the Responsible Officer position, provided that information is current.

### **1.3 Scope**

The APRA Standards, which take effect 1 October 2006, apply to APRA-regulated authorised deposit-taking institutions, general and life insurers, and, where appropriate, to key persons with responsibilities for subsidiaries whose activities may materially affect the whole or a substantial part of the business or the financial standing of the regulated entity (APRA does not define “materially”).

This is a group-wide policy, applicable to Responsible Persons of any APRA-regulated entity within the St.George Group, except those which hold an RSE licence under the *Superannuation Industry (Supervision) Act 1993* (as these entities are subject to specific requirements from APRA and, consequently have their own Fit and Proper policies).

Accordingly, this Policy applies to:

St.George Bank Limited

St.George Life Limited

St.George Insurance Pte Limited (scheduled to be regulated by APRA from mid 2006)

In addition to the group-wide requirements set out herein, some entities in the group are subject to certain additional specific requirements. These are detailed in Appendices 7, 8 and 9 respectively.

This Policy is to be applied in a consistent manner to all Responsible Persons, irrespective of whether they are direct employees or contractors of the Group, or employees of a third party (such as Actuaries and Auditors).

### **1.4 Board approval**

The Board of each entity covered by this Policy is required to approve this document.

### **1.5 Policy Commencement and annual review**

This Policy comes into effect on 1 October 2006.

The Policy is to be reviewed at least annually. Human Resources is responsible for co-ordinating the annual review across all group entities covered by the Policy. The Board of each entity covered by the Policy, must approve any material changes to the Policy.

## 1.6 Definitions

In this document:

“**APRA**” means Australian Prudential Regulation Authority.

“**Board**” means the board of directors of each entity covered by this Policy.

“**Human Resources**” means the human resources officer(s) of the St.George Group responsible for ensuring compliance with the Policy for the purpose of appointing a Responsible Person.

“**General Counsel**” means the General Counsel for the Group.

“**Compliance Manager**” means the Compliance Manager for each entity covered by this Policy from time to time and which are currently as listed in Appendix 10.

“**Group**” means St George Bank Limited ABN 92 055 513 070, any APRA-regulated general insurance or life insurance companies within the St.George Bank Group, and any related subsidiaries of the bank whose activities may materially affect the whole, or a substantial part, of the business of the bank.

“**Group Executive**” means the Group Executive Management team (“GEM”) of the St.George Group reporting directly to the Managing Director.

“**Group Secretariat**” means the company secretarial department responsible for looking after all company secretarial matters for the Group.

“**Managing Director**” means the Managing Director of St.George Bank.

“**Policy**” means the “Fit and Proper Policy for Responsible Persons - St.George Group”.

“**Principal Executive**” means Principal Executive of any subsidiary of the bank, covered by this Policy.

“**Responsible Person**” means:

- (i) **Director** – a director (as defined under section 9 of the Corporations Act 2001) of any entity covered by this Policy.
- (ii) **Managing Director**
- (iii) **Principal Executive**
- (iv) **Senior Manager** - A Senior Manager (as defined in this Policy) of any entity covered by this Policy. In this context, the St.George Group considers the following to be Senior Managers:
  - i. All Group Executives who report directly to the Managing Director or to the Board;
  - ii. The Chief Risk Officer;
  - iii. The Head of Internal Audit, and
  - iv. Any other Executive of any entity covered by this Policy, who is considered by the Board of that entity, to hold responsibilities that are likely to have a significant impact on the entity’s sound and prudent

management;

- (v) **Responsible Auditor** – an auditor who provides any report (in relation to any APRA-regulated entity covered by this Policy) that is required under the Act, or Reporting Standards under the Financial Sector (Collection of Data) Act 2001. In this context, the St.George Group considers the Responsible Auditors to be:
  - i. the lead partner of the External Auditor of St.George Bank Limited
  - ii. the Approved Auditor for St.George Life Limited; and
  - iii. the Approved Auditor for St.George Insurance Pte Limited;
- (vi) **Appointed Actuary** – the Appointed Actuary for St.George Life Limited;
- (vii) **Approved Actuary** – the Approved Actuary for St.George Insurance Pte Limited;
- (viii) **Review Actuary** – the Review Actuary for St.George Insurance Pte Limited;
- (ix) **A person who performs activities for a subsidiary of a regulated institution within the St.George Group**, where those activities may materially affect the whole, or a substantial part, of the business of the regulated institution or its financial standing, either directly or indirectly;
- (x) **APRA-deemed** – any person determined in writing by APRA to have a significant role in relation to the management or control of the APRA-regulated institution, or is responsible for activities which may materially impact on prudential matters.

**“Senior Manager”** - A Senior Manager, in relation to this Policy, is a person (other than a director) who:

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

**“St George”** means, where used, the relevant Group entity to whom the Responsible Person relates.

**“the Act”** means the Banking Act 1959, the Insurance Act 1973 and/or the Life Act 1995.

## 2 APRA’S POWERS

APRA has powers under the Act to:

- a) direct the regulated institution to remove a Director or Senior Manager;
- b) disqualify a person from being, or acting as, a Director or Senior Manager; and
- c) direct a regulated institution to remove any officer, employee or Auditor or ensure

that any subsidiary of the regulated institution does so if APRA Prudential Standards have not been complied with;

d) remove a Responsible Auditor.

Disqualified persons must not act for ADIs or insurers. The appointment of a disqualified person to an RP position would be an offence both for the St.George Group and for that person. The penalties would be:

a) under the *Banking Act* and *Insurance Act*:

- (i) for individuals, 2 years imprisonment and 60 penalty units<sup>1</sup>; and
- (ii) for corporations, 250 penalty units; and

b) under the *Life Insurance Act*:

- (i) for individuals, 50 penalty units; and
- (ii) for corporations, 250 penalty units for a life company or an officer; body corporate.

APRA's powers apply independently of St.George's powers and duties under this Policy or other St.George Group policies. APRA is not required to wait until St.George has considered a person's fitness and propriety, before making its decision. In some circumstances, APRA may consider the fitness and propriety of persons who are not current or prospective Responsible Persons, in order to identify persons who are not fit and proper to ensure they are not able to hold Responsible Person positions in the future.

A person affected by a decision made by APRA, as outlined above, may request that APRA review that decision. If APRA confirms or varies the decision, or fails to revoke the decision within 21 days, the person may then make an application to the Administrative Appeals Tribunal.

## 3 NOTIFICATION AND REPORTING

### 3.1 Public disclosure

An overview of the Group's Fit and Proper Policy will be disclosed on the St.George Group internet and intranet web sites and the full Policy should be readily available to any person on request. The web sites of each group entity covered by the Policy should reference the Policy and provide clear links to the relevant details on the Group's website.

Reference to the Fit and Proper Policy will be made in the annual accounts of each entity covered by the policy. The Compliance Manager is responsible for this disclosure.

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<sup>1</sup> A penalty unit is defined in section 4AA of the *Crimes Act, 1914* to be \$110.00.

### **3.2 Risk Management System Descriptions**

This Policy forms part of the Group's risk management system.

The Compliance Manager (refer to Appendix 10) is responsible for ensuring that reference to the Policy is contained in any Risk Management document required by APRA (refer to APRA Prudential Standards APS520 and APS310, GPS520 and GPS220 as appropriate).

### **3.3 Register of Responsible Persons**

The Group Executive – Human Resources is to maintain a Register of Responsible Persons for the entire Group (refer to Appendix 2 for the format of the Register), and shall provide a copy to Group Secretariat.

After any change in Responsible Persons, Human Resources will update the Register and provide a copy to the Board, the relevant Compliance Manager and Group Secretariat.

In any event, The Group Executive – Human Resources will table the Register of Responsible Persons at the Board of each entity covered by this Policy at least annually, as part of the Board's annual review and approval of the Policy (refer to Section 1.5).

### **3.4 Notification to APRA of Responsible Persons**

Any change in the Register of Responsible Persons arising from the appointment, resignation, retirement, removal or material change in the responsibilities of a Responsible Person, must be reported to APRA in the format specified in Appendix 4, within 28 days of the change occurring.

If a Responsible Person is assessed to be no longer fit and proper, APRA must be notified within 10 business days. Furthermore, if that person is permitted to remain in that Responsible Person position, the notification to APRA must also state the reasons why St.George has decided to allow the person to continue in the role and the action being taken.

The Group Executive – Human Resources is responsible for submitting these notifications to APRA on behalf of every entity covered by the Policy. A copy of the notification must also be provided to each relevant Compliance Manager.

## **4 DUTIES OF RESPONSIBLE PERSONS**

All Responsible Persons must be issued with a copy of this Policy by Human Resources and are required to sign a declaration that they have read and understood the Policy and agree to comply with its requirements. For new appointments/engagements, the Policy and declaration will be included in the offer letter of employment/engagement. Receipt of the signed declaration is a condition of employment. A failure to comply with this Policy would constitute a breach of the Responsible Person's terms of appointment or employment.

To enable the Group to assess if a person meets the fit and proper requirements of this Policy, anyone applying for, or holding, a Responsible Person position is required to:

- a) agree to satisfy the requirements of the Group's fit and proper policy as a condition of employment/engagement;
- b) consent to the collection and use of any information:
  - i. required by the Group to comply with APRA's Prudential Standards
  - ii. by APRA for its powers and functions under the Act;
- c) complete a "Fit and Proper Assessment Form" and provide any required supporting documentation and attestations, prior to the person's appointment/engagement and on an annual basis thereafter;
- d) disclose to St George, and if necessary to APRA, any information required to be provided under this Policy or APRA's Prudential Standards (APS520, GPS520, LPS520);
- e) authorise the Group to make periodic enquiries with external parties as to any circumstances that may impact their position as a Responsible Person; and;
- f) notify the Group Executive – Human Resources and the appropriate Compliance Manager immediately, should the Responsible Person consider they may have breached this Policy.

Please note that information provided for the purposes of this Policy may include sensitive information as defined in the *Privacy Act 1988*.

The Group requires all Responsible Persons to disclose to APRA, upon APRA's request, any information or documents relating to their reasons for resignation, retirement or removal from their Responsible Person position.

## 5 FIT AND PROPER ASSESSMENT

### 5.1 Definition of "Fit and Proper"

A person in a Responsible Person position must have the appropriate skills, experience and knowledge to perform that role ("competencies") and must act with the requisite character, diligence, honesty, integrity and judgement ("character"). A person will be considered "fit and proper" if he or she is assessed to meet substantially the assessment criteria set out in this Policy and, if appropriate, in the position description for their role.

If a person fails to meet certain of the criteria listed in this Policy, that person will not necessarily be considered not fit and proper and/or barred from holding a Responsible Person position. A decision will be made depending on the particular criterion that the person fails to meet, the circumstances relating to that matter, the relevance of the matter to the assessment, the materiality of the matter, elapsed time since the event and repetition or duration of the behaviour.

However, a person is likely to be found not fit and proper if:

- (i) insufficient information is available to enable St.George to conclude that the assessment criteria are met, or
- (ii) the person is found to have demonstrated a lack of character, diligence, honesty, integrity or judgement.

The decision as to whether a person is considered fit and proper will be made at the discretion of the relevant fit and proper decision-maker (refer to Section 5.3 and Appendix 1).

## **5.2 Assessment criteria**

A person's fitness and propriety will be assessed against the assessment criteria listed in Appendices 5 and 6, and any specific requirements set out in the Position Description for the Responsible Person role.

In the case of Directors, the assessment criteria apply to the directors "collectively", rather than each individual director necessarily meeting all the criteria, such that the Board as a whole meets the criteria.

Furthermore, additional assessment criteria specifically relating to particular entities covered by this Policy, are set out in Appendices 7, 8 and 9. These include specific criteria for assessing whether a person is fit and proper to hold a position as a Responsible Auditor, Appointed Actuary, Approved Actuary or Review Actuary.

## **5.3 Fit and proper decision**

The fit and proper assessment decision will be made with consideration to the assessment criteria and will be based on the information collected in the "Responsible Person Assessment Form" ("the Form"), and any other information or material produced by the person, as well as the person's demonstrated capabilities, their conduct and performance. Consideration will also be given to the findings of any necessary and relevant investigations conducted by Human Resources to verify the accuracy of information provided in the person's Form.

The final decision as to whether a person is considered fit and proper will be made at the discretion of the relevant fit and proper decision-maker (depending on the Responsible Person role being assessed), and, if necessary and appropriate, in consultation with the Group Executive – Human Resources and the General Counsel.

The appropriate Fit and Proper Decision-maker for each Responsible Person role is listed in Appendix 1.

In general, the full Bank Board will be the decision-maker when assessing the fitness and propriety of the Chairman of St.George Bank. The Chairman of the Nomination and Remuneration Committee will facilitate the assessment, in line with the terms of the Bank Board Charter.

The Chairman of St.George Bank will be the decision-maker when assessing the fitness and propriety of all Independent Directors and the Managing Director. The Chairman of St.George Bank is also the decision-maker over the Chairman of the Board of St. George Life or St. George Insurance, unless he or she holds one of those roles, in which case, the full Bank Board will be the decision-maker.

Furthermore, if the Chairman of the Bank Board believes there is an issue or concern with any assessment, he will refer it to the full Board for a decision (in the absence of the relevant Director).

For all other Responsible Person roles across the Group, the Managing Director of the Bank will be the decision-maker.

In those cases where a Responsible Person reports directly to someone other than the fit and proper decision-maker, then the manager directly accountable for the Responsible Person role must conduct that person's fit and proper assessment and must forward a recommendation to the appropriate decision-maker for final decision.

In all cases, the fit and proper decision-maker must record his or her decision on the person's completed Form and return the Form to Human Resources. Human Resources will then update the Register of Responsible Persons and make the required notifications internally and to APRA (refer to Sections 3.3 and 3.4)

If a decision is made that an individual is not "fit and proper", refer to Section 7 "Fit and Proper Breaches".

## **6 Assessment Process**

### **6.1 Overview of Process and Timing**

St.George will undertake an assessment to determine whether a person is "fit and proper" to be appointed/engaged as, or to maintain, a Responsible Person position. The fit and proper assessment must be undertaken:

- (i) prior to the appointment or engagement of the candidate being considered for a Responsible Person position, or as soon as practicable thereafter but, in any case, within 28 days of the appointment/engagement; or
- (ii) if APRA has deemed that a specific person is performing a Responsible Person role, within 28 days of APRA's decision; and
- (iii) thereafter, on an annual basis at the time of the person's annual performance review.
- (iv) at any other time, in the event that material information adverse to a person's fit and proper assessment, becomes known to St.George.

A person who is the subject of a fit and proper assessment will, in addition to providing the information sought by St George in the Form, have an opportunity to provide any other information or material the person wishes St George to have regard to.

An interim appointment to a Responsible Person position may be made for a period of up to 90 days (or longer with APRA's agreement) without the need for a full fit and proper assessment. However, prior to any such appointment, reasonable steps must be taken to assess the fitness and propriety of the person. Once the person is appointed on a permanent basis, a full fit and proper assessment must be made within 28 days of that appointment.

Human Resources will arrange for the conduct of any necessary and relevant investigations to verify the accuracy of information provided in the Form. The type of checks conducted may include, but may not be limited to, referee checks, police checks and searches of appropriate registers. Human Resources will retain all documentation relating to each fit and proper assessment of current Responsible Persons, and for up to 5 years after the person has ceased to be a Responsible Person.

## **6.2 Assessment process for new appointments to Responsible Person positions**

In the case of appointment of a new director, the candidate will be asked to complete a Responsible Person Assessment Form and their fitness and propriety will be assessed prior to the candidate being approved for nomination by the Board.

For appointments to all other Responsible Person positions, once the candidate has been selected for final interview, they will be asked to complete a Responsible Person Assessment Form. A decision regarding the candidate's fitness and propriety must be made prior to any offer of employment/engagement being made.

Human Resources will ensure all necessary and relevant checks or investigations are performed to verify the accuracy of information provided, and will report the findings of these investigations to the appropriate fit and proper decision-maker, for his or her consideration.

The fit and proper assessment will be conducted for:

- Chairman of the Bank – through assessment by the full Bank Board (facilitated by the Chairman of the Nomination and Remuneration Committee, as per the Bank Board Charter);
- The Chairman of any subsidiary covered by this Policy, all Independent Directors of entities covered by the Policy and the Managing Director of the Bank – through assessment by the Chairman of the Bank (or, if he holds that role, then the full Bank Board will make the assessment);
- All directors (other than Independent Directors, Principal Executives of subsidiaries covered by this Policy and Senior Managers – by assessment through the interview process with the Managing Director and reference checking of the candidate's professional and work experience record.
- All other positions (including External Auditors and Actuaries) - through interview and assessment of a formal attestation from the firm of which the Auditor or Actuary is a member.

The "fit and proper decision-maker" must record the decision regarding the person's fitness and propriety on the person's completed "Responsible Person Assessment Form" and return

the Form to Human Resources.

### **6.3 Annual review of Responsible Persons**

An assessment as to whether a person continues to be fit and proper for the Responsible Person role they hold, must be made at least every 12 months (or as close to annual as practicable).

In July each year, the Group Secretariat will circulate a Responsible Person Assessment Form to all Directors requiring each person to complete the form, providing current information relating to their fitness and propriety.

For all Independent Directors except the Chairman, the Chairman will carry out the assessment. If he believes there is an issue he will refer it to the full Bank Board for a decision (in the absence of the relevant Director). For the Chairman, the full Bank Board will make the assessment, facilitate by the Chairman of the Nomination and Remuneration Committee, in line with the Bank Board Charter.

For all Responsible Person positions (other than Directors), Human Resources will circulate a Responsible Person Assessment Form in July each year to each person requiring they update the Form or complete a new Form, as appropriate, providing current information regarding their fitness and propriety. The Group Executive – Human Resources will ensure any necessary and relevant checks or investigations are performed to verify the accuracy of any new information provided.

Attestations and representations covering the “character” criteria listed in Appendix 5 as well as any related party disclosures required pursuant to the requirements of the AASB 1046 will generally be sufficient for the annual review of any Responsible Person’s fitness and propriety. Human Resources will retain the completed attestations and provide a copy to the Group Secretariat.

The fit and proper assessment will be conducted for:

- Chairman of the Bank – through annual performance review by the full Bank Board (facilitated by the Chairman of the Nomination and Remuneration Committee, in line with the Bank Board Charter);
- The Chairman of any subsidiary covered by this Policy, all Independent Directors of entities covered by the Policy and the Managing Director of the Bank – through assessment by the Chairman of the Bank (or, if he holds that role, then the full Bank Board will make the assessment);
- All directors (other than Independent Directors), Principal Executives of subsidiary entities covered by this Policy and Senior Managers – by assessment through the performance review process
- All other positions (including External Auditors and Actuaries) - through assessment of their conduct and performance, and updated formal attestation from the firm of which the auditor or actuary is a member.

The “Fit and Proper Decision-maker” must record the decision regarding the person’s fitness and propriety on the person’s completed “Responsible Person Assessment Form” and return the Form to Human Resources.

## 7 Fit and Proper Breaches

### 7.1 Definition of a breach

Non-compliance with the provisions of this Policy will be considered a “breach”. For example, a person holding a Responsible Person position who has been assessed as not fit and proper is considered as being in breach.

Any serious breach of this Policy may have the potential to damage the reputation of the St.George Group. In certain cases, APRA’s powers under the fit and Proper Prudential Standards may be applicable (refer to Section 2), or the Responsible Person or the St.George Group may be deemed to have committed an offence under the Act

### 7.2 Process for dealing with breaches

Upon identifying a breach, the Managing Director, in consultation if necessary with the Group Executive – Human Resources and General Counsel and (if relevant) the direct line Manager of the Responsible Person will recommend appropriate action to resolve the breach.

The resolution strategy will be to take actions that either:

- remedy the breach and result in the person meeting the assessment criteria (for example, identify additional technical training for the person), or
- ensure the person does not hold a Responsible Person position (for example, do not appoint the person, terminate their engagement or redefine the person’s responsibilities).

In the case of a breach due to a person holding a Responsible Person position and being assessed as not fit and proper, then the person is to be notified by the Group Executive – Human Resources of the nature of the breach and is to be provided an opportunity to put any additional information forward in support of the fit and proper assessment, before a final decision and recommendation of action is made. The decision-maker will consider all additional and relevant information put forth before a final decision is made.

Refer also to Section 4 “Duties of a Responsible Person”.

### 7.3 Notification and Internal Reporting of Breaches

All breaches must be notified to the Group Executive – Human Resources, who will complete the Register of Fit and Proper Breaches and forward it to the Managing Director or Principal Executive of the entity that employs the person who is in breach. In the event of a Director breaching the fit and proper criteria, the Chairman of the relevant Board will be notified also. In the event of the Chairman of the Board being assessed as in breach, the Group Executive – Human Resources will notify the entire Board.

With all notifications, the Group Executive – Human Resources will also provide recommendations for resolution of the breach.

All breaches are to be recorded in the Register of Breaches (refer to Appendix 3). The Register is to be tabled at the next meeting of the relevant Board, after a breach has occurred.

Refer also to Section 3.4 “Notification to APRA of Responsible Persons” and Section 4 “Duties of a Responsible Person”.

## 8 Whistleblowing responsibilities

This Section should be read in conjunction with the St. George Group Whistleblowing Policy. Any employee or director of the Group, or any other person who considers that:

- (i) any relevant Group entities do not comply with this Policy, or
- (ii) a Responsible Person does not meet the fit and proper criteria

are strongly encouraged to report the matter immediately and provide details supporting that view. The reporting person should, in the normal course, first report the matter to the relevant Compliance Manager. However, if he or she has a significant concern (for example, if he or she reasonably believes that the person is deliberately not complying with the Policy) then the report should be made to the Group Executive – Human Resources or APRA, or both, as the reporting person sees fit. In all cases, the reporting person should specify which Responsible Person they believe does not meet the fit and proper criteria in this Policy and the reasons for that belief.

Any person reporting a matter in good faith concerning this Policy must disclose any information or documents necessary in support of his or her claim.

Any person who held the position of Responsible Person may, if desirous and in good faith, or upon the request of APRA, disclose any information or documentation to APRA relating to the reasons for their resignation, retirement or removal from that position as a Responsible Person.

The Group will take all reasonable steps to protect the identity of any whistleblower making a claim in good faith. Maintaining confidentiality is crucial to ensuring that reprisals are not made against the whistleblower.

## 9 Attachments

### Appendix 1 Fit and Proper decision-makers

<u>Fit and Proper decision-maker</u>	<u>Responsible Person Position</u> (as defined in Section 1.6)		
	<u>St.George Bank</u>	<u>St.George Life</u>	<u>St.George Insurance</u>
The full Bank Board (facilitated by the Chairman of the Nomination and Remuneration Committee)	Chairman of the Board		
The Chairman of the Bank Board (or, if he has a conflict of roles, then the full Bank Board will be the decision-maker)	Independent Director Managing Director	Chairman of the Board Independent Director	Chairman of the Board Independent Director
The Managing Director	Director (other than Independent Director) Senior Manager Responsible Auditor Any other person deemed by St.George Group or APRA to be a Responsible Person	Director (other than Independent Director) Principal Executive Senior Manager Responsible Auditor Appointed Actuary Approved Actuary Any other person deemed by St.George Group or APRA to be a Responsible Person	Director (other than Independent Director) Principal Executive Senior Manager Responsible Auditor Appointed Actuary Approved Actuary Review Actuary Any other person deemed by St.George Group or APRA to be a Responsible Person

If a person holds multiple RP roles, they need not undergo separate assessments. eg. Group Executives will in the first instance be assessed in that capacity, as it is in that capacity that they are appointed to executive-director roles.

**Appendix 2 Register of Responsible Persons (Example)**

**St.George Bank Limited**

<b>Full Name</b>	<b>Date of Birth</b>	<b>Position</b>	<b>Date of most recent Fit &amp; Proper Assessment</b>	<b>Date Appointed</b>	<b>Date Ceased</b>

The Responsible Persons noted above have been assessed under the “Fit and Proper Policy for Responsible Persons – St.George Group

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Group Executive – Human Resources

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Date:

**Appendix 3 Register of Fit and Proper Breaches (Example)**

<b>Breach Ref No.</b>	<b>Responsible Person In Breach</b>	<b>Date of Breach</b>	<b>Description of Breach</b>	<b>Date Breach reported to Managing Director</b>	<b>Date Breach reported to Board</b>	<b>Date Breach reported to APRA</b>	<b>Action Taken</b>

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Group Executive – Human Resources

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Date:

## **Appendix 4 Notifications to APRA (Example)**

### **Changes in Responsible Persons**

Within 28 days of the appointment, resignation, retirement, removal or material change in the responsibilities, of a Responsible Person, the following information must be submitted to APRA:

#### **1. Appointment**

- (i) Name
- (ii) Date of birth (for identification purposes only)
- (iii) Role/Position & main responsibilities
- (iv) Statement of whether the person has been assessed under the “Fit and Proper Policy for Responsible Persons – St.George Group

In addition to the above, all the Group must take all reasonable steps to:

- a) Obtain any information and documentation that APRA requests; and
- b) Provide that information to APRA

to assist APRA in assessing the fitness and propriety of a person APRA does not and will not require disclosure of spent convictions where precluded under Part VIIC of the Crimes Act 1914.

### **Responsible Persons deemed not fit and proper**

APRA must be notified within 10 business days if a person who holds a Responsible Person position is assessed as not fit and proper.

Furthermore, if that person is permitted to remain in the Responsible Person position, the notification must also state the reason for this and the action being taken.

## **Appendix 5 Assessment Criteria – “Character”**

In assessing whether a person is “fit and proper” to hold a Responsible Person position, consideration will be given to whether:

- a) it would be prudent for the Group to conclude that the person possesses the competence, character, diligence, honesty, integrity and judgement to perform properly the duties of the position;
- b) the person is not disqualified under the Act from holding the position;
- c) the person either:
  - i. has no conflict of interest in performing the duties of the Responsible Person position; or
  - ii. if the person has a conflict of interest, it would be prudent for the Group to conclude that the conflict will not create a material risk that the person will fail to perform properly the duties of the position;

To determine whether a person possesses the necessary character to properly perform their position, consideration must be given to whether the person:

- a) has demonstrated a lack of willingness to comply with legal obligations, regulatory requirements or professional standards, or been obstructive, misleading or untruthful in dealing with regulatory bodies or a court;
- b) has breached a fiduciary obligation;
- c) has perpetrated or participated in negligent, deceitful, or otherwise discreditable business or professional practices;
- d) has been reprimanded, or disqualified, or removed, by a professional or regulatory body in relation to matters relating to the person’s honesty, integrity or business conduct;
- e) has seriously or persistently failed to manage personal debts or financial affairs satisfactorily in circumstances where such failures caused loss to others;
- f) 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;
- g) is of bad repute in any business or financial community or any market;
- h) was the subject of civil or criminal proceedings, or enforcement action, in relation to:
  - i. the management of an entity; or
  - ii. 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 their competence, character, diligence, honesty, integrity or judgement;

## **Appendix 6 Assessment Criteria – “Competence”**

In assessing whether a person is “fit and proper” to hold a Responsible Person position, consideration will be given to whether the person:

- i. possesses the necessary competencies, skills, knowledge, technical expertise, diligence and soundness of judgement to undertake and fulfil the duties and responsibilities specified in the position description for the particular role;
- ii. has demonstrated the appropriate competence and integrity in fulfilling occupational, managerial or professional responsibilities previously and/or in the conduct of their current duties;

Without limiting the range of matters that may be considered in a fit and proper assessment, the St.George Group will have regard to the skills and abilities that are inherent to the position or office which the person occupies, and the matters specifically canvassed in a relevant role description.

Each director is not generally 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.

The skills and abilities St.George Group expects of its Responsible Persons are listed below:

### **Directors**

- Demonstrable cultural fit for St George and its values, being customer-focused and people and community orientated.
- A reputation for honesty and integrity throughout their working life and a strong commitment to high standards of corporate governance and independence.
- Exhibits sound judgement, excellent communication skills and a collegiate approach.
- Accounting and financial management skills, including the ability to interpret financial statements
- Working knowledge of risk management practices
- Demonstrated capability to attain knowledge of the operating environment of the financial services sector and relevant rules.
- Knowledge of Board responsibilities, including corporate governance

### **All Responsible Person Positions (excluding Directors, Auditors and Actuaries)**

- Demonstrable cultural fit for St George and its values, being customer-focused and people and community orientated.
- A reputation for honesty and integrity throughout their working life and a strong commitment to high standards of corporate governance and independence.

- Exhibits sound judgement, excellent communication skills and a collegiate approach.
- Demonstrated capability to attain knowledge of the operating environment of the financial services sector and relevant legislative rules.
- Demonstrated capability for the development of a long-term vision for the organisation or division, along with the strategic framework for the implementation of that vision.
- Proven skill in driving business initiatives, implementing change and providing determined leadership in developing and executing business strategies.
- Ability to identify market opportunities and areas for business development.
- Capacity to provide leadership in the wider financial services, general business and community sectors to enhance the reputation of the organisation.
- Ability to strongly and convincingly represent the organisation and its objectives to the market, government and in the wider community as required.

### **RESPONSIBLE AUDITOR/ACTUARY**

Certification from the external firm of auditors or actuaries that the incumbent of the responsible position concerned has the appropriate competence to undertake assigned tasks at the required level. Refer also to Appendices 7, 8 and 9.

## **Appendix 7 St.George Bank Limited – Additional Requirements**

### Additional assessment criteria for the Responsible Auditor

In addition to the fit and proper assessment criteria for Responsible Persons stated elsewhere in this Policy, the additional criteria which must be met for a person to be considered fit and proper to act as an External Auditor for the Bank, are whether the person:

- a) is registered as an auditor under the *Corporations Act 2001*;
- b) is ordinarily resident in Australia
- c) is a member of a recognised professional body; and
- d) has a minimum of 5 years relevant experience in the audit of authorised deposit-taking institutions (“ADIs” - as defined by APRA), and it would be prudent to conclude that the person is familiar with current issues in the audit of ADIs.

However, the criteria above do not apply while:

- (i) the Bank reasonably considers that there are exceptional circumstances:
- (ii) the Bank has promptly notified APRA of which eligibility criteria are not satisfied and of the exceptional circumstances: and
- (iii) APRA has notified the Bank in writing that APRA has no objections to the person being appointed by the Bank as the External Audit partner

## **Appendix 8 St.George Life Limited – Additional Requirements**

In addition to the Group-wide Fit and Proper policy requirements, St.George Life Limited (“SGL”) is required to comply with the following additional requirements, as stipulated in APRA’s Prudential Standard LPS520.

### **1. Fit and Proper Assessment**

#### **1.1. Additional Assessment Criteria for SGL Directors**

The Directors of SGL must meet the following assessment criteria, in addition to the criteria specified elsewhere in this Policy. In order for the board of directors “collectively” to meet the requirements for Fitness and Propriety, the Board should also consist of Directors who possess the following skills and knowledge:

- 1) All Directors will have a working knowledge of  
Life Insurance legislation including the Life Insurance Act 1995  
Prudential requirements set by the Australian Prudential Regulation Authority
- 2) All directors will have a general understanding of financial services industry issues
- 3) All directors will have a basic investment knowledge and the ability to make informed decisions based on the advice of technical experts.
- 4) The directors **collectively** must have the full range of skills needed for the effective and prudent operation of SGL, and that each director has skills that allow them to make an effective contribution to Board deliberations and processes. This includes the requirement for directors, collectively, to have necessary skills, knowledge and experience to understand the risks of SGL, including its legal and prudential obligations, and to ensure that SGL is managed in an appropriate way taking into account these risks. This could include (but is not limited to) actuarial, accounting, financial and legal expertise in the banking or life insurance industry.
- 5) At least one director must have financial expertise ie the person is a qualified accountant or other finance professional with experience of financial and accounting matters, including life company matters.

#### **1.2. Additional Assessment Criteria for Approved Auditors and Approved Actuaries**

Under the Act (Life Insurance Act 1995), SGL must submit an application to APRA for approval of an auditor of SGL (Approved Auditor) and of an actuary of SGL (Approved Actuary), unless the person meets the criteria set out in s.93(4)(a) of the life Insurance Act 1995 (“the Act”). These additional criteria for the Approved Auditor and the Approved Actuary are set out below. The eligibility criteria reflect the importance of these positions, and the need to ensure independence including by avoiding potential conflicts of interest. The additional requirements for are as follows:

To be eligible for appointment as the **Approved Auditor**, the person must:

1. Not be a director or employee of the insurer or of a related body corporate.
2. Be registered as an auditor under the Corporations Act 2001.
3. Not be the approved actuary or an employee or director nor a partner of that actuary.
4. Have a minimum of 5 years relevant experience in the audit of insurers that has been sufficiently recent to ensure that you are familiar with current issues in the audit of insurers.
5. Have the appropriate formal qualifications and must be a member of a recognised professional body. For example, accounting qualifications that include auditing and commercial law, and registration as an auditor with the Australian Securities and Investment Commission ("ASIC").
6. Be ordinarily resident in Australia.

To be eligible for appointment as the **Approved Actuary** the person must:

1. Not be a Chief Executive nor a director of the insurer or of a related body corporate (except where that related body corporate is a subsidiary of the insurer).
2. Not be the Approved Auditor nor an employee or director of an entity that auditor is an employee or director nor a partner of that auditor.
3. Have a minimum of 5 years relevant experience in the provision of actuarial services to insurers that has been sufficiently recent to ensure that you are familiar with current issues in the provision of actuarial service to insurers.
4. Have the appropriate formal qualifications and are a member of a recognised professional body. This includes being a Fellow of, and a member of, the Institute of Actuaries of Australia.
5. Be ordinarily resident in Australia.

APRA approval of an Actuary is not required as long as that person meets the above criteria (as set out in s. 93(4)(a) of the Act), in which case the person is referred to as the Appointed Actuary. In assessing the fitness and propriety of the Approved or Appointed Actuary, where the Approved or Appointed Actuary in question is not the most senior actuary, SGL must carefully consider whether there is a risk that the independent professional judgement of the Approved or Appointed Actuary is dominated by a more senior actuary.

## 2. OTHER

In accordance with paragraph 16 of APRA's Prudential Standard LPS520, St.George Life Limited must also consider whether the person is, or if they hold the position, would at the relevant time remain, eligible for approval by APRA of their appointment as Approved Auditor or Appointed Actuary before assessing that the person is fit and proper for that position. This does not apply in the case of the Appointed Actuary if approval by APRA of their appointment would not be required.

In accordance with paragraph 38 of APRA's Prudential Standard LPS520, St.George Life Limited must notify APRA if it forms the belief that information provided to APRA in connection with an application for approval of the appointment of a person as its Approved Auditor or Appointed Actuary is not, or is no longer, correct in a material respect of the belief and the reasons for it. This does not apply to the Appointed Actuary if the Appointed Actuary has at that time satisfied the requirements of section 93(4)(a) of the Act. The life company must give to APRA a notification under this paragraph as soon as practicable, and in any event within 10 business days after the date the belief was formed.

## **Appendix 9 St.George Insurance Pte Limited – Additional Requirements**

In addition to the Group-wide Fit and Proper policy requirements, St.George Insurance Pte (“SGI”) will be required to comply with APRA’s Prudential Standard GPS520 once it becomes a licensed entity in Australia.

### **1. Notification and Reporting**

#### **1.1. Risk Management System Description**

Reference to the Fit and Proper policy is contained in the Risk Management Strategy as required by APRA standard GPS 520 Fit and Proper Requirements and GPS 220 Risk Management for General Insurers. The SGI Executive Manager – Compliance and Risk is responsible for ensuring these documents are up to date.

### **2. Fit and Proper Assessment**

#### **2.1 Additional Assessment Criteria for SGI Directors**

The Directors of SGI must meet the following assessment criteria, in addition to the criteria specified elsewhere in this Policy. In order for the Board of Directors “collectively” to meet the requirements for Fitness and Propriety, the Board should consist of Directors who possess the following skills and knowledge:

1. All Directors will have a working knowledge of  
General Insurance legislation including the Insurance Act 1973  
Banking legislation including the Banking Act 1959
2. Prudential requirements set by the Australian Prudential Regulation Authority
3. The directors must **collectively** have the full range of skills needed for the effective and prudent operation of SGI, and that each director has skills that allow them to make an effective contribution to Board deliberations and processes. This includes the requirement for directors, collectively, to have necessary skills, knowledge and experience to understand the risks of SGI, including its legal and prudential obligations, and to ensure that SGI is managed in an appropriate way taking into account these risks. This could include (but is not limited to) actuarial, accounting, financial and legal expertise in the banking or general insurance industry.
4. At least one director must have financial expertise ie the person is a qualified accountant or other finance professional with experience of financial and accounting matters.
5. All directors will have a general understanding of financial services industry issues
6. All directors will have a basic investment knowledge and the ability to make informed decisions based on the advice of technical experts.

## **2.2 Additional Assessment Criteria for Approved Auditors and Approved Actuaries**

There are additional criteria for approval of the auditor of SGI that it has appointed to comply with the Act (Insurance Act 1973) (Approved Auditor). There are also additional criteria for approval of an actuary of SGI that it has appointed to comply with the Act (Approved Actuary). The eligibility criteria reflect the importance of these positions, and the need to ensure independence including by avoiding potential conflicts of interest. The additional requirements for are as follows:

To be eligible for appointment as the **Approved Auditor** the person must:

1. Not be a director or employee of the insurer or of a related body corporate.
2. Be registered as an auditor under the Corporations Act 2001.
3. Not be the approved actuary or an employee or director nor a partner of that actuary.
4. Have a minimum of 5 years relevant experience in the audit or insurers that has been sufficiently recent to ensure that you are familiar with current issues in the audit of insurers.
5. Have the appropriate formal qualifications and are a member of a recognised professional body. . This includes accounting qualifications that includes auditing and commercial law and registration as an auditor with the Australian Securities and Investment Commission (ASIC)
6. Be ordinarily resident in Australia.

To be eligible for appointment as the **Approved Actuary** the person must:

1. Cannot be a Chief Executive nor a director of the insurer, or of a related body corporate (except where that related body corporate is a subsidiary of the insurer).
2. Not be the approved auditor nor an employee or director of an entity that auditor is an employee or director nor a partner of that auditor.
3. Have a minimum of 5 years relevant experience in the provision of actuarial services to insurers that has been sufficiently recent to ensure that you are familiar with current issues in the provision of actuarial service to insurers.
4. Have the appropriate formal qualifications and are a member of a recognised professional body this includes being a Fellow of and a member of the Institute of Actuaries of Australia.
5. Be ordinarily resident in Australia.

In assessing the fitness and propriety of the Approved or Appointed Actuary, where the Approved or Appointed Actuary in question is not the most senior actuary, SGI must carefully consider whether there is a risk that the independent professional judgement of the Approved or Appointed Actuary is dominated by a more senior actuary.

To be eligible for appointment as the **Review Actuary** the person must:

1. Not be a Chief Executive nor a director of the insurer, or of a related body corporate (except where that related body corporate is a subsidiary of the insurer).
2. Not be the approved auditor nor an employee or director of an entity that auditor is an employee or director nor a partner of that auditor.
3. Have a minimum of 5 years relevant experience in the provision of actuarial services to insurers that has been sufficiently recent to ensure that you are familiar with current issues in the provision of actuarial service to insurers.
4. Have the appropriate formal qualifications and are a member of a recognised professional body this includes being a Fellow of and a member the Institute of Actuaries of Australia.
5. Be ordinarily resident in Australia.

## **Appendix 10 Compliance Managers for entities covered by this Policy**

The compliance Manager for each entity covered by this Policy are shown below

Company	Compliance Manager
St. George Bank Limited	Michele Davenport, Head of Prudential Compliance
St.George Life Limited	Peter Richardson, Compliance and Risk Manager
St. George Insurance Pte Limited*	Kelly Wyman, Executive Manager, Compliance and Risk

\* St.George Insurance Pte Limited is currently in the process of repatriating to Australia. Once it is registered in Australia, it will be regulated by the Australian Prudential Regulation Authority ("APRA") and hence will be subject to APRA's Prudential Standard GPS 520.