

Beyond Bank Australia - Fit and proper policy

An overview of this Policy:

The aim of this policy is to:

1. Meet intent and compliance requirements with Prudential Standard CPS 520 Fit and Proper (CPS 520);
2. ensure, as far as possible, that directors, senior managers, financial planners and advisers and other persons holding Responsible Person positions with Beyond Bank Australia and its controlled entities (“the Group”) are fit and proper persons to occupy the positions they hold;
3. provide guidelines on the application of CPS 520;
4. provide the minimum standards for determining the fitness and propriety of persons who hold or are being considered for appointment to a responsible person position;
5. strengthen the governance framework within the Group’s operations; and
6. promote confidence in the Group and its officers.

Who should use this Policy:

All responsible persons (as defined under sub-heading 1.1.1 of the section 'Obligations of this Policy' below) must adhere to this policy at all times.

Member and or internal Customer Service Expectation:

The Group’s customers and staff expect that all persons appointed to responsible person positions within the Group meet the appropriate standards of fitness and propriety.

External References applicable to this Policy:

- a) APRA Prudential Standards CPS510 Governance, CPS520 Fit and Proper and CPS220 Risk Management
- b) Banking Act 1959 (including BEAR)
- c) Group Risk Management Strategy
- d) BBA Code of Conduct
- e) Group Whistleblower policy

A primary objective of CPS 520 is to ensure that persons who are responsible for the management and oversight of an ADI have appropriate skills, experience, and knowledge, and act with honesty and integrity.

The Group recognises APRA’s statutory powers to direct the Group to remove a director, senior manager or auditor, and to disqualify a person from being, or acting as, a director or senior manager.

The Group cannot and will not allow anyone to act as a responsible person for the Group if that person is a disqualified person under any APRA or ASIC administered legislation.

Risk Consequences:

The Group risks non-compliance with an APRA Prudential Standard if this policy is not observed by responsible persons.

Non-observance of this policy by responsible persons could place the interests of depositors and other stakeholders of the Group at greater risk. The Group needs to ensure that the persons responsible for the management and oversight of the Group have the appropriate skills, experience and knowledge and act with honesty and integrity (ie they are fit and proper) in accordance with the bank's values and culture.

The Obligations of this Policy:

1 Preamble

1.1 Responsible Persons

1.1.1 Definition

For the purposes of this policy 'responsible person' means:

1. Director (including casual appointment);
2. CEO;
3. Senior Manager (as defined in this policy) of the Group. In this context the following are considered to be Senior Managers:
 - i. All Group Executives who report directly to the CEO; and
 - ii. Responsible Managers (for AFS licence purposes);
4. All Accountable Persons (APs) for Banking Executive Accountability Regime (BEAR) purposes;
5. Managers in Categories G to H. These consist of the senior management group who are either state managers or functional managers who report to an Executive Manager;
6. Financial advisers/planners;
7. Appointed auditor (auditor appointed under Prudential Standard APS 310 Audit and Related matters, and may be the same auditor who audits the Group for the purposes of the Corporations Act 2001). The Group considers the responsible auditor to be the lead partner of the appointed auditor of the Group;
8. External auditor. The Group considers the responsible external auditor to be the lead partner of the external auditor of the Group;
9. Internal auditor. The Group considers the responsible internal auditor to be the engagement partner of the internal audit services provider of the Group;

The responsible appointed, responsible external and responsible internal auditors will collectively be referred to as the responsible auditors in this policy unless otherwise stated.

10. A person who performs activities for a subsidiary of the Group, where those activities may materially affect the whole or a substantial part of the business of the Group or its financial standing, either directly or indirectly; and
11. APRA-deemed – any person determined in writing by APRA to have a significant role in relation to the management or control of the Group, 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 their 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 risk in the business; or
 - iii. monitoring the appropriateness, adequacy and effectiveness of risk management systems.

The Group's key persons and responsible managers for the purposes of its Australian Financial Services (AFS) licence and Australian Credit Licence (ACL) are also considered to be Senior Managers for the purposes of CPS 520.

1.1.2 Register of responsible persons

The General Manager People and Culture is responsible for the maintenance of a Register of Responsible Persons (Register) for the Group (refer to Appendix 1 for the format of the Register).

People and Culture is responsible for updating the Register after any change to responsible persons. The Senior Manager Group Risk is responsible for the maintenance of the register of appointed auditors.

The General Manager People and Culture is responsible for ensuring that the competencies for each responsible person position are documented.

1.2 Policy Maintenance

1.2.1 Components

The Company Secretary and General Manager People and Culture are responsible for administering the system that has been implemented to ensure compliance with CPS 520.

1.2.2 Authority to Exercise Rules

The Board Governance and Remuneration Committee in conjunction with the Company Secretary and the General Manager People and Culture are responsible for ensuring the components of the policy are met.

1.2.3 Authority to Change Policy

Proposed changes to the policy must be submitted by the Company Secretary to the Board Governance and Remuneration Committee for approval.

1.2.4 Policy Review

The policy is to be reviewed by the Company Secretary in conjunction with the General Manager People and Culture, as the need arises or at intervals not exceeding 24 months.

The Company Secretary is responsible for identifying any changes to the requirements of CPS 520 and recommending the appropriate policy amendments to the Board Governance and Remuneration Committee.

1.2.5 Owner

The owner of this policy is the Board of Directors. The Board is committed to ensuring that this Policy is fully implemented, and that the Group's Responsible

Persons are and remain compliant with the requirements of CPS 520 and this Policy.

2 Fit and Proper Assessment

2.1 Definition of 'Fit and Proper'

CPS 520 does not define the term 'fit and proper' for the purposes of the Standard although it does set out the criteria for meeting the standard in paragraph 18.

2.2 Criteria to determine if a responsible person is fit and proper

CPS 520 provides that the criteria that must be met for a person to be fit and proper to hold a responsible person position are whether:

1. 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 responsible person position;
2. the person is not disqualified under the Act from holding the position; and
3. 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 a regulated institution to conclude that the conflict will not create a material risk that the person will fail to perform properly the duties of the position.

In addition to the CPS 520 requirements, responsible persons must also, where relevant, satisfy the criteria, if any, in the:

1. Corporations Act;
2. Banking Executive Accountability Regime (BEAR);
3. CPS 510;
4. Beyond Bank Australia Constitution;
5. Accountability Statement under BEAR; and
6. Job specification, job description and accountability or job statement for a particular responsible person's position.

Under CPS 520, the skills and experience required by each responsible person depend on the person's role. As required by CPS 520, the Group will consider the nature and extent of a number of matters when conducting fit and proper assessments. These will ordinarily include, when relevant:

Fitness

1. the person's character, competence and experience relative to the duties of the position involved, including whether the person:
 - a) possesses and demonstrates the necessary values, cultural fit, skills, knowledge, expertise, diligence and soundness of judgement to undertake and fulfil the particular duties and responsibilities of the position in question; and
 - b) has demonstrated the appropriate competence and integrity in fulfilling occupational, managerial or professional responsibilities previously and/or in the conduct of his/her duties; and

Propriety

2. whether the person:
 - a) has demonstrated a lack of willingness to comply with legal obligations, regulatory requirements or professional standards, or has 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 failure 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 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; or
 - i) is a disqualified person as determined by S20 of the Banking Act.

2.3 Additional criteria applying to the responsible auditors

In addition to meeting the requirements set out in this policy for directors, CEO, senior managers, accountable persons, managers categories G & H and financial planners and advisers, the Group's responsible auditors must meet the following additional fitness and propriety criteria. A responsible auditor must:

- a) not be a director or employee of the Group;
- b) have appropriate formal qualifications and be a member of a recognised professional body;
- c) have a minimum of five years relevant experience in the industry;
- d) have experience relating to ADIs that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the audit of ADIs;
- e) be ordinarily a resident of Australia;
- f) satisfy the auditor independence requirements in CPS 510; and
- g) not be subject to a direction issued under section 17(2) of the Banking Act.

3 Assessment Process

3.1 Overview of Process and Timing

The fitness and propriety of a responsible person must be:

1. assessed prior to their initial appointment to the responsible person position;
2. assessed upon transfer or promotion to a responsible person position within the Group; and
3. re-assessed annually (or as close to annually as practicable).

It is noted that the assessment of fitness and propriety is separate to the assessment of skills and experience of directors required following assessment of the collective skills and experience of the Board of Directors.

3.1.1 Candidates – directors’ election

The Nomination Committee must assess each person who is nominated as a candidate for a directors’ election and determine whether it is satisfied that the person is fit and proper to be and act as a director by reference to this Policy.

The fit and proper assessment has two components, these being:

1. assessing whether the person has demonstrated an ability (as assessed against the model criteria provided by the Board pursuant to A4-20(3) of the Constitution) to be a director; and
2. assessing whether the person is fit and proper to be and act as a director, by reference to the Group’s fit and proper policy.

This assessment must be completed before the ballot material is sent to members.

3.1.2 Proposed appointed director

The Nomination Committee must assess each person the Board is proposing to appoint as a director, and determine whether it is satisfied that the person is fit and proper to be and act as a director, by reference to the process outlined in section 3.1.1 paragraph 2, points 1 and 2.

3.1.3 All other appointments to responsible person positions

This assessment must be completed before the person is appointed to the responsible person position.

3.1.4 Responsible auditors

This assessment must be completed before the person is appointed to the responsible auditor position.

The Group will require the Responsible Auditor to declare that he or she meets the requirements of this policy in the audit firm’s annual engagement letter, or separate declaration, which is considered by the Board Audit Committee.

3.2 Interim appointments

Interim appointments to a responsible person position will require a full fit and proper assessment to be conducted prior to the interim appointment taking effect, notwithstanding the interim nature of such an appointment.

3.3 Assessment of fitness and propriety

For a person to be regarded as Fit and Proper:

In relation to individual directors	In relation to the CEO	In relation to the Responsible Auditor	In relation to Senior Managers, Accountable Persons (excluding directors), Managers categories G & H, financial planners/advisers and persons who perform activities for a subsidiary and are considered to be responsible persons
the Nomination Committee must be satisfied that the individual director, proposed appointee, or candidate for a directors' election:	the Board must be satisfied that the CEO:	the Board Audit Committee must be satisfied that the responsible auditors submit a letter/declaration satisfactorily addressing the criteria listed in section 2.3 of this policy.	the General Manager People and Culture, in conjunction with the CEO, must be satisfied that the Person:

1. has satisfied all the requirements of the fit and proper declaration (Refer appendix 5);
2. has satisfied all the fit and proper checks (refer appendix 4);
3. is competent to perform the duties of the responsible person position. This assessment may include:
 - i. candidate for a directors' election and proposed appointee – model criteria;
 - ii. incumbent director – Board/director appraisal and model criteria;
 - iii. senior manager, accountable person, managers categories G & H and financial planners/advisers – performance assessment; and
 - iv. applicant for responsible person position – assessment against the job description.

All responsible persons, prior to appointment, on transfer or promotion to a responsible person position, and then annually, must complete a declaration to the effect that they remain a Fit and Proper person as defined in the prudential standard and this policy.

All responsible persons and applicants for responsible person positions must provide their consent to a Police check on request for the purposes of this policy.

All persons recruited externally for appointment to a responsible person position must provide a Police check obtained for purposes of the appointment or proposed appointment to the responsible person position.

All current employees appointed or proposed to be appointed to a responsible person position must provide a Police check which must not have been obtained more than 24 months prior to the date of appointment or proposed appointment to the responsible person position.

3.3.1 Fit and Proper Checks

A schedule of checks to be undertaken and declarations to be obtained for 'fit and proper' purposes is contained in Appendix 3.

The Fit and Proper Checks (nature and frequency) that will be conducted to assist with the assessment of a responsible person's fitness and propriety are summarised in Appendix 4.

3.3.2 Responsibility for checks, searches, questionnaires and declarations

Responsible Person Position	Responsibility for conduct of Checks
Directors and persons nominated for appointment or election to the Board.	Company Secretary on behalf of the Nomination Committee
All responsible persons with the exception of directors and persons nominated for appointment or election to the Board.	Most senior manager reporting to the General Manager People and Culture
Responsible auditors.	Board Audit Committee

3.4 Documentation

Appropriate documentation for each fit and proper assessment will be retained to demonstrate the fitness and propriety of the Group's current, and recent past responsible persons. Fit and proper documentation* to be retained is detailed in the following table.

* Documents will be retained for 7 years.

Documentation	Renewal Frequency	Method of Retention
Police Check	1 year	File in Register of Responsible Persons
Fit and Proper Declaration	1 year	File in Register of Responsible Persons
Bankruptcy Check	1 year	File bankruptcy check extract in Register of Responsible Persons
APRA Data-Base - Disqualified Persons Check	1 year	File search extract in Register of Responsible Persons
ASIC Disqualified Person Register Check	1 year	File search extract in Register of Responsible Persons
Eligibility Declaration (Directors)	3 years	File in Register of Responsible Persons
Online Search Engines General Search	n/a	n/a
Responsible auditors letter/declaration	1 year	File in relevant auditor's file

Responsibility for retaining documentation:

Assessment	To be retained by
Directors	People and Culture department
All other responsible persons (except responsible auditors)	People and Culture department
Responsible auditors (letter/declaration)	Senior Manager Group Risk

4 Fit and Proper Breaches

Non-compliance with any of the fit and proper assessment criteria detailed in this Policy will be considered a 'breach'

A responsible person considered to be in breach will be provided the opportunity to submit any additional information in support of his/her fit and proper assessment. This additional information must be taken into consideration before a final determination as to his/her fitness and propriety is made and a recommendation of remedial action is made.

4.1 Process for handling breaches

Remedial action will be taken to either:

1. remedy the breach and result in the person satisfying the fit and proper assessment criteria. This may involve additional training for the person; or
2. ensure the person is not appointed to, or does not continue to hold, a responsible person position.

4.1.1 Breach by CEO

The action to be taken will be determined by the Board Chair in conjunction with the Chair of the Board Governance and Remuneration Committee. The result of the action(s) taken must ensure that the Group is compliant with this policy.

4.1.2 Breach by any other manager appointed to a responsible person position

The action to be taken will be determined by the General Manager People and Culture in conjunction with the CEO. The result of the action/s taken must ensure that the Group is compliant with this policy.

If a person is assessed as unfit for a particular responsible person position because of a lack of competence for that specific position, or because of a conflict of interest that applies to the duties of that specific position, he/she may still be fit and proper for another responsible person position.

Where a person is assessed not fit and proper for one responsible person position due to a lack of character, diligence, honesty, integrity or judgement, the Group will assume that the person is not suitable for any responsible person position.

4.1.3 Breach by Director

If a director is assessed as not being fit and proper, the action to be taken will be as follows:

Person in Breach	Action to be taken will be addressed by:				
Director (not being the Chair of a Board Committee or Board Chair)	Board Chair	<i>In conjunction with the</i>	Chair of Board Governance and Remuneration Committee	<i>or</i>	Chair of Board Risk Committee
Chair of the Board Governance and Remuneration Committee	Board Chair	<i>In conjunction with the</i>	Chair of Board Risk Committee	<i>or</i>	Chair of Board Audit Committee.
Chair of the Board Audit Committee	Board Chair	<i>In conjunction with the</i>	Chair of Board Governance and Remuneration Committee	<i>or</i>	Chair of Board Risk Committee.
Chair of the Board Risk Committee	Board Chair	<i>In conjunction with the</i>	Chair of Board Governance and Remuneration Committee	<i>or</i>	Chair of Board Audit Committee.
Chair of the Board Customer Committee	Board Chair	<i>In conjunction with the</i>	Chair of Board Governance and Remuneration Committee	<i>or</i>	Chair of Board Risk Committee
Chair of the Nomination Committee (not being the Board Chair)	Board Chair	<i>In conjunction with the</i>	Chair of Board Governance and Remuneration Committee	<i>or</i>	Chair of Board Risk Committee.
Board Chair	Chair of Board Governance and Remuneration Committee	<i>In conjunction with a</i>	member of the Board Governance and Remuneration Committee	<i>or</i>	

The result of the action(s) taken must ensure that the Group is compliant with this policy.

4.1.4 Breach by a Responsible Auditor

The action to be taken will be determined by the Board Audit Committee. The result of the action/s taken must ensure that the Group is compliant with this policy.

4.1.5 APRA Orders – Disqualification or Removal

The Group will remove a responsible person when directed by APRA, and will respond to any order by APRA disqualifying a person from acting as a responsible person or imposing conditions on their role as a responsible person.

Disqualification takes immediate effect and the Group must apply to APRA to have a responsible person's disqualification removed if it wishes to retain the person in their current role.

Any person subject to removal or disqualification order by APRA may request APRA to review their decision (via the CEO/Board Chair) and may appeal any adverse decision to the Administrative Appeals Tribunal.

4.1.6 Discretionary Powers

The Board, CEO, and General Manager People and Culture have the authority to exercise discretion in circumstances where there is evidence that a responsible person has breached any of the fit and proper assessment criteria detailed in this policy and CPS 520.

In exercising any discretion, the CEO, General Manager People and Culture and/or the Nomination Committee must ensure the objectives of the Prudential Standard CPS 520 and this policy are upheld. The discretion will be exercised, taking into account factors such as:

1. position and role the responsible person occupies in the organisation;
2. materiality of the breach;
3. elapsed time since the breach;
4. repetition or duration of the behaviour that resulted in the breach; and
5. impact of the breach.

4.1.7 Internal breach reporting

All breaches must be reported to the General Manager People and Culture who will ensure the Register – Fit and Proper Breaches (refer Appendix 2) is completed. The CEO must be informed of all breaches. The Register must be tabled at the next Beyond Bank Australia Board meeting after the breach has occurred.

Section 5.4.1 of this Policy documents the actions that must be taken in informing APRA if a responsible person is not assessed fit and proper.

5 Notification and Reporting

5.1 Public disclosure

A copy of this policy will be made accessible via the Beyond Bank Australia website.

5.2 Policy awareness

5.2.1 Provision of policy prior to appointment

A copy of this policy will be provided to:

1. persons who are nominated for a directors' election (elected directors);
2. persons being considered for appointment to the Board (appointed directors);
3. all persons being considered for appointment to a responsible person position.

Responsibility:

- Company Secretary – Persons seeking appointment to the Board.

- Most senior manager reporting to the General Manager People and Culture – all other persons seeking appointment to a responsible person position.

5.2.2 Responsible persons

All responsible persons must be issued or referred to a copy of this policy and are required to sign a declaration that they have read and understood the Policy and agree to its requirements.

Responsibility:

- Most senior manager reporting to the General Manager People and Culture.

5.3 Informing APRA

5.3.1 Responsible person details

For each responsible person, the Group will:

1. provide to APRA the information prescribed by paragraph 55 of CPS 520;
2. ensure that the information remains correct;
3. provide revised information to APRA within 28 days of any change or new appointment;
4. notify APRA within 10 business days if a responsible person is assessed as not being fit and proper –if that person remains in the responsible person position, the notification to APRA will state the reason for this and the action that is being taken; and
5. ensure that sufficient documentation for each fit and proper assessment is retained to demonstrate the fitness and propriety of the institution’s current, and recently past, responsible persons.

5.3.2 APRA requests

The Group will comply with any request by or requirement of APRA to obtain information relevant to the responsible person including:

1. criminal history;
2. any relevant civil proceedings;
3. enquiries with the police, regulators, professional bodies or any other source; and
4. any other information relevant to fitness and propriety.

5.3.3 Responsibility for APRA reporting

The Senior Manager Group Compliance will be responsible for ensuring all the matters referred to under heading 5.3.1 and 5.3.2 above are reported to APRA in accordance with prescribed timelines.

5.3.4 Person who held a responsible person position

The Group consents to any person who held a responsible person position disclosing information or providing documents to APRA relating to his/her reasons for resignation, retirement or removal.

6 Whistleblowing

6.1 Protection

The Group will take all reasonable steps to ensure that persons making disclosures, in good faith, as per 6.2, 6.3 and 6.4 below, are not subject to, or threatened with, a detriment because of any notification in compliance with the requirements of this policy.

6.2 Director

Where a director of the Group considers that a responsible person does not meet the Fit and Proper criteria, the director is strongly encouraged to notify the CEO or Board Chair.

6.3 Staff member

Where any Group employee believes that a responsible person does not meet the Fit and Proper criteria, the employee is strongly encouraged to notify the General Manager People and Culture (or the CEO if the responsible person is the General Manager People and Culture).

6.4 Notifying APRA

If a director or employee believes that the Group has not dealt with the matter in a satisfactory manner, they should then notify APRA of their concerns.

6.5 Adequately Explained

The Group will ensure that all provisions relating to whistleblowing are adequately explained to all its directors and employees who are likely to have information relevant to fit and proper assessments.