

Service One Mutual Limited

FIT AND PROPER POLICY AND ASSOCIATED SYSTEM NOTES

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1 INTRODUCTION

1.1 Document Purpose

This document states the SERVICE ONE Board's policy position on the requirement to appoint and retain fit and proper persons for responsible person positions within SERVICE ONE and the procedures to be followed to achieve this policy objective.

1.2 Regulatory Requirements

This document complies with the requirements in Chapter 2D (Officers and Employees) of the Corporations Act 2001.

1.3 Risk Management

The SERVICE ONE Board considers this Policy as a part of SERVICE ONE's risk management systems, and in particular management of the risk that persons acting in responsible positions may not be fit and proper.

Consequently, this Policy will be referred to in SERVICE ONE's risk management systems descriptions and the controls implemented in this Policy will be included as part of SERVICE ONE's risk management framework.

1.4 Board Approval

The SERVICE ONE Board, or its delegated Committee, approved this Policy on 28 February 2019.

1.5 Effective Date

The effective date of this Policy is 28 February 2019.

1.6 Review

The Board reviews and amends this Policy both yearly and as needed.

2 POLICY

2.1 Preamble

The SERVICE ONE Board understands that the Board of Directors and Senior Managers are ultimately responsible for the decisions made, and actions taken by SERVICE ONE and the outcome of all such decisions and actions. Accordingly, the Board expects that at all times, SERVICE ONE's Directors, Senior Managers and Staff will:

- 1) Possess the relevant expertise individually and collectively for the purposes of discharging their duties and responsibilities efficiently and effectively;
- 2) Discharge their duties and responsibilities with due care, competence and diligence;
- 3) Discharge their duties and responsibilities with a focus on the prudent management of SERVICE ONE;
- 4) Discharge their duties and responsibilities in good faith in the best interest of SERVICE ONE; and
- 5) In the discharge of their duties and responsibilities, be open and honest in all their dealings.

Also, the Board understands that in order to obtain an objective assessment of the continuing relevance and effectiveness of SERVICE ONE's risk management systems and to guarantee the integrity of reporting arrangements, SERVICE ONE's Auditors must possess the competence, character, diligence, honesty, integrity and independence to discharge their duties and responsibilities.

2.2 Policy Statement

The SERVICE ONE Board's policy position is that:

- 1) SERVICE ONE will make this Policy a term and condition of each existing and prospective responsible person's term of employment or condition of election or appointment. A "prospective" responsible person is any person who has applied for or who wishes to be appointed or elected to a responsible person position within SERVICE ONE.
- 2) SERVICE ONE will develop, document and review fitness and propriety competencies for each responsible person position.
- 3) SERVICE ONE will develop, document and review processes for the conduct of fit and proper assessment of responsible persons against documented competencies prior to an individual being appointed to or being elected to a responsible person position.
- 4) SERVICE ONE will ensure that only a person who is fit and proper under documented competencies for a responsible position is appointed to a responsible person position.
- 5) SERVICE ONE will develop, document and review processes for assessing annually its responsible persons and for taking remedial actions in relation to a person assessed as not fit and proper.
- 6) SERVICE ONE will develop, document and review processes for changes to responsible persons as often as necessary.
- 7) SERVICE ONE will ensure that its responsible persons have sufficient formal training or practical work experience and that they continue to undertake continuing professional development commensurate with the competency requirements of their positions and their duties.

- 8) SERVICE ONE will ensure that all documentation of each fit and proper assessment is retained to demonstrate the fitness and propriety of SERVICE ONE's current, and recently past, responsible persons.
- 9) SERVICE ONE will communicate this Policy to all current and prospective responsible persons and other stakeholders including SERVICE ONE staff and members and the public.
- 10) SERVICE ONE will develop and document whistleblowing procedures to ensure the free flow of information to SERVICE ONE regarding the fitness and propriety or lack thereof of its responsible persons and to protect any person who makes a report to SERVICE ONE or ASIC in relation to the fitness and propriety of a responsible person under this Policy.

2.3 Processes and Procedures as System Notes

The processes and procedures developed and documented under the above policy statements will be included in this Policy as "System Notes".

2.3.1 Review of System Notes

System Notes will be reviewed as often as necessary by:

- a) The Board in relation to Directors, CEO and Secretaries;
- b) The Audit, Finance and Risk Committee in relation to Auditors; and
- c) The Chief Executive Officer in relation to Senior Managers.

3 RESPONSIBILITIES

The following individuals and groups are given responsibilities under this Policy.

3.1 The Board

The Board will be responsible for:

- 1) Reviewing and recommending amendments to this Policy, or where the Board has delegated that responsibility to a Committee, that Committee;
- 2) Developing, reviewing and documenting the competencies required for the positions of SERVICE ONE Director, CEO and Company Secretaries;
- 3) Developing, reviewing and documenting the process for assessing a person/s nominated to be appointed or elected as a SERVICE ONE Director, CEO and Company Secretary against documented fit and proper competencies;
- 4) Convening a Director Nominations Committee for the purpose of assessing any person nominated for election or appointment as a SERVICE ONE Director against documented fit and proper competencies;
- 5) Developing, reviewing and documenting the process for the annual fit and proper assessment of SERVICE ONE Directors, the CEO and the Company Secretary under documented competencies; and
- 6) Appointing an independent person to conduct fit and proper assessment for SERVICE ONE Directors, CEO and Company Secretaries.

3.2 Director Nominations Committee

The Director Nominations Committee has its own Terms of Reference and will carry out the responsibilities assigned to it under those Terms of Reference.

3.3 Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee is responsible for:

- 1) The development, review and documentation of the competencies for the position of a SERVICE ONE Auditor;
- 2) The development, review and documentation of the fit and proper assessment process for a SERVICE ONE Auditor;
- 3) Ensuring that a copy of this Policy is given to any person who has applied for or is being considered for appointment as a SERVICE ONE Auditor;
- 4) Assessing any person who has applied for or is being considered for appointment as a SERVICE ONE Auditor against documented fit and proper competencies for a SERVICE ONE Auditor;
- 5) Developing, reviewing and documenting the process for annual fit and proper assessment of a person against documented competencies for a SERVICE ONE Auditor; and
- 6) Conducting annual fit and proper assessment for a SERVICE ONE Auditor.

3.4 Chief Executive Officer (CEO)

The CEO is responsible for:

- 1) Assisting the Board and the Audit, Finance and Risk Committee to carry out their responsibilities under this Policy;
- 2) The development, review and documentation of the fit and proper competencies for each Senior Manager position; and

- 3) The development, review and documentation of a fit and proper assessment process for Senior Managers before appointment and annually.

3.5 Company Secretary

The responsibilities of the Company Secretary under this Policy are to ensure that SERVICE ONE notifies ASIC and Bendigo & Adelaide Bank of any changes to responsible persons. In particular, the Secretary will ensure the following responsibilities are discharged.

3.5.1 Notifying ASIC

Within 14 days, notify ASIC if a person is appointed as a SERVICE ONE Director or Secretary, and within 28 days notify ASIC of the personal details of the person.

The personal details of a person are:

- 1) The given and family names;
- 2) All of their former given or family names;
- 3) Their date and place of birth; and
- 4) Their residential address.

3.5.2 Notices To Be in Prescribed Form

Notices to ASIC must be in the prescribed form.

3.6 Senior Manager – People and Culture

The Senior Manager – People and Culture will assist the CEO to discharge the responsibilities assigned to the CEO under this Policy in relation to Senior Managers and Staff members. In particular, the Senior Manager – People and Culture is responsible for:

- 1) Assisting the CEO to develop and document fit and proper competencies for each SERVICE ONE position;
- 2) Assisting the CEO develop and document the process for assessing the fitness and propriety of an applicant for appointment to a Senior Manager and Staff member position;
- 3) Assisting the CEO develop and document the process for assessing annually the fitness and propriety of Senior Managers and Staff members;
- 4) Assisting the CEO to develop, review and document whistleblowing procedures under this Policy;
- 5) Determining and documenting a continuing education program for Senior Managers and Staff to ensure Senior Managers and Staff continue to improve their relevant skills and knowledge competencies; and
- 6) Communicating this Policy and in particular, the Board's Whistleblowing Policy to all SERVICE ONE Staff members.

3.7 Senior Manager – Corporate Services

The Senior Manager – Corporate Services will be responsible for:

- 1) Assisting the Board, the Audit and Compliance Committee and the CEO to carry out their responsibilities under this Policy;
- 2) Ensuring that any person or group who is given responsibility under this Policy can carry out those responsibilities;
- 3) Including fitness and propriety risk in SERVICE ONE's risk framework arrangements;

-
- 4) In consultation with the CEO, arranging for SERVICE ONE's Internal Auditor to test the controls included in this Policy on a periodic basis; and
 - 5) Reporting to the Board and the Audit, Finance and Risk Committee on SERVICE ONE's compliance with this Policy.

4 “RESPONSIBLE PERSON”

4.1 Who is a “Responsible Person?”

For the purposes of this Policy, a “responsible person” means:

- 1) Director;
- 2) Chief Executive Officer (**CEO**);
- 3) Company Secretary;
- 4) Senior Manager; or
- 5) Any SERVICE ONE employee determined by the CEO as a “Senior Executive”.

“Responsible Person Position”

For the purposes of this Policy, a “responsible person position” means the responsibilities or activities of a responsible person that would lead to the person being a responsible person as defined above.

4.2 Meaning of “Director”

For the purposes of this Policy, “Director” means any person who is:

- 1) Appointed or to be appointed to the position of a SERVICE ONE Director; or
- 2) Appointed or to be appointed to the position of an alternate SERVICE ONE Director.

4.3 Meaning of “CEO” And “Company Secretary”

For the purposes of this Policy, “CEO” or “Company Secretary” includes any person appointed by the Board to occupy any of these positions on a temporary or casual basis.

4.4 Meaning of “Senior Executive”

For the purposes of this Policy, in determining whether a position is a ‘Senior Manager’ position the CEO will consider the following. That the occupant of the position:

- 1) Makes or participates in making a decision that affects the whole or a substantial part of SERVICE ONE’s business;
- 2) Has the capacity to affect significantly SERVICE ONE’s financial standing; or
- 3) May materially affect the whole or a substantial part of SERVICE ONE’s business or financial standing through their responsibility for:
 - a) Enforcing policies and implementing strategies approved by the SERVICE ONE Board;
 - b) The development and implementation of systems that identify, assess, manage, or monitor risks in relation to SERVICE ONE’s business; or
 - c) Monitoring the appropriateness, adequacy and effectiveness of risk management systems.

4.4.1 Carrying Out of Responsibilities

For the purpose of the definition of “Senior Manager”, the responsibilities set out above when carried out are “Senior Manager” responsibilities except where carried out by a SERVICE ONE Director.

4.4.2 Positions Declared by CEO

“Senior Manager” position includes any position declared from time to time by the CEO as being a Senior Manager position.

4.5 Meaning of “Staff Member”

The term “staff member” refers to SERVICE ONE employees not deemed to be senior executive staff. Staff members (unless specifically designated to be so) are not considered to be responsible persons as referred to in this Policy.

5 SYSTEM NOTE 1: FIT AND PROPER FOR DIRECTORS

5.1 Role of Board

From time to time, the SERVICE ONE Board will need to fill vacancies on the Board of Directors that arise as a result of resignation, retirement, incapacity or disqualification of Directors.

It is the responsibility of the Board to ensure that candidates for appointment to the position of a SERVICE ONE Director meet the fit and proper competencies specified in this Policy prior to their appointment and all SERVICE ONE Directors continue to meet documented fit and proper competencies.

The Board will document fit and proper competencies for SERVICE ONE Directors under the following categories as detailed in the following Board and Director Skills and Experience Matrix:

- 1) Skills, experience, and knowledge requirements;
- 2) Legal, regulatory and constitutional requirements; and
- 3) Good fame and character requirements.

5.2 Board and Director Skills and Experience Matrix

Competencies of the Board as a whole:

The Board will, at all times (subject to the filling of any casual vacancy on the Board), have the following collective competencies:

SKILLS	KNOWLEDGE	EXPERIENCE
Legal	Regulatory environment	Financial Services
Accounting	Legal	Risk and Risk Assessment
Risk Assessment in financial sector	Financial Services	Accounting
Investment	Industry - Mutuals	Marketing/communications
Marketing	Business	Financial
Communications/PR	Risk and Risk Assessment	Business/economic
Information Technology	Social Enterprise	Legal
Analysis of financial statements		Academic
Human Resources		Company directorships
Teamwork		Public company senior management
Strategic Expertise		

A Director of Service One will have, or have a demonstrated ability to obtain promptly, all of the following competencies:

LEGAL/REGULATORY	GOOD FAME AND CHARACTER	BEHAVIOURAL
Compliance with clause 13.2 of Constitution	Independence	Critical thinking
Compliance with obligations of directors under Corporations law	Act honestly and in good faith	Consensus building

Compliance with obligations of National Consumer Credit Protection Act for persons holding a credit licence	Display integrity	Commitment to organisational purpose
Not have appointed someone to manage their affairs due to mental incapacity	Display judgement and sound reasoning	Positive impact and influence
Resident of Australia	Have no material conflicts of interest (or comply with disclosure obligations where you do)	Commitment to continuous learning
		Ethical and decisive decision making
		Flexibility and open-mindedness
		Good communication skills
		Courage to question or speak up if a Director believes something is not right, or challenge management if necessary

5.3 Skills, Experience & Knowledge Competencies

5.3.1 Meaning

This set of requirements refers to the academic and technical competencies, including work or relevant experiences required of a SERVICE ONE Director. Normally, these are attained through formal education, training and/or work experience.

5.3.2 Some Considerations

The Board considers that apart from certain generic skills or experiences (see below) it is not necessary to document any other competencies under this category in advance. This is because:

- 1) It is not necessary that all Directors possess the same set of educational or technical qualifications, or skills and experiences. The Board is of the view that a mix of different skills and experiences amongst Directors is in itself an invaluable asset and a necessary outcome of the process of appointment;
- 2) The skills and experiences required of each Director will depend on the role the Director will play on the Board and/or Board Committees. To a large extent this will depend on the roles undertaken by current Directors or expected of other Directors or the skills or experiences already possessed by other Directors either collectively or individually;
- 3) In most cases, no set educational or technical preparation is required to become a director;
- 4) As the Board cannot predict resignations, retirements or disqualifications of SERVICE ONE Directors and the skills or experiences components that will be lost as a result of any such event, it will be difficult to determine in a System Note the specifics of qualifications and skills a SERVICE ONE Director is required to have; and

- 5) It is a requirement under the Board's own Board Succession Policy and Director Nominations Committee Terms of Reference that the Board will consider the need for fresh insight, independent thinking and general reinvigoration of the Board while also retaining adequate expertise and ensuring ongoing understanding of SERVICE ONE's business. This may require the Board to determine different academic or technical competencies for SERVICE ONE Directors at different times.

Because of the above considerations, with the exception of the generic competencies below, the Board considers it is best to wait until the time a vacancy is to be filled to determine and document the relevant competencies. At that time the Board will take into account various matters including all necessary expertise required in areas that are relevant for the SERVICE ONE Board to fulfill its role and functions successfully, the skills or experiences lost as a result of the resignation, retirement, etc, the skills and experiences of existing Directors and the requirements of the Board's own Board Succession Policy.

5.3.3 Generic Skills and Experiences

As a minimum to be eligible for appointment as Director a person must be able to demonstrate:

- 1) Understanding of the role of a Director or demonstrated ability to understand quickly the role of a Director;
- 2) Knowledge of SERVICE ONE, its business and regulatory environment or ability to gain quickly knowledge of these; and
- 3) Have a demonstrated capacity to read and understand financial statements and reports

For annual assessment purposes, demonstrated continuing understanding of these matters is relevant. Regard will be had to a Director's contribution to Board and Board Committee deliberations.

5.4 Legal, Regulatory and Constitutional Competencies

This set of competencies for Directors has been prescribed in relevant Acts of Parliament, policy statements and guidance notes by regulators (in particular ASIC) and the SERVICE ONE Constitution. Some of the competencies overlap with the "good fame and character" competencies below.

The Board has determined that a SERVICE ONE Director must:

- 1) Be an individual (*Corporations Act 2001*, s.201B);
- 2) Attain the age of 18 years or any minimum age prescribed in legislation (*Corporations Act 2001*, s.201B);
- 3) Be a member of SERVICE ONE (SERVICE ONE Constitution, Rule 13.2);
- 4) Not have had a personal representative or trustee appointed to administer their personal estate or property because of mental incapacity (SERVICE ONE Constitution, Rule 13.2);
- 5) Not be a disqualified person under Part 2D.6 of the *Corporations Act 2001* unless ASIC (*Corporations Act 2001*;s.206F) or the Court (*Corporations Act 2001*, s.206G) gives the person permission to act as Director;
- 6) Not be disqualified under the *National Consumer Credit Protection Act 2009* from holding an Australian Credit Licence;
- 7) Must not be a bankrupt under Australian or foreign law (s.206B of the *Corporations Act 2001*); and
- 8) Be ordinarily resident in Australia.

For the purposes of annual assessments, 5 and 6 are relevant competencies.

5.5 Good Fame and Character Competencies

The good fame and character criteria refer to the personal attributes of an individual that may have implications for how that individual will discharge their role as a Director in an efficient, honest or fair manner.

While some good fame and character requirements may be (and in recent times, have been) prescribed by legal and/or regulatory provisions, they are also implied in the position of Director.

The Board considers that to be eligible for appointment or election as a SERVICE ONE Director, a person must:

- 1) Be diligent;
- 2) Be honest;
- 3) Possess good character;
- 4) Possess integrity;
- 5) Demonstrate good judgement; and
- 6) Not suffer from conflicts of interests (actual or perceived) (*Corporations Act 2001*).

For the purposes of annual assessment, all of these competencies are relevant.

5.6 Responsibility and Timing of Assessment

The Board has determined the following process and matters.

5.6.1 Responsibility for Assessment

The Director Nominations Committee will be responsible for the conduct of fit and proper assessments on Directors based on the requirements of this Policy, The Director Nominations Committee Terms of Reference, the Board Charter and the Constitution.

5.6.2 Timing of Assessment

5.6.2.1 General Rule - Assessment Prior to Election or Appointment

As a general rule, a full assessment of a person's fitness and propriety for the position of a SERVICE ONE Director will be conducted:

- 1) Prior to the person being appointed or elected as a SERVICE ONE Director; and
- 2) Annually after appointment as a SERVICE ONE Director.

5.6.2.2 Exception to General Rule – Special Cases

Exceptions to general rule (1) above are where:

- 1) The person holds the position of a SERVICE ONE Director because of a resolution of SERVICE ONE members; or
- 2) the Board has determined that a person already employed by SERVICE ONE is a SERVICE ONE Director responsible person and this has been notified to SERVICE ONE in writing.

In any of the above cases, an assessment of the fitness and propriety of the person will be conducted as soon as practicable and, in any case, within 28 days of the person becoming a SERVICE ONE Director.

5.6.2.3 Exception to General Rule - Interim Appointments and Limited Assessments

The Board may make an interim appointment of a person to the position of a SERVICE ONE Director without a full fit and proper assessment for a period of up to 90 days. However, prior to such an appointment, SERVICE ONE will take reasonable steps to conduct a limited fit and proper assessment of the person.

The Board will complete a full fit and proper assessment of the person prior to appointing the person to the position of a SERVICE ONE Director on a permanent basis.

5.7 Procedure For Assessment Prior to Appointment or Election

5.7.1 Constitutional Provisions

The process of election and appointment of a SERVICE ONE Director is regulated by Appendix 5 of the SERVICE ONE Constitution. That process includes the conduct of a fit and proper assessment of any person nominated or to be nominated for appointment as a SERVICE ONE Director.

5.7.2 Director Nominations Committee

Under the Constitutional provisions, the Director Nominations Committee has responsibility for assessing the fitness and propriety of any person nominated or to be nominated for election as a SERVICE ONE Director.

5.7.3 Secretary to Request Information from Person

Under the Constitutional provisions, the process of assessing a person nominated or to be nominated to be appointed as a SERVICE ONE Director commences when the Secretary requests certain information from the person by forwarding them a letter enclosing a "Nominations Pack".

5.7.4 The Committee May Request Additional Information

In addition to the information specified in the Constitutional provision, the Committee may request any of the following additional information for the Committee's assessment:

- 1) A written curriculum vitae or resume for the candidate containing the following information in relation to the candidate:
 - a) Personal details (name, residential address, date of birth, etc)
 - b) Academic and technical qualifications
 - c) Membership of professional bodies;
 - d) Skills and work experience; and
 - e) Employment history.
- 2) Copies or other evidence of the academic and technical qualifications attained and membership of the professional bodies listed in the curriculum vitae or resume.

5.7.5 Failure to Provide Information

If a person fails to provide any crucial information specified in the Constitutional provisions and/or requested by the Committee within a specified time frame or within a reasonable time, the Committee will not conduct a fit and proper assessment of the person and will notify the person of this decision.

5.7.6	Preliminary Assessment of the Candidate
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As soon as practicable after receipt of all information from or about the candidate, the Committee will meet and conduct a preliminary assessment of the candidate.

The Committee may conduct any independent or lawful investigation on the information provided by the candidate.

5.7.6.1 Skills, Experience and Knowledge Requirements

The Committee must consider the information provided by the candidate and if necessary conduct other lawful investigations including contacting educational institutions, professional and industry bodies, and previous employers or using an information broker. The purpose of the assessment here is to determine whether the candidate:

- i) Has attained the documented educational, academic or technical competencies of a SERVICE ONE Director;
- ii) Has undertaken or is undertaking documented professional development of a SERVICE ONE Director;
- iii) Is or was a member of the relevant professional or industry association or organisation required and documented for the position of a SERVICE ONE Director and
- iv) Is or was employed in the relevant field, industry or position required and documented for the position of a SERVICE ONE Director.

For the purposes of making this assessment the Director Nominations Committee will take into account the most recent Director performance appraisal carried out on any retiring Director seeking to re-stand for election.

5.7.6.2 Legal, Regulatory & Constitutional Criteria

The Director Nominations Committee must take into consideration the information provided by the candidate and if necessary carry out any investigation it deems necessary and determine the following:

- i) That the candidate is an individual (*Corporations Act 2001*, s.201B);
- ii) That the candidate is 18 years old or any other minimum age prescribed in legislation;
- iii) That the candidate is a member of SERVICE ONE;
- iv) That the candidate has not had a personal representative or trustee appointed to administer their personal estate or property because of mental incapacity;
- v) The candidate is not a disqualified person; and
- vi) The candidate is not a bankrupt (see Section 5.4(7) above).

In addition to the Statutory Declaration (which is a part of the Nominations Pack) completed by the person, the Committee must search the ASIC website for disqualified and banned persons. The Committee should note that the ASIC list is not a complete list of all disqualified persons. While it lists persons who have been disqualified from managing corporations, either by ASIC or the Court, it does not include persons who have been automatically disqualified from managing corporations because they have been convicted of certain offences.

The Committee should note that a disqualified person can still act as a Director if ASIC (*Corporations Act 2001*; s.206F) or the Court (*Corporations Act 2001*, s.206G) gives the person permission to act as Director.

The Committee may use an information broker to obtain any information necessary for its assessment under this requirement.

In addition to the Statutory Declaration (which is a part of the Nominations Pack) completed by the person, the Committee must consult the Australian Financial Security Authority (AFSA) National Personal Insolvency Index, or an information broker with access to the AFSA Index, and undertake a credit history check. The Nominations Pack contains an application and consent form for this purpose.

5.7.7 Good Fame and Character Assessment

The Committee must have regard to the Statutory Declaration (which is a part of the Nominations Pack) completed by the person, and conduct any searches or independent investigation including police and court record checks in relation to the candidate. The Nominations Pack contains an application and consent form for a criminal history search.

5.7.8 Committee to Hold Interview

The Committee must arrange an interview with the person for the purpose of meeting the person in a face to face context, or where the Committee has specifically determined by electronic means, and seek answers or clarifications to issues that are not obtainable from the information already assessed by the Committee.

5.7.9 Committee to Report

After the assessment the Committee shall submit a report to the Board.

At a minimum, the report must state whether:

- i) It would be prudent for SERVICE ONE to conclude that the candidate possesses the competence, character, diligence, honesty, integrity and judgement to perform properly the duties of a SERVICE ONE Director;
- ii) The candidate is not disqualified under the *Corporations Act 2001* or the *National Consumer Credit Protection Act 2009* from holding the position of a SERVICE ONE Director; and
- iii) The candidate either:
 - a. Has no conflict of interest in performing the duties of a SERVICE ONE Director; or
 - b. If the candidate has a conflict of interest, it would be prudent for SERVICE ONE to conclude that the conflict will not create a material risk that the person will fail to perform the duties of a SERVICE ONE Director.
- iv) That the Director Nominations Committee determines that the candidate satisfies the requirement of Rule 13.2 and is of appropriate fitness and propriety to be and act as a director, by reference to the board's 'Fit and Proper Policy' in accordance with Appendix 5.

5.7.10 Notification if Person is Fit and Proper

If the Committee has assessed a person as fit and proper, the Board will notify the person in writing that the Board will submit the person's name as a candidate for election as a SERVICE ONE Director.

5.7.11 Notification If Person Is Not Fit and Proper

If the Committee's assesses a person as not fit and proper, the Board will notify the person in writing that the person's name will not be submitted as a candidate for election as a SERVICE ONE Director.

The notice need not state the reason for the Committee's decision.

5.7.12 Appointment Subject to Outcome of Other Favourable Investigation

The Board may appoint a candidate to the position of a SERVICE ONE Director on an interim basis subject to receiving the result of any pending investigation (including a police, bankruptcy and court records check).

An interim appointment will be for a maximum period of 90 days.

If the outcome of any investigation is not favourable to the person appointed, the Board will revoke the appointment immediately and notify the person and ASIC, within 10 business days of the revocation of the appointment.

5.8 Annual Assessment of Directors

5.8.1 Procedure for Assessment

1. In each financial year an assessment will be conducted for SERVICE ONE Directors to determine if each director is of appropriate fitness and propriety to be and act as a director, by reference to the board's Fit and Proper Policy "fit and proper". The assessment will consist of two mandatory parts:
 - a) Self Assessment – each Director answers a standard set of questions in relation to themselves in regard to their contribution to Board and Board Committees' deliberations and continuing professional development; and
 - b) Peer Assessment – each Director answers a set of question in relation to other Directors in regard to their contribution to Board and Board Committees' deliberations and continuing professional development.
2. In the year that a director stands for re-election the results of the assessments described at 1 a) and b) will be provided to the Director Nominations Committee.
3. The Chair of the Board will review the assessments described at 1 a) and b) and will make a recommendation to the Board that each director is fit and proper or that there is a need for the Board to appoint an independent assessor to investigate and report if a Director is fit and proper.
 - a) Any director being the subject of such a recommendation must not partake in the decision to appoint the independent assessor.
4. If the Board resolves that a Director may not be a fit and proper person then the Board will appoint an independent person to review the assessments described at 1 a) and b) and to assess if the Director is a fit and proper person.
 - a) The Independent Assessor must arrange an interview with the person for the purpose of meeting the person in a face to face context and seek answers or clarifications to issues that are not obtainable from the information already available to the Assessor; and
 - b) The independent Assessor will report to the Chair of the Board.

Note: Criminal history, bankruptcy and credit history checks will be conducted on each SERVICE ONE Director once every 2 years.

5.8.2 Independent Assessor to Report

After completing its assessment of the Director, the Independent Assessor will submit a report to the Board. The report will:

- a) Outline the process of the Independent Assessor's assessment;

- b) Include a summary of the Independent Assessor's assessment of the Director in light of the documented Director competencies and a conclusion of whether in the opinion of the Independent Assessor, the Director has remained fit and proper;
- c) State whether the fitness or propriety of the Director cannot be assessed because some information is not available at the time or because the results of an investigation or check has not yet yielded the information required to make a full fit and proper assessment;
- d) Recommend as to what action should be taken in relation to the Director assessed to be not fit and proper; and
- e) Recommend as to what action should be taken to improve the assessment process.

The report must be dated and signed by the Independent Assessor.

The Report will be tabled at the next meeting of the Board.

5.8.3 Action if Director Not Fit and Proper

If a Director is assessed as not fit or proper, the Chair of the Board will take the following actions:

- a) If the unfavourable assessment is in relation to a competency that in the opinion of the Chair can be remedied, the Chair will inform the Director in writing that the Director takes a particular course of action within a specified timeframe to remedy the shortcoming.
- b) If in the opinion of the Chair, the unfavourable assessment cannot be remedied, the Chair will refer the matter to the Board. The Board will consider, in the absence of the relevant Director, what action it needs to prudently take to address the issue, including the possible referral of the matter to a meeting of members.

5.9 Action If Unfavourable Information Discovered Subsequently

Where a SERVICE ONE Director has been assessed as fit and proper but SERVICE ONE subsequently becomes aware of information that may result in the person being assessed as not fit and proper, the Board will take all reasonable steps, including collecting sensitive information as defined in the *Privacy Act 1988* if relevant, to ensure that it can prudently conclude that no material fitness and propriety concern exists. Where a concern exists, a new full fit and proper assessment must be conducted.

6 SYSTEM NOTE 2: FIT AND PROPER FOR CEO AND SECRETARIES

6.1 Responsibility

It is the Board's responsibility to appoint the CEO and the Secretary or Secretaries. Also, the Board is responsible for the determination, review and documentation of the competencies for these positions. Finally, the Board is responsible for the conduct of annual fit and proper assessment of incumbents of these positions.

While the Board may delegate this responsibility to another person including an executive recruitment consultant, the Board will retain ultimate responsibility for all decisions made in relation to the appointment, non-appointment or removal of the person as a SERVICE ONE CEO or Secretary.

6.2 Fit and Proper Competencies for CEO and Secretary

The Board will determine and document the fit and proper competencies for the CEO and Secretary taken into consideration the following in relation to the positions:

- 1) Skills, experience, and knowledge requirements for the positions;
- 2) Legal, regulatory and constitutional requirements for the positions; and
- 3) Good fame and character requirements for the positions.

6.2.1 Skills, Experience & Knowledge Competencies

This set of requirements refer to among other things, the academic and technical qualifications or work or other experience required for the position of a SERVICE ONE CEO and Secretary.

The Board will determine and document the skills, experience and knowledge competencies of the positions of a SERVICE ONE CEO and Secretary.

6.2.2 Legal, Regulatory and Constitutional Competencies

This set of criteria or standards refer to the criteria or standards prescribed in relevant Acts of Parliament, policy statements and guidance notes by regulators (in particular ASIC) and SERVICE ONE Constitution for CEO and Secretary. The criteria overlaps with the "good fame and character" criteria below.

The Board has determined that for the positions of a SERVICE ONE CEO and Secretary, the person must:

- 1) Be an individual (*Corporations Act 2001*, s.201B).
- 2) Attain the age of 18 years or any minimum age prescribed in legislation (*Corporations Act 2001*, s.201B).
- 3) Not be a disqualified person under Part 2D.6 of the *Corporations Act* unless ASIC (*Corporations Act 2001*;s.206F) or the Court (*Corporations Act 2001*, s.206G) give the person permission to act as a Secretary.
- 4) Not be disqualified under the *National Consumer Credit Protection Act 2009* from holding an Australian Credit Licence;

Not be a bankrupt under Australian or foreign law (s.206B *Corporations Act 2001*). For the purposes of this Policy a person is not competent if they are or have ever been bankrupt.

6.2.3 Good Fame and Character Competencies

The good fame and character criteria refer to the personal attributes of an individual that may have implications for how they discharge their role as CEO or Secretary in an efficient, honest or fair manner.

While some good fame and character requirements may be (and in recent times, have been) prescribed by legal and/or regulatory provisions, they are also implied in the position of a CEO or Secretary.

The Board determined that a SERVICE ONE CEO or Secretary must:

- 1) Be diligent;
- 2) Be honest;
- 3) Possess good character;
- 4) Possess integrity;
- 5) Demonstrate good judgment; and
- 6) Not suffer from conflicts of interests (actual or perceived) (*Corporations Act 2001*).

For the purposes of annual assessment all of the above are relevant competencies.

6.3 Timing of Assessment

6.3.1 General Rule - Assessment Prior to Appointment

As a general rule, full assessment of a person's fitness and propriety for the position of SERVICE ONE CEO or Secretary will be conducted:

- 1) Prior to the person being appointed as a SERVICE ONE CEO or Secretary; and
- 2) Annually after appointment as a SERVICE ONE CEO or Secretary.

6.3.2 Exception to General Rule – Special Cases

Exception to general rule (1) above is where the Board has determined that a person already employed by SERVICE ONE is a responsible person.

In such a case, an assessment of the fitness and propriety of the person will be conducted as soon as practicable and, in any case, within 28 days of the Board's determination.

6.3.2.1 *Exception to General Rule - Interim Appointments and Limited Assessments*

The Board may make an interim appointment of a person to the position of a SERVICE ONE CEO or Secretary without a full fit and proper assessment for a period of up to 90 days. However, prior to such an appointment, SERVICE ONE will take reasonable steps to conduct a limited fit and proper assessment of the person.

The Board will complete a full fit and proper assessment of the person prior to appointing the person to the position on a permanent basis.

6.4 Procedure For Assessment Prior to Appointment

6.4.1 Request for Fit and Proper Assessment

Once a candidate has been identified, the Board or its delegate will forward to the candidate a letter informing the candidate that a fit and proper assessment of the candidate will be conducted as a part of the recruitment process. The letter will enclose the following:

- 1) A Statutory Declaration for the candidate's completion and return to the Board or delegate;
- 2) An application for a criminal history check for completion and return to the Board or delegate;
- 3) An application for a credit history check pursuant to the *National Consumer Credit Protection Act 2009*;
- 4) Applications for a bankruptcy check to for completion and return to the Board or delegate; and
- 5) A copy of this Policy.

The letter will specify a timeframe within which the candidate is to provide the requested information to the Board or delegate.

6.4.2 Other Information May Be Requested

The Board's or delegate's letter referred to in the preceding subparagraph will request the candidate to provide to the Board or delegate the following additional information for the Board's or delegate's assessment:

- 1) A written curriculum vitae or resume for the candidate containing the following information in relation to the candidate:
 - a) Personal details (name, residential address, date of birth, etc);
 - b) Academic and technical qualifications;
 - c) Membership of professional bodies;
 - d) Skills and work experience;
 - e) Employment history; and
 - f) Names and contact details of 3 professional referees.
- 2) Copies or other evidence of the academic and technical qualifications attained and membership of the professional bodies listed in the curriculum vitae or resume.

6.4.3 Failure to Provide Information

If the candidate fails to provide any crucial information requested by the Board or delegate within a specified time frame or within a reasonable time, the Board or delegate will not conduct a fit and proper assessment of the candidate and will notify the candidate of this decision.

6.4.4 Preliminary Assessment of the Candidate

As soon as practicable after receipt of all information from or about the candidate, the Board or delegate will conduct a preliminary assessment of the candidate. The purpose of the preliminary assessment is to establish whether on the information received by the Committee on or from the candidate the candidate is in fact fit and proper to become a SERVICE ONE CEO or Secretary.

The Committee may conduct any independent or lawful investigation on the information provided by the candidate.

6.4.4.1 Skills, Experience and Knowledge Requirements

The Board or delegate must consider the information provided by the candidate and if necessary conduct other lawful investigations including contacting educational institutions, professional and industry bodies, and previous employers or using an information broker. The purpose of the assessment here is to determine whether the candidate:

- 1) Has attained the relevant educational, academic or technical qualifications required and documented for the position of a SERVICE ONE CEO or Secretary;

- 2) Has undertaken or is undertaking relevant professional development required and documented for the position of a SERVICE ONE CEO or Secretary;
- 3) Is or was a member of the relevant professional or industry association or organisation required and documented for the position of a CEO or Secretary; and
- 4) Is or was employed in the relevant field, industry or position required and documented for the position of SERVICE ONE CEO or Secretary; and

6.4.4.2 Legal, Regulatory & Constitutional Criteria

The Board or delegate must take into consideration the information provided by the candidate and if necessary carry out any investigation it deems necessary and determine whether the candidate:

- 1) Is an individual (*Corporations Act 2001*, s.201B);
- 2) Has attained the age of 18 years or any minimum age prescribed in legislation;
- 3) Has not been bankrupt;
- 4) Has not had a personal representative or trustee appointed to administer their personal estate or property because of mental incapacity; and
- 5) Is not a disqualified person for the purposes of either the *Corporations Act 2001* or *National Consumer Credit Protection Act 2009*;

In addition to the candidate's Statutory Declaration, the Board or delegate must search the ASIC website for disqualified and banned persons. The Board or delegate should note that the ASIC list is not a complete list of all disqualified persons. While it lists persons who have been disqualified from managing corporations, either by ASIC or the Court, it does not include persons who have been automatically disqualified from managing corporations because they have been convicted of certain offences.

Also, the Board or delegate should note that a disqualified person can still act as SERVICE ONE CEO or Secretary if ASIC (*Corporations Act 2001*; s.206F) or the Court (*Corporations Act 2001*, s.206G) gives the person permission to act as SERVICE ONE CEO or Secretary.

The Board or delegate may use an information broker to obtain any information necessary for its assessment under this requirement.

In addition to the candidate's Statutory Declaration, the Board or delegate must consult the Australian Financial Security Authority (AFSA) National Personal Insolvency Index or an information broker with access to the AFSA Index.

6.4.5 Good Fame and Character Assessment

The Board or delegate must have regard to the candidate's Statutory Declaration, contact the candidate's nominated referees and take into account the results of any searches or independent investigation conducted in relation to the candidate.

6.4.6 Board Must Hold Interview

The Board or delegate will arrange an interview with the candidate. The purpose of the interview is to meet the candidate in a face to face context and seek answers to or clarifications of matters that are not obtainable from the information already provided by the candidate.

6.4.7 Board to Contact Referees

The Board or delegate may contact the candidate's nominated referees at any time during its assessment of the candidate.

6.4.8 Board to Complete Checklist

After the Board is satisfied that it has conducted a thorough and fair fit and proper assessment of the candidate, the Board will determine whether:

- 1) It would be prudent for the Board or delegate to conclude that the candidate possesses the competence, character, diligence, honesty, integrity and judgment to perform properly the duties of SERVICE ONE CEO or Secretary;
- 2) The candidate is not disqualified under the *Corporations Act* from holding the position of SERVICE ONE CEO or Secretary; and
- 3) The candidate either:
 - (a) Has no conflict of interest in performing the duties of SERVICE ONE CEO or Secretary; or
 - (b) If the candidate has a conflict of interest, it would be prudent for the Board or delegate to conclude that the conflict will not create a material risk that the person will fail to perform the duties of a SERVICE ONE Director.

6.4.9 Delegate to Report to Board

If a delegate, as opposed to the Board, conducts the fit and proper assessment of the candidate, the delegate will report to the Board.

The report must enclose the completed Fit and Proper Assessment Checklist (**Appendix 10.2**).

6.4.10 Notification If Candidate Not Fit and Proper

If the Board or delegate is of the view that the candidate for CEO or Secretary is not fit and proper, the Chair of the Board or delegate will notify the candidate in writing that the Board or delegate will not progress the candidate's application to be appointed as SERVICE ONE CEO or Secretary.

6.4.11 Interim Appointment

The Board may appoint a candidate to the position of SERVICE ONE CEO or Secretary on an interim basis subject to receiving favourable result of any pending investigation (including a police, bankruptcy and court records check).

An interim appointment will be for a period of no longer than 90 days.

If the outcome of any investigation is not favourable to the person so appointed, the Board will revoke the appointment immediately and notify ASIC within 10 business days of the revocation of the appointment.

6.5 Annual Assessment of CEO and Secretary

6.5.1 Responsibility for Assessment

The Board will be responsible for the conduct of annual fit and proper assessment of the CEO and Secretaries.

6.5.2 Procedure for assessment

The Board will conduct a fit and proper assessment of the CEO and Secretaries in the first quarter of each financial year. The following process will apply:

- 1) Self assessment – CEO and each Secretary complete a self assessment questionnaire;

- 2) The Board will request for the usual checks to be conducted (police, bankruptcy, credit history etc); and
- 3) The Board will meet in camera and consider all of the above and make a decision on whether the CEO or Secretary has remained fit and proper.

6.5.3 Action if CEO or Secretary Remains Fit and Proper

If the Board concludes that the CEO or the Secretary has remained fit and proper, the Chair of the Board will notify the CEO or Secretary of this.

The Board's decision will be included in the minutes of the meeting at which the Board meets to consider the assessments.

6.5.4 Action if CEO or Secretary Not Fit and Proper

If the Board is of the opinion after its assessment that the CEO or Secretary is not fit and proper, the Chair of the Board will take the following actions:

- 1) If the unfavourable assessment is in relation to a competency that in the opinion of the Chair can be remedied, the Chair will inform the CEO or Secretary in writing that the CEO or Secretary takes a particular course of action within a specified timeframe to remedy the shortcoming. .
- 2) If in the opinion of the Chair, the unfavourable assessment cannot be remedied, the Chair will revoke the appointment of the CEO or Secretary and notify ASIC within 28 days that the person has ceased to act as CEO or Secretary for SERVICE ONE.

6.6 Action If Unfavourable Information Discovered Subsequently

Where a SERVICE ONE CEO or Secretary has been assessed as fit and proper but SERVICE ONE subsequently becomes aware of information that may result in the person being assessed as not fit and proper, the Board will take all reasonable steps, including collecting sensitive information as defined in the *Privacy Act 1988* if relevant, to ensure that it can prudently conclude that no material fitness and propriety concern exists. Where a concern exists, a new full fit and proper assessment must be conducted.

7 SYSTEM NOTE 3: FIT AND PROPER FOR SENIOR MANAGERS & STAFF MEMBERS

7.1 Skills, Experience & Knowledge Competencies

7.1.1 Meaning

This set of competencies refers to among other things, the academic and technical qualifications or work or other experience required of a person who wishes to be appointed as a SERVICE ONE Senior Manager or Staff member within other risk identified position. Normally, these are attained through formal education or training and/or work experience.

7.1.2 Individual Competencies for Senior Managers and Staff members

The CEO is responsible for the development, documentation and review of the specific skills, experience and knowledge required of each Senior Manager position. The Senior Manager – People and Culture is responsible for the development, documentation and review of the specific skills, experience and knowledge required of each Staff positions.

The Senior Manager – People and Culture will assist the CEO in the discharge of this responsibility.

7.1.3 Compulsory Skills and Experiences

In addition to the above specific skills, experience and knowledge, the following compulsory competencies will apply to all Senior Manager and Staff members:

- 1) Understanding of their role within SERVICE ONE or demonstrated ability to understand quickly their role within SERVICE ONE;
- 2) Knowledge of SERVICE ONE, its business and regulatory environment or ability to gain quickly knowledge of these.

For annual assessment purposes, demonstrated continuing understanding of these matters is a relevant competency.

7.2 Legal, Regulatory and Constitutional Competencies

This set of competencies or standards refer to the criteria or standards prescribed in relevant Acts of Parliament, policy statements and guidance notes by regulators (in particular ASIC) and SERVICE ONE Constitution for a SERVICE ONE Senior Manager and Staff member . The competencies overlap with the “good fame and character” criteria below:

1. The Senior Manager or Staff member must not be a disqualified person under Part 2D.6 of the *Corporations Act* unless ASIC (*Corporations Act* 2001;s.206F) or the Court (*Corporations Act* 2001, s.206G) gives the person permission to act as Director; and
2. The Senior Manager or Staff member must not have been a discharged bankrupt under Australian or foreign law (s.605B of the *Corporations Act* 2001);
3. Not be disqualified under the *National Consumer Credit Protection Act* 2009 from holding an Australian Credit Licence.

For the purposes of annual assessments, all of the above competencies are relevant.

7.3 Good Fame and Character Competencies

The good fame and character criteria refer to the personal attributes of an individual that may have implications for how that individual will discharge her/his role as a SERVICE ONE Senior Manager or Staff member in an efficient, honest or fair manner.

The CEO has determined that the following good fame and character competencies apply to all SERVICE ONE Staff. A SERVICE ONE Senior Manager or Staff member must:

- 1) Be diligent;
- 2) Be honest;
- 3) Possess good character;
- 4) Possess integrity;
- 5) Demonstrate good judgement; and
- 6) Not suffer from conflicts of interests (actual or perceived).

For the purposes of annual assessment all of the above competencies are relevant.

7.4 Timing of Assessment

7.4.1 Timing of Assessment

7.4.1.1 General Rule - Assessment Prior to Appointment

As a general rule, full assessment of a person's fitness and propriety for a position with SERVICE ONE will be conducted:

- 1) Prior to the person being appointed to their role with SERVICE ONE; and
- 2) Annually after appointment as SERVICE ONE Staff member.

7.4.1.2 Exception to General Rule – Special Cases

Exceptions to general rule (1) above are where:

- 1) the Board has determined that a person already employed by SERVICE ONE is a responsible person and has notified this to SERVICE ONE in writing; or
- 2) The CEO has determined that a person already employed by SERVICE ONE is a responsible person.

In any of the above cases, an assessment of the fitness and propriety of the person will be conducted as soon as practicable.

7.4.1.3 Exception to General Rule - Interim Appointments and Limited Assessments

The CEO may make an interim appointment of a person to the position of a SERVICE ONE Senior Manager or Staff member without a full fit and proper assessment for a period of up to 90 days. However, prior to such an appointment, the CEO will take reasonable steps to conduct a limited fit and proper assessment of the person.

The CEO will complete a full fit and proper assessment of the person prior to appointing the person to the position on a permanent basis.

7.5 Procedure For Assessment Prior to Appointment

7.5.1 Responsibility

The CEO has ultimate responsibility for the appointment of all SERVICE ONE Senior Managers and Staff members. The CEO will conduct a fit and proper assessment of a person as a part of that appointment process.

While the CEO may delegate this responsibility to another person including an executive recruitment consultant, the CEO will retain ultimate responsibility for all decisions made in relation to the appointment, non-appointment or removal of the person as a SERVICE ONE Senior Manager or Staff member.

If the CEO decides to delegate this responsibility to another person, the person will comply with this Policy.

7.5.2 Request for Information

After a candidate has been identified for appointment to a position with SERVICE ONE, the CEO or delegate will forward to the candidate a letter advising the candidate that a fit and proper assessment of the person will be conducted as a part of the recruitment process. The letter will enclose the following:

- 1) A Statutory Declaration (**Appendix 10.1**) for the candidate's completion and return to the CEO or delegate.
- 2) An application for a criminal history check for the candidate's completion and return to the CEO or delegate.
- 3) An application for a credit history check pursuant to the *National Consumer Credit Protection Act 2009*.
- 4) An application for a bankruptcy check for the candidate's completion and return to the CEO or delegate.
- 5) A copy of this Policy.

The CEO or delegate will specify a timeframe within which the candidate is to provide the requested information to the CEO.

7.5.3 Other Information May Be Requested

The CEO's or delegate's letter referred to in the preceding subparagraph may request the candidate to provide to the CEO or delegate the following additional information for the Committee's assessment:

- 1) A written curriculum vitae or resume for the candidate containing the following information in relation to the candidate:
 - a) Personal details (name, residential address, date of birth, etc)
 - b) Academic and technical qualifications
 - c) Membership of professional bodies (if applicable);
 - d) Skills and work experience;
 - e) Employment history; and
 - f) Names and contact details of 3 professional referees.
- 2) Copies or other evidence of the academic and technical qualifications attained and membership of the professional bodies listed in the curriculum vitae or resume.

7.5.4 Failure to Provide Information

If the candidate fails to provide any crucial information requested by the CEO or delegate within a specified time frame or within a reasonable time, the CEO or delegate will not progress the appointment process and will notify the candidate of this decision.

7.5.5 Preliminary Assessment of the Candidate

As soon as practicable after receipt of all information from or about the candidate, the CEO or delegate will conduct a preliminary assessment of the candidate. The purpose of the preliminary assessment is to establish whether on the information received by the CEO or delegate on or from the candidate is in fact fit and proper to become a SERVICE ONE Staff member.

The CEO or delegate may conduct any independent or lawful investigation on the information provided by the candidate.

7.5.5.1 Skills, Experience and Knowledge Requirements

The CEO or delegate must consider the information provided by the candidate and if necessary conduct other lawful investigation including contacting educational institutions, professional and industry bodies, and previous employers.

The CEO may use an information broker during this stage. The purpose of the assessment here is to determine whether the candidate:

- 1) Has attained the relevant educational, academic or technical qualifications required and documented for the position within SERVICE ONE;
- 2) Has undertaken or is undertaking relevant professional development required and documented for the position within SERVICE ONE;
- 3) Is or was a member of the relevant professional or industry association or organisation claimed by the candidate; and
- 4) Is or was employed in the relevant field, industry or position required and documented for the position within SERVICE ONE.

7.5.5.2 Legal, Regulatory & Constitutional Criteria

The CEO or delegate must take into consideration the information provided by the candidate and if necessary carry out any investigation it deems necessary and determine whether the candidate:

- 1) Is an individual (*Corporations Act 2001*, s.201B);
- 2) Has attained the age of 18 years or any minimum age prescribed in legislation;
- 3) Has not been a bankrupt;
- 4) Has not had a personal representative or trustee appointed to administer their personal estate or property because of mental incapacity; and
- 5) Is not a disqualified person under the *Corporations Act 2001* or the *National Consumer Credit Protection Act 2009*.

In addition to the candidate's Statutory Declaration, the CEO or delegate must search the ASIC website for disqualified and banned persons. The CEO or delegate should note that the ASIC list is not a complete list of all disqualified persons. While it lists persons who have been disqualified from managing corporations, either by ASIC or the Court, it does not include persons who have been automatically disqualified from managing corporations because they have been convicted of certain offences.

Also, the CEO or delegate should note that a disqualified person can still act as SERVICE ONE CEO or Secretary if ASIC (*Corporations Act 2001*; s.206F), or the Court (*Corporations Act 2001*, s.206G) gives the person permission to act as SERVICE ONE CEO or Secretary.

The CEO or delegate may use an information broker to obtain any information necessary for its assessment under this requirement.

In addition to the candidate's Statutory Declaration, the CEO or delegate must consult the Australian Financial Security Authority (AFSA) National Personal Insolvency Index or an information broker with access to the AFSA Index.

7.5.6 Good Fame and Character Assessment

The CEO or delegate must have regard to the candidate's Statutory Declaration and contact the candidate's nominated referees.

7.5.7 CEO to Hold an Interview

The CEO or delegate will hold an interview with any candidates as a part of the fit and proper assessment process. The purpose of the interview is to meet the candidate in a face to face context, or where the CEO or delegate has specifically determined by electronic means, so that the CEO or delegate is able to seek answers or clarifications to matters that are not obtainable from the information already provided by the candidate.

7.5.8 CEO to Contact Referees

The CEO or delegate may contact the candidate's nominated referees at any time during the assessment.

7.5.9 CEO to Complete Checklist

After the CEO or delegate is satisfied that a thorough and fair fit and proper assessment of the candidate has been conducted, the CEO or delegate will complete the "Fit & Proper Assessment Checklist" (**Appendix 10.3**).

7.5.10 Notification to Candidate if Not Fit and Proper

If the CEO or delegate is of the opinion after the assessment that the candidate is not fit and proper, the CEO or delegate will notify the candidate in writing of the CEO's or delegate's decision to not progress the candidate's application to be appointed to a role with SERVICE ONE.

The notice need not state the reason for the CEO's or delegate's decision.

7.5.11 Interim Appointments

The CEO may appoint a candidate to a position within SERVICE ONE on an interim basis subject to receipt of a favourable result of investigation that is yet to be completed (including the results of a police, bankruptcy or court records search).

An interim appointment will be for a period of up to 90 days.

If the outcome of any investigation is not favourable to the person appointed, the CEO or delegate will revoke the appointment immediately.

7.6 Annual Assessment of Senior Managers and Staff

7.6.1 Timing

A fit and proper assessment will be conducted for each SERVICE ONE Senior Manager and Staff member in the first quarter of each financial year.

Criminal history, bankruptcy and court record searches will be conducted on each SERVICE ONE Senior Manager and Staff once every two years and will be taken into account during the fit and proper assessment process.

7.6.2 Responsibility for Annual Assessment

The CEO or delegate is responsible for the conduct of the annual fit and proper assessment of each Senior Manager or Staff.

If necessary, the Senior Manager – People and Culture will assist the CEO in the discharge of this responsibility.

7.6.3 Procedure for Assessment

The assessment will consist of two parts:

- 1) Self Assessment – each Senior Manager or Staff member answers a standard set of questions in relation to themselves based on their individual and compulsory competencies; and
- 2) CEO or delegate's assessment of the Senior Manager or Staff Member against documented competencies, taking into account the results of any checks conducted and information provided by the Senior Manager or Staff .

7.6.4 Action if Senior Manager or Staff Not Fit and Proper

If the CEO assessed a Senior Manager or Staff member as not fit or proper, the CEO or delegate will take the following actions:

- 1) If the unfavourable assessment is in relation to a competency that in the opinion of the CEO can be remedied within a reasonable time, the CEO will inform the Staff member in writing that they are required to take a particular course of action to remedy the shortcoming within a specified timeframe.
- 2) If in the opinion of the CEO or delegate, the unfavourable assessment cannot be remedied, or cannot be remedied within a reasonable time, the CEO will revoke the Senior Manager or staff member's appointment.

7.7 Action If Unfavourable Information Discovered Subsequently

Where a SERVICE ONE Senior Manager or Staff member has been assessed as fit and proper but SERVICE ONE subsequently becomes aware of information that may result in the person being assessed as not fit and proper, the CEO or delegate will take all reasonable steps, including collecting sensitive information as defined in the *Privacy Act 1988* if relevant, to ensure that it can prudently conclude that no material fitness and propriety concern exists. Where a concern exists, a new full fit and proper assessment must be conducted.

8 SYSTEM NOTE 4: FIT AND PROPER FOR SERVICE ONE AUDITORS

8.1 Primary Competencies for SERVICE ONE Auditors

For the purposes of this Policy, the criteria to be met by a SERVICE ONE Auditor are, the person must:

- 1) Be registered as an auditor under the *Corporations Act 2001*;
- 2) Be ordinarily resident in Australia; and
- 3) Must be a member of a recognised professional body.

8.2 Additional Competency - Auditor Independence

For the purposes of this Policy, for a SERVICE ONE Auditor to be fit and proper, the person must also:

- 1) Be independent of SERVICE ONE; and
- 2) Have no conflict of interest situation that could compromise, or be seen to compromise the independence of the person.

8.2.1 Assessing Auditor Independence

For the purposes of this Policy a person is independent of SERVICE ONE if SERVICE ONE assesses the person as having met the "Audit Independence" test set out in Professional Statement F1 *Professional Independence*.

8.2.2 Assessing Conflict of Interest Situation

For the purposes of this Policy, a conflict of interest situation exists, if because of an existing state of affairs:

- 1) The Auditor is not capable of exercising objective and impartial judgement in relation to the conduct of the work that is undertaken for SERVICE ONE in relation to the *Corporations Act 2001* or the reporting standards; or
- 2) A reasonable person, with full knowledge of all relevant facts and/or circumstances, would conclude that the Auditor is not capable of exercising objective and impartial judgement in relation to undertaking the work for SERVICE ONE for the purposes of the *Corporations Act 2001* or the reporting standards.

8.2.3 Auditor Rotation Requirement

For the purposes of this Policy, an individual who plays a significant role in the audit of SERVICE ONE for 5 successive years or for more than 5 years out of 7 successive years cannot continue to play a significant role in the audit of SERVICE ONE until at least a further 2 years have passed.

However, the Board may grant an exemption from this requirement if the individual provides specialist services that are otherwise not readily available or there are no other registered company auditors available to provide satisfactory services for SERVICE ONE.

8.3 Primary and Additional Competencies May be Excluded

The primary and additional competencies set out above will not apply if the Board considers that there are exceptional circumstances;

8.4 Fit and Proper Assessment of Auditors

8.4.1 Responsibility for Assessment

The Audit, Risk and Finance Committee is responsible for the conduct of a fit and proper assessment of a SERVICE ONE Auditor.

8.4.2 Timing of Assessment

8.4.2.1 General Rule - Assessment Prior to Appointment

As a general rule, full assessment of a person's fitness and propriety for the position of a SERVICE ONE Auditor will be conducted:

- 1) Prior to the person being appointed as a SERVICE ONE Auditor; and
- 2) Annually after appointment as a SERVICE ONE Auditor.

8.4.2.2 Exception to General Rule – Special Cases

Exceptions to general rule (1) above are:

- 1) Where a person is appointed as a SERVICE ONE Auditor because of a resolution of the members of SERVICE ONE;
- 2) Where the Board has determined that a person already employed by SERVICE ONE is a responsible person and has notified this to SERVICE ONE in writing.

In such a case, an assessment of the fitness and propriety of the person will be conducted as soon as practicable.

8.4.2.3 Exception to General Rule - Interim Appointments and Limited Assessments

The Audit, Finance and Risk Committee may make an interim appointment of a person to the position of a SERVICE ONE Auditor without a full fit and proper assessment for a period of up to 90 days.

However, prior to such an appointment, the Audit, Finance and Risk Committee will take reasonable steps to conduct a limited fit and proper assessment of the person.

The Committee will complete a full fit and proper assessment of the person prior to appointing the person to the position of a SERVICE ONE Auditor on a permanent basis.

8.5 Assessment Prior to Appointment

8.5.1 Request for Information

After the Audit, Finance and Risk Committee has identified a person for appointment as a SERVICE ONE Auditor, they will forward to the person a letter advising that the Committee will conduct a fit and proper assessment of the person as a part of the appointment process. The letter will enclose the following:

- 1) The Auditor Fit and Proper Declaration (Appendix 10.6) for the person's completion and return to the Committee.
- 2) A copy of this Policy.

The Committee will specify a timeframe within which the person must provide any information requested to the Committee.

8.5.2 Request for Other Information

The Committee's letter will specify any other information required to be provided to enable the Committee to conduct a thorough fit and proper assessment of the person.

8.5.3 Failure to Provide Information

If the person fails to provide any crucial information requested by the Committee within the specified time frame or within a reasonable time, the Committee will not conduct a fit and proper assessment of the person and will notify the candidate of this decision.

8.5.4 Preliminary Assessment of the Candidate

As soon as practicable after receipt of all information from or about the person, the Committee will meet and conduct a preliminary assessment of the person. The purpose of the preliminary assessment is to establish whether on the information received by the Committee on or from the person, the person is in fact fit and proper to become a SERVICE ONE Auditor under the competencies specified in section 8.1 and section 8.2 above.

The Committee may conduct any independent or lawful investigation into the information provided by the person.

8.5.5 Committee to Hold Interview

The Committee may hold an interview with the person at any time during the assessment process. The purpose of the interview is to meet the person in a face to face environment so that the Committee is able to seek answers or clarifications to matters that are not obtainable from the information already assessed by the Committee.

8.5.6 Committee to Complete Assessment Checklist

After completion of its assessment, the Committee will complete the Auditor Fit and Proper Assessment Checklist (**Appendix 10.3**).

8.5.7 Action if Auditor is Fit and Proper

If the Audit, Finance and Risk Committee assesses a person as fit and proper for appointment as a SERVICE ONE Auditor and the person meets other appointment criteria, the Committee must include the requirement to undergo an annual fit and proper assessment in the terms and conditions of the person's continuing engagement as a SERVICE ONE Auditor.

The Committee will request the Secretary to notify ASIC appropriately.

8.5.8 Notification to Person Not Fit and Proper

If the Committee is of the opinion after the assessment that the person is not fit and proper to become a SERVICE ONE Auditor, the Committee will notify the person in writing of the Committee's decision to not progress the person's application to be appointed as a SERVICE ONE Auditor.

8.6 Annual Assessment of Auditor

8.6.1 Timing

A fit and proper assessment will be conducted for each SERVICE ONE Auditor prior to their appointment each financial year.

8.6.2 Responsibility for Annual Assessment

The Audit, Finance and Risk Committee is responsible for the conduct of an annual fit and proper assessment of each Auditor.

8.6.3 Procedure for Assessment

The Audit, Finance and Risk Committee will request the person to provide the Committee with an annual Fit and Proper Auditor Declaration (**Appendix 10.6**).

The Committee may conduct any other investigation it deems necessary as a part of its annual assessment of the person.

8.6.4 Action if Auditor Not Fit and Proper

If the Audit, Finance and Risk Committee assesses a SERVICE ONE Auditor as not fit and proper, the Committee will take the following actions:

- 1) If the unfavourable assessment is in relation to a competency that in the opinion of the Committee can be remedied within a reasonable time, the Committee will inform the Auditor in writing that the Auditor takes a particular course of action to remedy the shortcoming within a specified timeframe.
- 2) If in the opinion of the Committee, the unfavourable assessment cannot be remedied, or cannot be remedied within a reasonable time, the Committee will revoke the Auditor's appointment.

8.7 Action If Unfavourable Information Discovered Subsequently

Where a SERVICE ONE Auditor has been assessed as fit and proper but SERVICE ONE subsequently becomes aware of information that may result in the person being assessed as not fit and proper, the Audit, Finance and Risk Committee will take all reasonable steps, including collecting sensitive information as defined in the *Privacy Act 1988* if relevant, to ensure that it can prudently conclude that no material fitness and propriety concern exists. Where a concern exists, a new full fit and proper assessment must be conducted.

9 SYSTEM NOTE 5: MISCELLANEOUS MATTERS

The following miscellaneous matters are applicable under this Policy.

9.1 Whistleblowing

The SERVICE ONE Board will maintain a separate Whistleblowing Policy for persons including SERVICE ONE staff, SERVICE ONE members and the general public to provide information freely to SERVICE ONE and if necessary to regulators on SERVICE ONE's non-compliance with the requirements of this document or any other legal, regulatory or ethical standards.

9.2 Compliance With Privacy Requirements

As far as practicable, SERVICE ONE will comply with all necessary privacy requirements.

If necessary, the consent of any person on whom a fit and proper assessment will be conducted under this Policy or under the SERVICE ONE Constitution should be obtained for the collection of any information that is necessary for the assessment to be conducted.

Also, if necessary, any person on whom a fit and proper assessment will be conducted under this Policy or under the SERVICE ONE Constitution should be referred to SERVICE ONE's Privacy Policy which is published on the SERVICE ONE website.

9.3 Record Keeping Obligation

Any person who is given responsibility under this Policy or under SERVICE ONE's Constitution to conduct a fit and proper assessment of a responsible person will maintain sufficient documentation for each fit and proper assessment to demonstrate the fitness and propriety of SERVICE ONE's current, and recently past, responsible persons.

The record keeping obligations imposed under this Policy will comply with SERVICE ONE's Privacy Policy in terms of security and storage of personal information.

10 APPENDICES

10.1 Statutory Declaration

To be made by a SERVICE ONE Director, CEO, Secretary, Senior Manager and Staff members:

- 1) Prior to appointment or prior to confirmation of the appointment as such; and
- 2) Thereafter, annually.

DECLARATION UNDER THE STATUTORY DECLARATIONS ACT 1959

STATUTORY DECLARATION

I, _____ (*insert name*), of

_____ (*insert address*) _____, do solemnly and sincerely declare as

follows:

1. I have not:
 - a) been convicted of an offence against or arising out of:
 - (i) the *Financial Sector (Collection of Data) Act 2001*;
 - (ii) the *Corporations Act 2001*;
 - (iii) the *Corporations Law* that was previously in force;
 - (iv) any law of a foreign country that corresponds to the *Corporations Act 2001* or to the *Corporations Law*; or
 - (v) the *National Consumer Credit Protection Act 2009*;
 - b) been convicted of an offence against or arising out of a law in force in Australia, or the law of a foreign country, where the offence related or relates to dishonest conduct, or to conduct relating to a company that carries on business in the financial sector;
 - c) been bankrupt;
 - d) applied to take the benefit of a law for the relief of bankrupt or insolvent debtors;
 - e) compounded with my creditors;
 - f) been disqualified under the law of a foreign country from managing, or taking part in the management of, an entity that carries on the business of banking or insurance or otherwise deals in financial matters.
 - g) been subject to a banning order or disqualification order under Part 2-4 of the *National Consumer Credit Protection Act 2009* (the Act) that remains in force against me;

- h) been subject to a banning order or disqualification order under Division 8 of Part 7.6 of the *Corporation Act 2001* that remains in force against me;
- i) been banned from engaging in a credit activity under a law of a State or Territory;
- j) had a registration under the *National Consumer Credit Protection Act 2009*, or hold a registration under the Act, that was/is suspended or cancelled;
- k) been disqualified from managing corporations under Part 2D.6 of the *Corporations Act 2001*;
- l) been convicted, within the last 10 years, of a serious fraud;
- m) been issued with a prescribed State or Territory order (as defined under the *National Consumer Credit Protection Act 2009*) which remains in force against me; or
- n) had a trustee appointed to administer my estate or property because of mental incapacity.

2. I am not the subject of:

- (a) a current prosecution that may result in a conviction or an offence of the kind set out in paragraph 1(a) or 1(b);
- (b) bankruptcy proceedings of the kind set in paragraph 1(c), 1(d) or 1(e); or
- (c) any proceedings or action that may result in a disqualification of the kind set out in paragraph 1(f) 1(g), (i), (j) or (l).

And I make this solemn declaration by virtue of the *Statutory Declarations Act 1959*, and subject to the penalties provided by that Act for the making of false statements in statutory declarations, conscientiously believing the statements contained in this declaration to be true in every particular.

Declared at _____; [*insert location at which the declaration is made*]
this _____ day of _____ 2017.

.....

Signature of Declarant.....

Before me

.....

Barrister and Solicitor/Justice of the Peace/Qualification of witness

(PRINT NAME)

10.2 Senior Manager and Staff Member Fit And Proper Assessment Checklist

To be completed by the CEO or Delegate for each SERVICE ONE Senior Manager or Staff member prior to their appointment or prior to confirmation of their appointment as such.

1. Fit and Proper Assessment Checklist

Name of Person being assessed: _____

Name of Assessor: _____

<u>Questions about the individual's competence</u>			
1.	To the best of your knowledge, does the person possess the requisite competence to carry out the position?		
2.	Have you obtained verification of the individual's claimed qualifications from the issuing institution(s)?		
3.	Have you obtained verification of the individual's claimed experience from previous employers or co-workers?		
<u>Questions about the individual's character</u>			
4.	Have you obtained an attestation from the individual that they meet the Board's fit and proper requirements?		
5.	Have you carried out three referee interviews that verify the person's attestation?		
6.	Have you made any other relevant enquiries as to individual's capacity to meet the Board's fit and proper requirements, including:		
) Police checks;		
) Court searches;		
) Bankrupt persons and companies searches;		
) Professional association enquiries;		
) Relevant register checks		
) Check they have not been disqualified from holding a position under the <i>Corporations Act 2001</i> or the <i>National Consumer Credit Protection Act 2009</i> .		
7.	During your assessment, was there any evidence to question the person's competence, character, diligence, honesty, integrity or judgement to perform their duties? If yes, please detail, along with information relevant to the resolution of any questions.		

<p><u>Questions about conflicts of interest</u></p> <p>8. Have you obtained a list of the conflicts of interest (or perceived conflicts of interest) that would arise for the responsible person?</p>		
<p><u>Conclusion</u></p> <p>I have determined that after my assessment that:</p>		
<p>) It would be prudent for SERVICE ONE to conclude that the candidate possesses the competence, character, diligence, honesty, integrity and judgement to perform properly their duties within SERVICE ONE.</p>		
<p>) The candidate is not disqualified under the <i>Corporations Act 2001</i> from holding a position within SERVICE ONE; and</p>		
<p>The candidate either:</p> <p>) Has no conflict of interest in performing their duties for SERVICE ONE; or</p>		
<p>) If the candidate has a conflict of interest, it would be prudent for SERVICE ONE to conclude that the conflict will not create a material risk that the candidate will fail to perform the duties of a SERVICE ONE Senior Manager or Staff member.</p>		

Signed by the Assessor:

Signature

Date

10.3 Auditor Fit and Proper Checklist

To be completed by the Chair of the Audit, Finance and Risk Committee prior to appointment as a SERVICE ONE Auditor.

1. Auditor Fit and Proper Checklist

Name of Person being assessed: _____

Name of Assessor: _____

The following questions provide key criteria when deciding if any person is fit and proper to be appointed as a SERVICE ONE Auditor. The assessor is not limited to the issues listed here; he or she may take any other relevant matters into consideration when making a fit and proper assessment.

Question	Yes	No
1. The person is not a director or employee of SERVICE ONE or of a related body corporate within the meaning of section 50 of the <i>Corporations Act 2001</i> .		
2. The person is registered as an auditor under the <i>Corporations Act 2001</i> .		
3. This experience is sufficiently recent to ensure that the person is familiar with current issues in the audit of similar organisations.		
4. The person holds appropriate formal qualifications.		
5. The person is a member of a relevant recognised professional body.		
6. The person is ordinarily resident in Australia.		
7. It is reasonable to conclude that the person possesses the following attributes required of the position:		
) Competence		
) Character		
) Diligence		
) Honesty		
) Integrity		
) Judgement		
8. The person has not been disqualified under the <i>Corporations Act 2001</i> from holding the position of Auditor.		
9. The person does not have a conflict of interest that would lead a prudent person to conclude that there is a material risk that the person will not properly perform the position.		

Signed by the Assessor:

Signature

Date

10.4 Annual Auditor Fit and Proper Declaration

To be completed by each SERVICE ONE Auditor in the first quarter of each financial year as a part of the process of their annual fit and proper assessment.

2. Annual Auditor Fit and Proper Declaration

I

[Person's Name] Of _____

[Firm's Name]

Declares as follows:

- 1 That each employee and officer of the above firm who will carry out audit functions or responsibilities for SERVICE ONE in the _____ financial year continues to have the relevant:
 - Skills;
 - Experience; and
 - Relevant professional associations
 to discharge his/her duties as Auditor of SERVICE ONE.
- 2 That the firm continues to:
 - Be a registered auditor under the *Corporations Act 2001*;
 - Ordinarily reside in Australia;
 - Never have been disqualified from holding the position of auditor or any other responsible person position;
- 3 That the firm and any of its employees or officers who will carry out audit functions or responsibilities for SERVICE ONE in the said financial year have a conflict of interest that would lead a prudent person to conclude that there is a material risk that the firm or the employee or officer will not properly perform the position;
- 4 That the firm continues to meet the Audit Independence test set out in professional Statement F1 Professional Independence; and
- 5 That no individual who plays a significant role or who is a lead auditor in the audit of SERVICE ONE for the last 5 successive years, or for more than 5 years out of the last 7 successive years will continue to play a significant role or continue to be a lead auditor in the Audit of SERVICE ONE until at least a further two years have passed.

Signed:

Signature

Name

Date