

# Fit and Proper Policy

## 1. Purpose

Peoplecare's Fit and Proper Policy assists in prudently managing the risk that Responsible Persons are not fit and proper. The policy forms part of Peoplecare's broader risk management framework, with linkages to the Constitution, Governance Policy, Actuarial Review Framework, and Board Committee Terms of Reference.

## 2. Risks Covered by this Policy

This policy addresses the risk that a Responsible Person may not actually be fit and proper or, be deemed to be not fit and proper. The policy is a key risk mitigation for:

- Ensuring all Responsible Persons currently employed, contracted, or otherwise engaged by Peoplecare as a Responsible Person, including Directors, whether elected by members or appointed by the Board, are fit and proper.
- Preventing the recruitment, contracting, appointment or election of Responsible Persons who are not, or are deemed to be not, fit and proper.

The requirements under this policy represent mitigation controls against governance, legal and reputational risks.

## 3. Responsible Persons

Responsible Persons of Peoplecare are those whose conduct is most likely to have a significant impact on sound and prudent governance or management. The relevant Peoplecare positions comprise:

- Directors of Peoplecare Health Limited<sup>1</sup>.
- The Chief Executive Officer and senior executives of the company, including any consultants or contractors who may be engaged to perform these roles from time to time.
- The Appointed Actuary.
- The Appointed Auditor.

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<sup>1</sup> Includes Associate Directors

- Any other role within Peoplecare deemed to be a Responsible Person under this policy.

A Peoplecare senior executive is one who:

- Has been appointed to the executive team; and/or
- participates in decisions that affect the whole or a substantial part of Peoplecare's business; and/or
- has the capacity to significantly affect Peoplecare's financial standing or reputation through:
  - Enforcing policies and implementing strategies approved by the Board;
  - Developing and implementing processes or systems that identify, assess, manage or monitor risks in relation to business activities and operations;
  - Monitoring the appropriateness, adequacy or effectiveness of risk management systems.

In addition to the above defined roles, for the purposes of this policy, the nature of the role and functions of a person, rather than the person's title, will determine whether the person is a Responsible Person.

All persons affected by this policy are to notify Peoplecare when, if ever, they become in breach of these requirements. All employees are expected to comply with the guidelines for conduct and behaviours expressed within this policy.

#### **4. Policy**

Peoplecare will assess the fitness and propriety of all Responsible Persons, or incumbents to Responsible Person roles:

- before their employment, advancement, engagement by contract, or appointment to the role of a responsible person at Peoplecare.
- annually thereafter as described in this Policy.
- Responsible persons will be required to sign a Fit and Proper Declaration and a Conflict-of-Interest Declaration. These declarations are signed upon taking up a role that is deemed a Responsible person role, and then on an annual basis.

- Responsible persons will be required to undertake a full suite of fit and proper checks upon taking up a role that is deemed a Responsible person role, and then on a three yearly basis.
- Any Responsible Person or incumbent for appointment or election to a Responsible Person position who is not fit and proper or who becomes not fit and proper, may not be appointed to that position or continue to hold that position. This policy applies without exception.
- Any responsible person or incumbent for appointment or election to a Responsible Person position must disclose any change of circumstances that may affect their Fit and Proper status. Notification must occur within seven days.

## **5. Fit and Proper Assessment**

### **Directors**

The People and Culture Committee (P&CC) is a committee formed to assist the Board in the selection, review and assessment of the fitness and propriety of candidates, including current Directors, who are incumbents for election or appointment as a Director.

The P&CC in assessing the fitness and propriety will consider whether the person possesses the competence, character, diligence, honesty, integrity, and judgement to perform in the position. This may include police, criminal record, APRA, ASIC, ICAC, professional organisation, or any other checks that the P&CC considers warranted in order to assess fitness and propriety.

A statement will be required from nominees for Director and incumbent Directors standing for re-election or appointment to ensure compliance with the policy. A candidate for Director or an incumbent Director who fails to meet the requirements of this policy will be informed of their ineligibility to be elected or appointed or continue to serve as a Director.

An annual assessment of fitness and propriety of each director will be carried out by the Chair of the Board as part of the director annual performance review process.

Nominees for Director and incumbent Directors will be required to:

- Disclose information that may be relevant to a fit and proper assessment to Peoplecare;

- Consent to the disclosure to APRA or ASIC of any information that Peoplecare may be required to provide under the *Private Health Insurance Act*, or the *Corporations Act*;
- Consent to the collection and use of any information required by Peoplecare to comply with the Fit and Proper Policy;
- Declare that disclosures around qualifications, experience and other matters related to a Director's role are true and correct.

### **Chief Executive Officer (CEO)**

The P&CC will also assess the fitness and propriety of the CEO and senior executives, or CEO and senior executive candidates, prior to their appointment using, at the P&CC's discretion, police, criminal record, APRA, ASIC, professional organisation, or any other checks that the P&CC considers warranted.

The P&CC will also assess fitness and propriety of the CEO on an annual basis as part of the CEO's performance review and will use similar criteria to Directors as appropriate when determining compliance.

If the incumbent CEO fails to meet the requirements of this policy, they will be informed by the Chair of the Board following endorsement by the Board and will be unable to continue in the position of CEO and may be unable to continue (subject to the discretion of the Board) their employment with the company.

### **Other Senior Executives of the Company and Other Roles**

There will be an annual assessment of the "fitness and propriety" of Senior Executives (and any other roles deemed to be Responsible Persons) carried out by the CEO using some or all of the criteria covered under section 6 of this Policy.

A candidate for senior executive roles, or the incumbent senior executives, who fail to meet the requirements of this policy, will be informed of their ineligibility to be employed, or continue (subject to the discretion of the Board) their employment with the company. The fit and proper assessment must be completed prior to employment with the company, or otherwise within 28 days of an annual Fit and Proper review becoming due.

## Interim Appointment

A person may be appointed to a Responsible Person position without a full fit and proper assessment for a period of up to 28 days but cannot continue in that position on a permanent basis unless this assessment is undertaken.

## Consent

A person in a Responsible Person position or an incumbent for such a position is required to provide reasonable consent for the collection of information required to undertake a fit and proper assessment. This includes information that may be considered sensitive under the *Privacy Act*. Should this consent be withheld, that person will be unable to continue in, or be appointed to, a Responsible Person position.

## 6. Criteria for Assessment of Persons Covered by this Policy

Under its Fit and Proper Policy, Peoplecare will consider the nature and extent of a number of criteria in conducting fit and proper assessments. The criteria to be used will ordinarily include (where relevant):

- 6.1 The person's character, competence and experience relative to the duties involved, including whether the person:
  - possesses the necessary skills, knowledge, expertise, diligence and soundness of judgement to undertake and fulfil the particular duties and responsibilities of the role in question.
  - has demonstrated the appropriate competence and integrity in fulfilling occupational, managerial or professional responsibilities previously and/or in the conduct of his or her current duties.
  - Understands the requirement to comply with all relevant legislation and in particular the provisions of the Private Health Insurance Act and any amendments made to the Act over time.
- 6.2 Whether the person:
  - has demonstrated a lack of willingness to comply with legal obligations, regulatory requirements or professional standards, or been obstructive, misleading or untruthful in dealing with regulatory bodies or a court.
  - has breached a fiduciary obligation.

- has perpetrated or participated in negligent, deceitful, or otherwise discreditable business or professional practices.
- 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.
- has been determined to be a Disqualified Person under the *Private Health Insurance Act*, or the *Corporations Act*.
- has seriously or persistently failed to manage personal debts or financial affairs satisfactorily in circumstances where such failure caused loss to others.
- has been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.
- is or was of bad repute in any public sector, any business or financial community, or any market.
- was the subject of civil or criminal proceedings or enforcement action, in relation to the management of an entity, or commercial or professional activities, which were determined adversely to the person (including by the person consenting to an order or direction, or giving an undertaking, not to engage in unlawful or improper conduct) and which reflected adversely on the person's competence, diligence, judgement, honesty or integrity.
- been a director or manager of an entity that became insolvent after having engaged in unreasonable conduct that contributed to or caused the insolvency.
- if the person has a conflict of interest that Peoplecare prudently concludes will create a material risk that the person will fail to perform properly the duties of the position.

Conduct and events that took place overseas may also be relevant to the assessment.

6.3 For the Appointed Auditor, the following additional criteria must apply for the Auditor to be Fit and Proper:

- The person is a registered company auditor under the *Corporations Act*.

- The person has a minimum of five years' relevant experience in the audit of institutions in the Private Health Insurance industry.
- The person is neither the Chief Executive Officer (CEO) nor a director of Peoplecare or a related body corporate.
- The person has experience relating to private health insurers that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the audit of Peoplecare.
- The person meets the independence requirements considered in *CPS510 – Governance*, and the applicable *Australian Auditing Standards*.

6.4 For the Appointed Actuary, the following additional criteria must apply for the Actuary to be Fit and Proper:

- The person has appropriate formal qualifications.
- The person is not the CEO or a director of Peoplecare or a related body corporate.
- Is not the Appointed Auditor, or an employee or director of an entity of which the Appointed Auditor is an employee or director, or a partner of the Appointed Auditor.
- Has a minimum of five years' relevant experience in the provision of actuarial services to entities carrying on private health insurance business and has experience relating to private health insurers, that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the provision of actuarial services to Peoplecare.
- Is a Fellow or Accredited Member of the Institute of Actuaries of Australia.
- Is ordinarily resident in Australia.

Appendix 1 shows for each Responsible Person position the checks required and the timing of the checks.

## 7. Appeal process

Persons deemed not fit and proper will not be entitled to object after the P&CC has made the appropriate recommendation to the Board.

## 8. Whistleblowing

As detailed in Peoplecare's Whistleblowing Policy, if an employee, Director, consultant, Appointed Actuary or Appointed Auditor of Peoplecare believes that a Responsible Person does not meet Peoplecare's fit and proper criteria, the policy of Peoplecare is to encourage the employee, Director or consultant to communicate that belief and the reasons for it to either the CEO, the Chair of the Board, Chair of the P&CC, or to APRA. A Whistleblower may also advise APRA directly if there are reasonable grounds to believe that Peoplecare is failing to appropriately apply this Fit and Proper Policy.

Peoplecare, its directors, executives or any other officer must not constrain, impede, restrict or discourage, whether by confidentiality clauses, policies or other means, any person from disclosing information or providing documents to APRA about matters referred to in this policy.

Peoplecare will take all reasonable steps to ensure that no person making such disclosures in good faith is subject to, or threatened with, a detriment because of any notification in purported compliance with the requirements of the Fit and Proper Policy.

Further detail is included in the Peoplecare Whistleblowing Policy.

## 9. Communication of this Policy

Peoplecare will ensure that all Responsible Persons are aware of and understand this Policy. It is Peoplecare's policy to comply with this requirement by:

- Providing a copy of this Policy to all candidates for election or appointment as a Director as soon as possible after the candidate is nominated and to all other Responsible Persons prior to the initial assessment of their fitness and propriety.
- Providing a copy of this Policy to all Responsible Persons as part of their annual re-assessments of fitness and propriety.
- All Responsible Persons and managers receive this Policy as part of their induction.



## **10. Advice to APRA**

Peoplecare must advise APRA within 10 business days of the following for persons appointed to a Responsible Person position:

- The title of the responsible person's position.
- The person's full name.
- The person's date of birth (for identification purposes).
- The person's position and main responsibilities.
- A statement of whether the person has been assessed under the Fit and Proper Policy.

Peoplecare must similarly advise APRA within 10 business days of whether any current Responsible Person ceases to be fit and proper, and what action is being undertaken relating to that person and position.

## **11. Policy Review Process and Timing**

This policy will form part of the Risk Management Framework and is reviewed biennially by the Board in conjunction with the People and Culture Committee.

## APPENDIX 1 - Assessment Requirements By Position

	<u>Fit and Proper Declaration</u>	Conflict of Interest (annual declaration against requirements of CPS 520)	Verbal or written Character Reference <ul style="list-style-type: none"> <li>• Competence</li> <li>• Character</li> <li>• Diligence</li> <li>• Honesty</li> <li>• Integrity</li> <li>• Judgment</li> </ul>	Evidence of experience validated via reference checks	Tertiary Qualifications	National Criminal History Check	Verified memberships of relevant professional body (copy of membership receipt and search of registry is available)	APRA or ASIC searches	Ordinary resident of Australia
<b>Check Process</b>	Declaration signed	Declaration signed	Reference check to be conducted	Reference check to be conducted	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work
<b>Frequency</b>	Initially & ANNUAL	Initially & ANNUAL	Initially	Initially	Initially	Initially & 3 YEARLY	Initially & 3 YEARLY	Initially & 3 YEARLY	Initially & 3 YEARLY
<b>Finance: - Manager Reporting &amp; Budgeting - Manager Financial Services</b>	YES	YES	YES	YES	Qualifications as applicable	YES	Certified Practising Accountant	N/A	YES
<b>Risk Manager</b>	YES	YES	YES	YES	N/A	YES	N/A	N/A	YES
<b>Product Manager</b>	YES	YES	YES	YES	Qualifications as applicable	YES	N/A	N/A	YES
<b>Chief Executive Officer</b>	YES	YES	YES	YES	Qualifications as applicable	YES	N/A	APRA Disqualified Register	YES
<b>Chief Marketing &amp; Customer Strategy Officer</b>	YES	YES	YES	YES	Qualifications as applicable	YES	N/A	APRA Disqualified Register	YES
<b>Chief Operating Officer</b>	YES	YES	YES	YES	Qualifications as applicable	YES	N/A	APRA Disqualified Register	YES
<b>Chief Information Officer</b>	YES	YES	YES	YES	Qualifications as applicable	YES	N/A	APRA Disqualified Register	YES
<b>Chief Risk Officer</b>	YES	YES	YES	YES	Qualifications as applicable	YES	N/A	APRA Disqualified Register	YES

	<u>Fit and Proper Declaration</u>	Conflict of Interest (annual declaration against requirements of CPS 520)	Verbal or written Character Reference <ul style="list-style-type: none"> <li>• Competence</li> <li>• Character</li> <li>• Diligence</li> <li>• Honesty</li> <li>• Integrity</li> <li>• Judgment</li> </ul>	Evidence of experience validated via reference checks	Tertiary Qualifications	National Criminal History Check	Verified memberships of relevant professional body (copy of membership receipt and search of registry is available)	APRA or ASIC searches	Ordinary resident of Australia
<b>Check Process</b>	Declaration signed	Declaration signed	Reference check to be conducted	Reference check to be conducted	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work
<b>Frequency</b>	Initially & ANNUAL	Initially & ANNUAL	Initially	Initially	Initially	Initially & 3 YEARLY	Initially & 3 YEARLY	Initially & 3 YEARLY	Initially & 3 YEARLY
<b>Chief People &amp; Culture Officer</b>	YES	YES	YES	YES	Qualifications as applicable	YES	N/A	APRA Disqualified Register	YES
<b>Chief Services Enablement Officer</b>	YES	YES	YES	YES	Qualifications as applicable	YES	N/A	APRA Disqualified Register	YES
<b>Chief Financial Officer</b>	YES	YES	YES	YES	Recognised qualification in Commerce and Accounting	YES	Institute of Chartered Accountant or Certified Practising Accountant	APRA Disqualified Register	YES
<b>Chief Commercial Officer</b>	YES	YES	YES	YES	Qualifications as applicable	YES	N/A	APRA Disqualified Register	YES
<b>Directors</b>	YES	YES	YES	YES	Qualifications as applicable	YES	AICD Membership	<ul style="list-style-type: none"> <li>- Bankruptcy and National Personal Insolvency</li> <li>- APRA Disqualified Register</li> <li>- Enforceable Undertakings</li> <li>- ASIC Banned &amp; Disqualified Persons</li> </ul>	YES

	<u>Fit and Proper Declaration</u>	Conflict of Interest (annual declaration against requirements of CPS 520)	Verbal or written Character Reference <ul style="list-style-type: none"> <li>• Competence</li> <li>• Character</li> <li>• Diligence</li> <li>• Honesty</li> <li>• Integrity</li> <li>• Judgment</li> </ul>	Evidence of experience validated via reference checks	Tertiary Qualifications	National Criminal History Check	Verified memberships of relevant professional body (copy of membership receipt and search of registry is available)	APRA or ASIC searches	Ordinary resident of Australia
<b>Check Process</b>	Declaration signed	Declaration signed	Reference check to be conducted	Reference check to be conducted	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work	Service Provider i.e. Fit2Work
<b>Frequency</b>	Initially & ANNUAL	Initially & ANNUAL	Initially	Initially	Initially	Initially & 3 YEARLY	Initially & 3 YEARLY	Initially & 3 YEARLY	Initially & 3 YEARLY
								- AU Directorship	
<b>Director Candidate</b>	YES	YES	YES	YES Relevant to skills matrix	Qualifications as applicable	YES	N/A	- Bankruptcy and National Personal Insolvency - APRA Disqualified Register - Enforceable Undertakings - ASIC Banned & Disqualified Persons - AU Directorship	YES
<b>Appointed Actuary</b>	YES	YES	YES	YES Verified 5 years' experience.	Recognised qualification in Actuarial studies	YES	Institute of Actuaries Australia	Registration with Actuary Board	YES
<b>Appointed Auditor</b>	YES	YES Not a CEO of company	YES	YES Verified 5 years' experience	Recognised qualification in accounting and/or audit related field	YES	Institute of Chartered Accountants	Audit Registration with Audit Board/Registered Company Audits under the Corporations Act	