

## SENIOR TRUST MANAGEMENT LIMITED

### FIT AND PROPER POLICY AND PROCESS

#### 1 INTRODUCTION

- 1.1 This Fit and Proper Policy and Process (**Policy**) sets out the policy and process that Senior Trust Management Limited (**Senior Trust**) follows when assessing the initial and on-going suitability of its directors and senior managers to hold their positions within Senior Trust's business of acting as manager of managed investment schemes.
- 1.2 The Policy specifies the qualifications, requirements, and other criteria for a position as director or senior manager with Senior Trust, including matters relating to character, competence, and experience relative to the duties of the position.

#### 2 INTERPRETATION

- 2.1 Any terms not defined in this Policy are as defined in Senior Trust's Board Charter, the Companies Act or Financial Markets Conduct Act (**FMC Act**).

#### 3 POLICY

- 3.1 Every director and senior manager of Senior Trust must be fit and proper to manage the duties related to their role.
- 3.2 Being fit and proper includes:
- 3.2.1 Being of good character: this includes integrity, probity, trustworthiness and reputation;
- 3.2.2 Being capable: this includes competence, skills and experience for the position they hold.

#### 4 APPLICATION

- 4.1 This Policy will be applied to all current and prospective directors and senior managers. **Directors** and **senior managers** have the meanings set out in section 6 of the FMC Act.
- 4.2 Senior Trust's directors are the following persons:
- Neville Brummer - Independent Director
  - Scott Daniel Lester- Director & Chief Executive Officer STML
  - Joseph van Wijk - Independent Director

#### 5 FIT AND PROPER ASSESSMENT

- 5.1 Each director and senior manager will be assessed to ensure he or she has the skills, knowledge and experience needed for their role. They must also possess the honesty and integrity needed to contribute effectively to Senior Trust's business.

- 5.2 Each director or senior manager must provide written consent to Senior Trust prior to fit and proper checks being conducted by Senior Trust. The information collected may only be used for the purpose of conducting a fit and proper assessment and for the purpose of enabling Senior Trust to meet its obligations under the FMCA.
- 5.3 Directors and senior managers will generally be considered fit and proper if they meet and continue to meet the criteria set out in Appendix 1 of this Policy. However, directors or senior managers will not necessarily be considered unfit or improper merely because they do not meet all the criteria set out in Appendix 1. The Board will make a decision on an individual's fitness and propriety after considering all relevant surrounding circumstances, including:
- 5.3.1 the circumstances relating to any criteria the individual fails to meet
  - 5.3.2 the relevance of the criteria the individual fails to meet to the individual's assessment
  - 5.3.3 the materiality of the criteria the individual fails to meet and
  - 5.3.4 the time that has elapsed since the improper or unfit event relating to that criteria.
- 5.4 Directors and senior managers must disclose to the Board details of any disciplinary action or finding of fault made against them in the past.
- 5.5 The Board will ultimately decide who is a fit and proper director/senior manager following a recommendation from Senior Trust's Chief Executive Officer.
- 5.6 Under section 414 of FMC Act, the Financial Markets Authority (**FMA**) has the power to suspend or cancel Senior Trust's licence if it is satisfied that, amongst other things, Senior Trust's directors or senior managers are not fit and proper persons to hold their respective positions.

## **6 ASSESSMENT CRITERIA**

- 6.1 As outlined above, a director/senior manager's fitness and propriety will be assessed against the criteria listed in Appendix 1.
- 6.2 In addition, Senior Trust expects directors and senior managers to have the following attributes, skills, abilities, experience and knowledge<sup>1</sup>:
- 6.2.1 Directors:
    - (a) At least 5 years' experience in a senior leadership role
    - (b) Demonstrated experience in corporate governance
    - (c) An affinity and passion for developing and managing investment products that investors can have confidence in.
  - 6.2.2 Senior managers:
    - (a) At least 5 years' experience as at least a manager in a related industry
    - (b) Practical commercial experience in a related industry
    - (c) Strong numeric experience and appreciation for the importance of financial management and financial control, risk management and corporate governance in an operational context

- (d) An affinity and passion for developing and managing investment products that investors can have confidence in.

## **7 ASSESSMENT PROCESS**

The assessment process is set out in Appendix 2.

## **8 FIT AND PROPER**

### **Breaches**

- 8.1 Senior Trust requires its directors and senior managers to take all reasonable steps to comply with this Policy. Non-compliance by a director/senior manager with the provisions and processes outlined in this Policy will be considered a breach. A director/senior manager holding a director/senior manager position who has been assessed as not fit and proper as part of the assessment process will also be in breach of the Policy. A breach includes where a director or senior manager has intentionally supplied incorrect information for the purposes of a fit and proper assessment.

### **Process for dealing with breaches**

- 8.2 If a decision is made that an existing or prospective director or senior manager is not fit and proper and is therefore in breach of the Policy, then the Board will recommend an appropriate course of action to resolve the breach.
- 8.3 Action will be taken to either:
- 8.3.1 remedy the breach and assist the existing or prospective director or senior manager to meet the assessment criteria; or
  - 8.3.2 not appoint the prospective director or senior manager; or
  - 8.3.3 terminate the appointment, employment, or engagement of the existing director or senior manager or redefine their role or responsibilities.

## **9 REPORTING**

### **Register**

- 9.1 Senior Trust will keep a register of all decisions related to the assessment and appointment of directors/senior managers under this Policy.

### **Notification**

- 9.2 The Board will immediately be notified where any change relating to a director or senior manager occurs. Changes may include but are not limited to material change in responsibilities, retirement, removal, resignation or suspension of a director or senior manager.
- 9.3 Senior Trust must notify the Financial Markets Authority (**FMA**) as soon as practicable if any of the following occurs:
- 9.3.1 a director or senior manager is appointed, employed, or engaged; or
  - 9.3.2 a director or senior manager resigns, is removed, or otherwise ceases to hold the office or position.
- 9.4 Senior Trust must, as soon as practicable after it forms a belief that a director or senior manager has, may have, or is likely to cease to be a fit and proper person to hold such a position, report that fact to the FMA and to the supervisor of any registered scheme of which Senior Trust is the manager.

- 9.5 Senior Trust acknowledges that a failure to make the required reports to the FMA may give rise to civil liability including a pecuniary penalty not exceeding \$200,000 in the case of an individual and \$600,000 in any other case. In addition, the FMA may have grounds for suspending or cancelling Senior Trust's market services licence.

### **Internal Reporting of Breaches**

- 9.6 All breaches under this Policy must be notified to the Board immediately and recorded in the Register.

### **Whistleblowing responsibilities**

- 9.7 Any employee, senior manager or director of Senior Trust, or any of its outsource entities, or any other person who considers that Senior Trust does not comply with this Policy or that a director or senior manager does not meet the fit and proper criteria are strongly encouraged to report the matter immediately and provide details supporting that view.
- 9.8 The reporting person should, in the normal course, report the matter to the Chief Executive Officer. The reporting person should specify which director or senior manager they believe does not meet the fit and proper criteria in this Policy and the reasons for that belief.
- 9.9 Any person reporting a matter in good faith concerning this Policy must disclose any information or documents necessary in support of his or her claim.
- 9.10 The Chief Executive Officer will take all reasonable steps to protect the identity of any whistle-blower making a claim in good faith. Maintaining confidentiality is essential to ensuring that reprisals are not made against the whistle-blower.

## **10 REVIEW OF POLICY**

- 10.1 This Policy will be reviewed annually and any material changes to the Policy will be notified to the FMA before being implemented.

### **Board Approval of Policy**

Version 1 approved 30/09/2015

Version 2 approved 06/12/2016

Version 3 approved 26/1/2018

## Appendix 1

### Assessment Criteria

In assessing an existing or prospective director's or senior manager's fitness and propriety, it will need to be determined whether the person:

- 1 has the qualifications and experience reasonably expected for the position;
- 2 has ever been charged with or convicted of (in New Zealand or overseas) a criminal offence relating to dishonesty, fraud, or misleading or deceptive conduct;
- 3 has ever been convicted (in New Zealand or overseas) of any offence that he was sentenced to, or was liable to be sentenced to, a term of imprisonment (even if he was not imprisoned);
- 4 has ever been charged with or convicted of an offence, or subject to a proceeding:
  - 4.1 in New Zealand under any financial markets legislation, as defined in the Financial Markets Authority Act 2011; or
  - 4.2 in another jurisdiction under any financial markets legislation equivalent to that referred to in 4.1 above;
- 5 has ever been the subject of any civil proceedings (in New Zealand or overseas) for conduct relating to dishonesty, fraud, or misleading or deceptive conduct;
- 6 has ever been the subject of any proceedings or action taken by a regulatory authority in New Zealand, or overseas;
- 7 in the last 15 years, has been (in New Zealand or overseas) a trustee, director or partner of, or held any position of senior management in, any company or other incorporated or unincorporated entity which, while he was connected to that entity:
  - 7.1 was placed into liquidation, administration, receivership or statutory management (or any overseas equivalent status); or
  - 7.2 entered into any compromise agreement, moratorium or other restructuring to avoid liquidation, administration or receivership (or any overseas equivalent);
- 8 has ever been banned (in New Zealand or overseas) from:
  - 8.1 providing financial services; or
  - 8.2 acting as director of a company or other incorporated body; or
  - 8.3 being involved in the management of any class of incorporated or unincorporated entity;
  - 8.4 has ever been dismissed or asked to resign, or subject to disciplinary proceedings resulting from, or in respect of, a position of trust, fiduciary appointment or similar (in New Zealand or overseas);
  - 8.5 has ever been refused registration or other entry into, or restricted from the right to carry on in, any profession or occupation under the law of the country, or under the membership rules of any professional body at any time (in New Zealand or overseas);
  - 8.6 in the last 15 years, has been made bankrupt, entered into a compromise agreement with creditors or been placed into statutory management (in New Zealand or overseas);
  - 8.7 is subject to any pending proceedings or actions (in New Zealand or overseas) that mean that any of the above would apply if an adverse finding is reached; and

8.8 has any conflict or potential conflict of interest (direct or indirect) that affects, or may affect, the person's proper performance of the duties of the position.

**Appendix 2**  
**Assessment**  
**process**

**1 Assessment process for new appointments**

- 1.1 Except as noted below, the Chief Executive Officer will assess the fitness and propriety of a prospective director or senior manager and will make a recommendation to the Board as to whether a director/senior manager is a fit and proper person to be appointed to the relevant position.
- 1.2 When assessing the fitness and propriety of a prospective director or senior manager, the Chief Executive Officer will be mindful that the skills and experience required by each director and senior manager depend on that person's role and that the skill set of other directors and senior managers may be relied upon to provide for a balanced, well-rounded staff.
- 1.3 The fit and proper assessment must be undertaken prior to a prospective director/senior manager being considered for the position.
- 1.4 During the appointments process and prior to nomination, for the purposes of assessing their fitness and propriety, the prospective director will be asked to provide information and/or documentation for the purposes of the assessment.
- 1.5 For other senior manager positions, the senior manager will be asked to provide information and/or documentation so that their fitness and propriety can be assessed once they have been selected for final interview.
- 1.6 Senior Trust, with the relevant director/senior manager's written consent, will arrange for any necessary checks to verify the accuracy of information and/or documentation provided. These checks may include but are not limited to referee checks, police checks, qualification checks, credit checks, internet searches, professional membership confirmations and searches of appropriate registers.
- 1.7 Senior Trust will hold all documentation relating to each fit and proper assessment of current directors and senior managers for up to seven years after the director/senior manager has ceased to be a director or senior manager.
- 1.8 All newly appointed directors and senior managers will be provided with a hard copy of this Policy. A copy of this Policy will also be available at all times to all employees.

**2 Assessment process for existing directors and senior managers**

- 2.1 An assessment as to whether a director/senior manager continues to be fit and proper for their role will be made from time to time but at least annually.

**3 Decision-Making Process**

- 3.1 The fit and proper assessment decision will be made based on the information collected for the assessment and any other information or material produced by the director/senior manager, as well as the director/senior manager's demonstrated capabilities, conduct and performance.
  
- 3.2 Consideration will also be given to past disciplinary action (whether there was an adverse finding or not), the time elapsed since the individual's involvement, the circumstances surrounding their involvement, and any penalties imposed on the director/senior manager.