

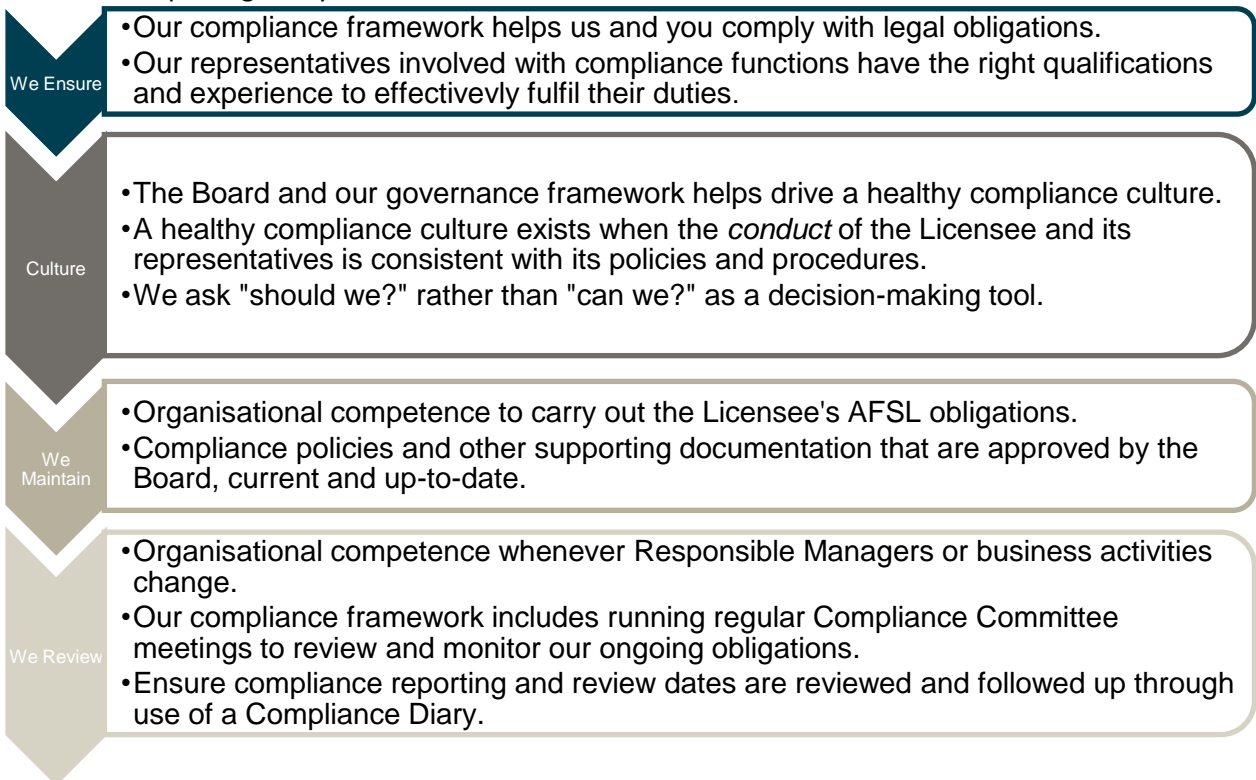
# Compliance Arrangements Policy

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**Document created by:** Anthony Lyon – Compliance Manager on 24 June 2021  
*Insert Name and Role* *Insert Date*

## Responsibility, review and breaches of this policy


The policy is reviewed internally and externally in accordance with our Compliance Diary.

If a breach of the policy occurs, we follow the procedure set out in our Breach (Reportable Situation) and Events Reporting Policy.



## Key requirements

### *Licensee*

Do	When
<b>Resources:</b> Appoint people with the right skills and a with enough time to properly oversee our compliance arrangements	Before you start providing financial services Revisit if you're growing your business or adding another product line
<b>Governance:</b> Properly approve and follow this policy and all other governance or compliance-related policies	Before you roll out the relevant policy
<b>Remuneration:</b> Consider the compliance obligations our representatives must follow. We can prioritise a healthy compliance culture if we don't incentivise the right behaviours	Before setting sales targets or other KPIs When establishing remuneration arrangements
 Follow the Compliance Diary	Monthly

### *Representative*

Do	When
Communicate regularly with your compliance team See the Compliance Personnel section of this policy for their contact details	If in doubt about an obligation, or seeking guidance about how to handle a particular situation If you identify a compliance issue, notify Compliance Personnel immediately
Drive the right culture and attitude towards your obligations. Good compliance is a long-term profit-making strategy for the business, and also manages regulatory risk, as well as the risk of a customer complaint <sup>1</sup>	At all times

# Role of the Board and governance framework

## Role of the Board

The Board bears ultimate responsibility for the Licensee.<sup>2</sup> The four key functions of the Board (apart from their statutory ones) are:

1. Set the goals of the company
2. Appoint the CEO
3. Oversee the plans of managers for the acquisition and organisation of financial and human resources towards the attainment of the company's goals
4. Review at reasonable intervals the company's progress towards those goals<sup>3</sup>

## Our governance framework<sup>4</sup>

Our governance framework includes:

1. An active Board who prioritises compliance and meets every quarter. The Board considers as standing agenda items:
  - a) recommendations from the compliance committee;
  - b) effectiveness of its compliance arrangements;
  - c) adequacy of compliance personnel;
2. A compliance committee (see the section titled "Compliance Committee" later in this policy);
4. Appropriately skilled compliance personnel (see the section titled "Compliance Personnel" later in this policy) who are independent from conflicted priorities (e.g. sales targets);

## About our policies

Our policies outline the responsibilities of Insight Investment Partners under its Australian Financial Services Licence ("AFSL").

Our policies and their associated processes, procedures and checklists help us comply with our obligations under the financial services laws.

Our policies tell you:

- **Our obligations** – what we need to do in light of the law and best practice.
- **Prohibited conduct** – these activities constitute breaches of our policy, and may, in some cases, constitute breaches of the law.
- **Important information** that will help us to conduct our business.


## Compliance culture<sup>5</sup>

This policy describes our compliance arrangements. "Compliance" is defined in the ISO<sup>6</sup> as:

*an outcome of an organization meeting its obligations, and is made sustainable by embedding it in the culture of the organization and in the behaviour and attitude of people working for it.*

A successful compliance regime requires a good compliance culture. This is built on, among other things:

- adherence to strong values (such as "doing what is right" for customers);
- strong leadership by senior management that demonstrates adherence to those values;
- considered recruitment practices;

- KPIs and remuneration structures that drive the right behaviours;
-  a firm approach to misconduct and appropriate whistleblower protections (see our Whistleblower Policy for more detail); and
- positive training and development practices.

## Organisational structure and reporting lines

The Responsible Person will ensure that any staff involved with compliance functions has the necessary qualifications, skills and experience to effectively fulfil their duties.

Every representative, contractor and agent associated with ## is required to comply with all aspects of the law at all times, and to act ethically.

## Compliance personnel<sup>7</sup>

### Getting help

Our compliance team is here to help you. There details are:

- [anthony.lyon@insightmp.com.au](mailto:anthony.lyon@insightmp.com.au) (0421 830 731)

### *Role, seniority and capabilities of compliance management personnel*

Anthony Lyon is directly responsible for ensuring that we comply with our regulatory obligations.

He:

- is the Compliance Manager;
- is a Responsible Manager;

## Role and duties of the Compliance Manager

The Compliance Manager is required to act honestly, exercise the degree of care and diligence that a reasonable person would exercise if they were in that position, and not make use of information gained by being in that position to gain an improper advantage for themselves or anyone else or cause detriment to the Licensee. This attitude of compliance is vital to the running of the business, and it is the Compliance Manager's duty to work with all staff to cultivate a positive attitude towards compliance.

The role of the Compliance Manager includes:

- translating compliance obligations into actionable processes and making sure representatives have access to them;
- embedding compliant practices into "the way we do things";
- promoting the inclusion of compliance responsibilities into job descriptions and incentive and remuneration systems;
- providing or organising ongoing compliance training. This includes checking that representatives are provided information in a timely manner in relation to changes within our business, changes in the industry and changes to regulatory requirements;
- monitoring the adequacy of our compliance arrangements, and reporting to the Board;
- ensuring that complete and truthful reporting occurs;
- identifying compliance risks<sup>8</sup>, and their associated controls, including those relating to outsourced providers;
- monitoring compliance practices in the appointment, review or termination of staff;
- advising the Board on the state of compliance with, or breaches of, the Act, the ASIC Act, the Privacy Act, and other relevant laws, ASIC Regulatory Guides and practice notes;

- recommending to the Board appropriate action to be taken where practices are found wanting;
- monitoring regulatory changes that impact our operations, and providing information and advice to management in a timely manner;
- reviewing at regular intervals documentation in relation to our procedures, contracts with third parties, and our policies to ensure that they remain current in relation to regulatory requirements, and to assist us to improve our business;
- dealing with significant matters and issues raised in auditor reports and complaints summary reports; and
- advising the Licensee on compliance-related matters.

The Compliance Manager has access to:

- senior decision makers and the opportunity to contribute early in the decision-making process;
- all levels of our business;
- all information needed to perform their tasks;
- expert advisers.

## Organisational competence

The Licensee must maintain the organisational competence to carry out its obligations under its AFSL, ensuring it has appropriately qualified and experienced Responsible Managers, by following our compliance policies, and liaising annually and on an as needs basis with external compliance consultants and counsel.

Like other obligations described in this policy, organisational competence is reviewed internally and externally. See the Compliance Diary for how frequent reviews are. Reviews consider:

- the knowledge and skills of Responsible Managers, and ensure that they are adequate in light of our licence authorisations;
- whether Responsible Managers continue to be of good fame and character;
- whether the officers of our company (including directors), continue to be of good fame and character.

## Industry codes and standards

The person responsible for ensuring that we are aware of, and have measures in place to comply with, relevant industry codes (other than those for which compliance is required by the financial services laws) is the Compliance Manager.

The industry codes and standards applicable to Insight Investment Partners are:

- ISO 10002:2014 Customer satisfaction – Guidelines for complaints handling in organisations
- ISO 31000:2018 Risk Management
- ISO 19600:2014 Compliance Management Systems – Guidelines (referred to in this policy as “the ISO”)

The Compliance Manager ensures compliance with these codes and standards by:

- keeping copies of relevant industry codes and standards on Insight Investment Partners’s intranet here they may be:
  - updated regularly; and
  - accessed by representatives;
- subscribing to relevant information brokers and regularly accessing relevant websites so as to be informed of any changes to industry codes and standards;

- conducting internal training or organising external training for staff members and representatives regarding these other codes and standards; and
- developing and implementing written procedures and measures that reflect the requirements of these codes and standards.

The ISO recommends a compliance management system with various moving parts. In summary, we:



Identify the context: We have considered what factors may lead to us having inadequate compliance arrangements in our Risk Register, and we have developed controls to manage those risks. The consideration included:

- who has an interest in our compliance arrangements (our representatives, Board, etc.) and what their requirements are;
  - our business lines, geographical locations, and the complexities associated with our service offerings;
- Define the scope of our compliance arrangements: Primarily, they help us meet our AFSL obligations which apply to our Australian operations (regardless of the location of our clients);
  - Agree on the principles: We believe our compliance personnel should:
    - have direct access to our Board;
    - remain independent from other business priorities;
    - have adequate resources and authority to undertake their roles;
  - Continuously develop this and other compliance policies. In doing so, we consider:
    - our purpose, objectives and risk profile
    - feedback from internal and external sources, so as to continuously improve our compliance arrangements;
    - whether compliant practices are adequately embedded in the way we currently do things;
    - whether our compliance personnel are truly independent from other business functions, and whether it's working;
    - who's responsible for what (see the section "Compliance personnel" above);
    - the required standard of conduct and accountability;
  - Communicate our policies (see the section "Guidance to representatives" later in this policy) and maintain document control;
  - Maintain adequate support to our compliance function. This includes providing the right resources, maintaining the right competence, generating awareness, ensuring that organisational behaviour supports the function (including at Board level);
  - Evaluate performance. This includes monitoring, measurement, analysis and evaluation;<sup>9</sup>

## **Obligation of representatives to report to the Compliance Manager**

Any representative who suspects that a compliance breach may have occurred is to report the breach to the Compliance Manager.

The managers meet monthly with representatives (including support staff) to discuss a range of issues and to share information regarding compliance and any systemic concerns.

## **Compliance dates**



The Compliance Manager is responsible for ensuring that reporting and review dates are followed.



The Compliance Manager does this through the use of a Compliance Diary.



## Compliance committee

In order for Insight Investment Partners to develop and maintain a healthy compliance culture, it has established a Compliance Committee that proactively addresses compliance issues, and monitors ongoing licensee obligations. The Compliance Committee is established pursuant to a Compliance Committee Charter.



## Guidance to representatives<sup>10</sup>

We provide plain English guidance to representatives about complying with financial services laws in the following ways:

Information can be located on the iC2 App and the Intranet.

## References

### Related policies and tools

 <b>Policies</b>	Anti-Money Laundering and Counter-Terrorism Financing Program, Breach (and Reportable Situation) and Events Reporting, Client Review and Remediation, Cyber Resilience, Data Breach Response Plan, Monitoring and Supervising Representatives, Privacy, Risk Management, Running an ACL Licensee Compliance Manual, Training, Whistleblower.
 <b>Tools (including templates)</b>	Compliance Diary, Compliance Committee Charter, Human Resources Organisational Chart, Risk Register

**Keywords:** compliance, compliance manager, compliance manual, compliance support, governance, professional standards, risk management.

## Legislative requirements and references

<b>Legislation</b>	The <i>Corporations Act 2001</i> – Chapter 7
<b>Legislative Instruments</b>	912A(1)(a) and (c). See endnotes for more references.
<b>Regulatory guidance</b>	ASIC's RG 104: Licensing: Meeting the general obligations.

## Endnotes

<sup>1</sup> ISO 19600 2014 begins with "Organizations that aim to be successful in the long term need to maintain a culture of integrity and compliance..."

<sup>2</sup> Section 198A of the Act.

<sup>3</sup> AWA Case, which comprises *AWA Ltd v Daniels (t/as Deloitte Haskins & Sells) (1992) 10 ACLC 933* at 865-866, and its later appeal in *Daniels v Anderson (1995) 37 NSWLR 438*

<sup>4</sup> For more guidance on leadership and compliance, see section 5 of ISO 19600 2014.

<sup>5</sup> For more guidance on compliance culture, see section 7.3.2.3 of ISO 19600 2014.

<sup>6</sup> ISO 19600 2014.

<sup>7</sup> For more guidance on compliance resources, competence and training, see sections 7.1 and 7.2 of ISO 19600 2014.

<sup>8</sup> For more guidance on compliance risks, see section 6.1 of ISO 19600 20014.

<sup>9</sup> For more guidance on performance evaluation, see section 9 of ISO 19600 2014.

<sup>10</sup> For more guidance on communication, see section 7.4 of ISO 19600 2014.