

# Netwealth Group Limited (NGL) Board Renewal and Performance Evaluation Policy

ADOPTED BY THE NGL BOARD ON: 23 JUNE 2017  
REVIEWED AND AMENDED ON: 17.11.15

## DOCUMENT VERSION CONTROL

<b>Custodian</b>	Company Secretary
<b>Person responsible for implementing policy</b>	Chairman of the Board
<b>Date Approved by the Board</b>	23 June 2017
<b>Date lodged with Australian Prudential Regulation Authority (APRA)</b>	Not required to be lodged
<b>Date of next scheduled review</b>	23 June 2019 or as required
<b>Regulator</b>	APRA
<b>Regulatory compliance requirements</b>	APRA Prudential Standards: SPS 510 – Governance
<b>Legislative framework</b>	Superannuation Industry (Supervision) Act 1993
<b>Sources of reference</b>	SPS 510

## 1. Purpose

The Board is ultimately responsible for the sound and prudential management of NGL and its subsidiaries (Netwealth Group).

As such, the Board is committed to a continuing process of Board renewal and formal procedures for assessing the performance of the Board, the aim being to maintain an energised, proactive and effective Board.

This policy sets out the guidelines that the Board has agreed they will follow regarding:

- Board and committee structure;
- Appointment of Directors;
- Board renewal; and
- Board performance evaluations.

This Policy is applicable to each of the Boards and Board Committees of the Netwealth Group including its APRA regulated subsidiaries (where the Board of such a subsidiary has adopted this Policy). References to the “Board” in this Policy mean each of the Boards of the Netwealth Group unless a specific member company is mentioned.

## 2. Board Structure

- The Netwealth Nominations Committee will annually review the composition of all Netwealth Group Boards, giving regard to new and innovative ideas, independence and adequate expertise.
- The Chairman will at all times be a non-executive director (NED).
- All Board committees will have at least three members.
- The Netwealth Group Audit Committee and Remuneration Committee are required to meet the requirements of APRA Standard SPS 510 and all members will be NEDs and the Chairman of the committee will be a director of Netwealth Investments Limited (NIL) but not the Chairman of the NIL Board.
- For the netwealth Investment Ltd (NIL) Compliance and Risk Management Committee (CRMC) the chairman of the CRMC will be a director of NIL.
- For the Australian Planning Services Pty Ltd (APS) CRMC the chairman of the CRMC will be a director of APS.
- For the NIL Investment Committee (IC) the chairman of the IC will be a director of NIL.
- For the APS Investment Committee (IC) the chairman of the IC will be a director of APS
- The NIL Due Diligence Committee will be chaired by a NED of NIL.
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## 3. Appointment of Directors

Persons shall be considered for appointment to the Board, based upon their skill, judgement, diversity and experience.

All new NEDs receive a letter of appointment from the Chairman which summarises matters relevant to their appointment such as:

- Remuneration;
- Terms of appointment (including the length of the term for which the NED is to be appointed);
- Procedures for dealing with conflicts of interest;
- Indemnification and Directors and Officers liability insurance;
- Expectations in relation to attending and preparing for Board or Committee meetings;
- Disclosure obligations; and
- Availability of independent professional advice.

An induction process is undertaken for all new NEDs.

The Board authorises the Nomination Committee, through the Nomination Committee Charter, to:

- Recommend to the Board from time to time, changes that the Committee believes to be desirable to the size and composition of the Board;
- Recommend individuals for nomination as members of the Board and Board committees (including, as required, to fill any casual vacancy on the Board or Board committee);
- Recommend the length of the term for which an NED should be appointed; and
- Review on a regular and continuing basis succession planning for the Chairman of the Board and NEDs, and make recommendations to the Board as appropriate.

The Nomination Committee must prepare a report to support its recommendations to the Board, in accordance with the Nomination Committee Charter. When deciding whether or not to accept a recommendation from the Nomination Committee, the Board must:

- consider the Nomination Committee's report;
- in relation to a proposed NED, assess the candidate's independence having regard to any previous employment and personal interests of the candidate,

and may consider any other factor that it considers relevant or appropriate.

Executive directors will be appointed through an employment contract and complete the employee induction process. The Chairman will ensure the directors are aware of specific Board related matters.

In accordance with the Board charter, the Board will seek consensus in its decisions to appoint (or re-appoint) a director. However, if there is a dispute, the decision will be made on the majority view. Voting will be conducted in accordance with the constitution of the relevant Netwealth Group entity.

#### **4. Re-appointment of Directors and Board Renewal**

- 4.1 Each NED will be appointed for a specified term, which will be set out in their letter of appointment. Subject to the Board's policy on NEDs tenure (set out below in this section 4), an NED may be re-appointed for one or more further terms following the expiry of their term of appointment.
- 4.2 When deciding whether to re-appoint an NED or a further term, the Board may consider any factors which it considers appropriate, and must consider:
- any report of the Nomination Committee regarding the re-appointment of the NED;
  - performance evaluations relating to the NED and the Board under section 5.1 of this Policy;
  - in the case of an NED of NIL, whether the NED has served on the Board for a period that could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of members of the Netwealth Superannuation Master Fund.

The Board approved policy on NEDs tenure is:

- 4.1 Maximum tenure of NED's (other than the Chairman) of 12 years commencing on the date of appointment or the date that NGL or any of its subsidiaries first held an RSE licence (whichever is later);
- 4.2 Maximum tenure of Chairman of 15 years (inclusive of any term as a Director prior to being elected as Chairman) commencing on the date that NGL or any of its subsidiaries first held an RSE licence (being 9 September 2005);
- 4.3 There will be no maximum tenure of executive directors as this will be aligned to their employment contracts;

- 4.4** The Board, on its initiative and on an exceptional basis, may exercise discretion to extend the maximum terms specified in clauses 4.1 and 4.2 where it considers that such an extension would benefit the company. Such discretion will be exercised on an annual basis and the Director concerned will be required to stand for re-election annually.

## **5. Board Performance Evaluations**

The evaluation process shall be conducted within the policy framework.

### **5.1 Board and individual directors**

The framework used to evaluate the performance of the directors is based on the expectation they are performing their duties in a manner which should create and continue to build sustainable value for shareholders, and in accordance with the duties and obligations imposed upon them by the Netwealth Group Constitutions and the law.

#### **Board performance.**

Each year each director is requested to assess the Board's performance and the Chairman collates the results of these assessments and presents a summary to the Board for discussion.

#### **Director performance.**

Each year evaluations are conducted whereby the Chairman has a one-on-one meeting with each director specifically addressing the performance criteria. In addition, they discuss the effectiveness of the Board and related issues, Board's oversight and contribution to the Companies, Board discussion (including the performance of the NEDs and the Chairman), Board memberships, Committees, and other relevant issues. They also discuss the performance of the Board against its Charter and goals set for the year. The Chairman provides a report to the Board on the outcome of these meetings.

### **5.2 Board Committees**

Each of the standing Committees conducts an annual Committee performance self-evaluation to review performance against its Charter and goals set for the year. The suitability of the Charter and any areas for improvement are also assessed. The outcome of the performance self-evaluations, along with the plans and stated objectives for the new financial year, are submitted to the Board for discussion and approval.

Annual calendars of business for each Committee, once agreed, are presented to the Board for noting.

### **5.3 Process Review**

The performance evaluation process and related tools will be reviewed annually by the Nomination Committee, and the Committee may periodically seek independent external advice in relation to that process.

## **6. Removal of Directors**

Directors may be removed from office in accordance with the constitution of the relevant Netwealth Group entity. Under the constitutions, the Board has no right to remove a director.

### **Review of this Policy**

This policy will be reviewed every two years by the Nomination Committee or more frequently if changes to legal or regulatory requirements or personnel dictate and any changes recommended to the Board.