

# Audit Committee Charter

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**Netwealth Group Limited ACN: 620 145 404**  
**Netwealth Holdings Limited ACN: 133 790 176**

Adopted by the Board on 23 October 2017

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Netwealth Group Limited  
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## Document version control

Custodian	Chief Finance Officer
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## 1.0 Standing of the Committee

The Audit Committee (**Committee**) is a committee of the Board of Netwealth Group Limited (**NGL**). The Committee will also undertake the role of the audit committee for the Board of each subsidiary of the NGL (**Subsidiary**) where required. In making decisions in relation to a Subsidiary, the Committee is acting as a committee of the Board of that Subsidiary.

## 2.0 Membership of the Committee

It is intended the Committee consist of (and whilst NGL is included in the S&P/ASX 300 Index, the Committee must consist of):

- only non-executive directors of NGL;
- all independent directors of NGL;
- an independent chair, who is not chair of the NGL Board; and
- a minimum of 3 members of the NGL Board.

The NGL Board may appoint additional independent non-executive directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the NGL Board.

Non-Committee members, including members of management and representatives of the external auditor or internal auditor, may attend all or part of a meeting of the Committee at the invitation of the Committee chair.

It is intended that the members of the Committee between them should have the accounting and financial expertise, and a sufficient understanding of the industry in which Netwealth operates, to be able to effectively discharge the Committee's responsibilities. At least one member should have relevant formal qualifications and experience (i.e. be a qualified accountant or other finance professional with experience of financial and accounting matters).

The Chief Financial Officer, or his or her delegate, must attend all Committee meetings as minute secretary.

## 3.0 Role & Responsibilities

### 3.1 Overview

(a) The Committee's key responsibilities and functions are to:

- oversee the relationship with the external auditor and the external audit function generally;
- oversee the relationship with the internal auditor and the internal audit function generally;
- undertake an objective review of the effectiveness of the external reporting of financial information. This includes oversight of accounting policies adopted, professional

accounting requirements, ASIC, ASX and APRA statutory reporting requirements and other financial disclosures; and

- oversee the Group's financial controls and systems.
- (b) Ensure that the risk framework as developed and monitored by the Board Risk and Compliance committee is appropriate and appropriately applied and that it continues to be sound and effective for the identification and management of potential risks and that appropriate compliance monitoring is occurring.
- (c) In relation to each Subsidiary that the Committee performs the function of the audit committee, perform such responsibilities as listed in this Charter or are required to fulfil its delegated role.

### 3.2 Financial Reporting and Audit Responsibility

The Committee's primary roles in relation to financial reporting and audit are to review and make recommendations to the relevant board in relation to:

- the reporting of financial information;
- the appropriate application and amendment of accounting policies and professional accounting requirements; and
- ASX, ASIC and APRA reporting requirements and general financial disclosures.

The Committee also provides a link between the external auditors, the board and management.

The following are intended to form part of the normal procedures for the Committee's audit responsibility:

- (a) Review the processes that are used to reach opinions/decisions in relation to corporate and financial reporting and disclosure processes and make recommendations to the relevant board in relation to the adequacy of those processes.
- (b) Review the processes that are designed to ensure that financial statements are accurate, and adhere to accounting standards and policies, and ensure they reflect the understanding of the Committee and otherwise provide a true and fair view of, financial position and performance, as a basis for recommendation to and adoption by the relevant board.
- (c) Receive and review reports of the external audit of financial statements.
- (d) Assess significant estimates and judgments in the financial reports by enquiring of management as to the process used by management in making material accounting estimates and enquire of the external auditor as to the basis for the external auditor's conclusions regarding the reasonableness of these estimates.

- (e) Assess information from the external auditor that affects the quality of financial reports (e.g. actual and potential material audit adjustments, financial report disclosures, non-compliance with the laws and regulations, and internal control issues).
- (f) Review and make recommendations to the relevant board in relation to the accounting policies, procedures and principles, consider their appropriateness and any changes to them, as well as the methods of applying them, and ensure that they are in accordance with the stated financial reporting framework, based on management's assertions, regarding:
  - (i) the consistency of the methods chosen with accounting standards and accounting concepts;
  - (ii) any changes in significant accounting policies or their application during the reporting period;
  - (iii) the methods used to account for significant unusual transactions or transactions in emerging areas for which there may be no specific accounting standard and the reasonableness of those methods; and
  - (iv) the views of the external auditor in relation to the matters in (i) and (iii).
- (g) Monitor whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk and, where this is the case notifying the General Manager Legal, Risk and Compliance and where applicable the Compliance and Risk Management Committee.
- (h) Monitor the procedures for the receipt, retention and treatment of complaints received by the Group regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.
- (i) Ensure that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management. Oversee the resolution of any significant internal control deficiencies reported by the internal auditor or the external auditor
- (j) Oversee the process for establishing and monitoring the tax policy and the tax appetite, including meeting (as appropriate) with the tax adviser;
- (k) Ensuring the audit of Netwealth Investment Limited's functions in accordance with the APRA, SIS Prudential Standards and other laws, as required.

### 3.3 External Audit responsibilities

The Committee is responsible for the appointment, monitoring, remuneration, independence and performance of the external auditor. In particular, the Committee is responsible for:

- monitoring the independence of the external auditors and management's relationship with the external auditor.
- reviewing the procedures for selection and appointment of the external auditors and for the rotation of external audit engagement partners;
- the appointment, compensation, the terms of engagement and other contractual terms of the external auditor;
- making recommendations to the relevant board in relation to the scope and adequacy of the external audit including the effectiveness of the annual audit, placing emphasis on areas where the Committee or the external auditors believe special attention was necessary;
- developing and overseeing the implementation of policy on the engagement of the external auditor to supply non-audit services and ensure compliance with that policy; and
- providing advice to the relevant board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence.

Appointed committee members will meet privately, at least twice per year, with the external auditor, who will also have access to the Committee as required, to ensure that management have not placed undue restrictions on the auditors.

### 3.4 Internal Audit Responsibilities

The Committee is responsible for the appointment, monitoring, remuneration, independence and performance of the internal auditor. In particular the Committee has responsibility for:

- reviewing the internal auditor's objectives, competence and resourcing (including determining whether the internal audit function is to be provided by an internal or external provider) and where appropriate coordinating internal audit with the external auditor;
- reviewing and making recommendations to the relevant board in relation to the scope and adequacy of the annual programme of internal audit review the effectiveness of the annual internal audit, placing emphasis on areas where the Committee or the internal auditors believe special attention is necessary, including meeting APRA reporting requirements and any other requirements imposed by law or regulation, where applicable;
- reviewing and monitoring the progress of an internal audit and work program;
- overseeing the coordination of the internal and external audit;

- evaluating and critiquing management’s responsiveness to the internal auditor’s finding and recommendations.
- monitoring the independence of the internal auditors and the relationship between internal auditors and management;
- reviewing the procedures for selection and appointment of the internal auditors;
- reviewing the, results, of the internal audit programs, and adoption of recommendations by management; and
- monitoring the performance and objectivity of the internal audit function.

### 3.5 Other Responsibilities

The Committee’s other responsibilities are:

- At least annually, review the processes of the Compliance and Risk Management Committee (CRMC) including the risk management framework, to ensure that the framework is appropriate and appropriately applied and that it continues to be sound and effective for the identification and management of potential risks and that appropriate compliance monitoring is occurring. Ensure a regular program of audits is undertaken to test the adequacy of and compliance with prescribed risk policies.
- Oversee annually the reporting of fraud or unethical behaviour activities under the Group whistle blowing policy which allows employees and other relevant stakeholders the opportunity to report concerns about fraud, corruption, maladministration, accounting, audit or other irregularities and review and assess the adequacy of management actions.
- Advise the Remuneration Committee of any matters relating to the financial outcomes that warrants consideration when the Remuneration Committee is considering short or long-term incentives.

### 4.0 Reporting any matters where relevant to the Compliance and Risk Management Committee.

The Committee advises the CRMC of any matters relating to financial outcomes that warrant consideration by the CRMC given its responsibilities set out in its charter.

Ensure where applicable, terms of reference relating to compliance or risk audits or reviews are signed off by the CRMC to the extent that it is relevant.

### 5.0 Relationship with the external auditor

The Committee provides a link between the external auditor and the relevant board and has the responsibility and authority for the appointment and removal of the external auditor and to review the terms of its engagement.

The Committee is responsible for overseeing NGL's external audit policy, a copy of which is attached as Attachment 2.

## 6.0 Relationship with the internal auditor

The Committee provides a link between the internal audit function and the relevant board. The internal auditor has a direct reporting line to the Committee and, therefore, to the relevant board.

## 7.0 Rights of access and authority

The Committee has rights of access to employees, management, regulatory authorities and auditors (external and internal) without management present, and the right to seek explanations and additional information from employees, management, regulatory authorities and auditors. Whilst the internal audit function reports to senior management, it is acknowledged that the internal auditor also reports directly to the Committee.

**The Committee, if necessary, instigates special investigations and, if appropriate, hires appropriate personnel to assist in providing any information it sees relevant to the execution of its activities.**

## 8.0 Review

The NGL Board will, at least once in each year, review the performance, membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the NGL Board in relation to the Committee's membership, responsibilities, functions or otherwise.

## 9.0 Administrative matters and procedures

The proceedings of the Committee will be conducted in accordance with provisions set out in Attachment 1.

# Attachment 1

## Administrative matters and procedures

### Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet **quarterly**.

### Quorum

The quorum is at least 2 members, either in person or by using any technology.

### Convening and notice of meeting

Any member may, and the CFO must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee, of every meeting of the Committee. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held. The CFO will distribute in advance of the meeting of the Committee the agenda and related papers to each of the Committee members or any other persons determined by the Committee.

### Voting at meetings

The Committee should pursue collective decision making, and seek consensus where possible. The Committee Chairman should test consensus and, if a unanimous view cannot be reached, decisions will be based on the majority view. Each Committee member will have one vote. If an equal number of votes is cast for and against a resolution, the Committee Chair does not have a casting vote in addition to their vote as a Committee member, and the resolution is not passed.

### Independent advice

The Committee may, after informing the chair, seek the advice of auditors, solicitors or other independent advisers, consultants or specialists as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee.

### Minutes

Minutes of meetings of the Committee must be kept by the CFO and, after approval by the Committee chair, be presented at the next relevant board meeting. All minutes of the Committee must be entered into Diligent Boards and be available for inspection by any director of NGL and any Subsidiary that has delegated to the Committee on request.

### Reporting

It is intended that a report of the actions of the Committee and a copy of the minutes of the Committee meeting or both will be included in the board papers for the relevant board meeting next following a meeting of the Committee.

The Committee chair will, if requested, provide a brief oral report to the relevant board as to any material matters arising out of the Committee meeting. All directors may, within the relevant board meeting, request information of members of the Committee.



## Attachment 2

### External Audit Policy

#### Appointment

The Audit Committee (**Committee**) has the responsibility and authority (subject to Corporations Act 2001 (Cth) requirements) for the appointment, reappointment or replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence. The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

#### Assessment of External Auditor

The Committee will review the performance of the external auditor on an annual basis after completion of the year end audit. In evaluating the effectiveness of external audit, the Committee will assess the effectiveness of the external auditor based on a number of criteria including but not restricted to:

- the overall comprehensiveness of the external audit plan;
- the timeliness and quality of communications promised under the plan and delivered during the audit;
- the competency and industry knowledge of external audit staff; and
- the adequacy of resources to achieve the scope as outlined in the plan.

The Committee will seek feedback from management during the assessment process.

#### Independence

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with NGL, relevant Subsidiary or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of NGL or the relevant Subsidiary. The review and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the NGL Board approves the half year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the CFO, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee the implementation of the policy on the engagement of the external auditor to supply non-audit services and to ensure compliance with that policy.

**Rotation of External Audit Engagement Partner**

The external audit engagement partner is generally required to rotate at least once every 5 years. If appropriate, the relevant board may, following a recommendation from the Committee, extend the eligibility term of the audit engagement partner in accordance with the Corporations Act.