

Board Renewal and Performance Evaluation Policy

Netwealth Group Limited ACN: 620 145 404
Netwealth Holdings Limited ACN: 133 790 176
Netwealth Investments Limited ACN: 090 569 109
Netwealth Group Services Pty Ltd ACN: 135 940 840

Netwealth Group Limited
Level 8/52 Collins Street
Melbourne VIC 3000
PO Box 336
South Melbourne VIC 3205

Approved by the Board on 21 May 2019

Document version control

Custodian	Company Secretary
Date previously approved by Board	June 2017
Date of next scheduled review	May 2020 (or earlier if required)

1.0 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.

2.0 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 Chair of the committee will be a director of Netwealth Investments Limited (NIL) but not the Chair of the NIL Board.
- For the Netwealth Group Limited (**NGL**) Compliance and Risk Management Committee (**NGL CRMC**) the chair of the NGL CRMC will be a director of NGL.
- For the Netwealth Investment Ltd (**NIL**) Compliance and Risk Management Committee (**NIL CRMC**) the chair of the CRMC will be a director of NIL.
- For the NIL Investment Committee (**IC**) the chair of the IC will be a director of NIL.
- The NIL Due Diligence Committee will be chaired by a NED of NIL.
-

3.0 Selection of directors

Persons shall be considered for appointment to the Board, based upon their skill, judgement, diversity and experience. The Board must ensure that the directors collectively, have the full range of skills

needed for the effective and prudent operation of the business and that each director has skills that allow them to make an effective contribution to Board deliberations and processes.

In addition, appointment to the trustee Board requires consideration to ensure the director:

- meets the requirements as established in the NIL Fit and Proper Policy (which includes the assessment of conflicts);
- to be ordinarily resident in Australia; and

was not the lead auditor or review auditor in the past two years of the RSE licensee.

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

- Manage any vacancies of the Board or their Committees;
- Prepare for the Board and its subsidiary committee a Board skills matrix and evaluate the Board members against the skills matrix to ensure that all required skills for the Board as a whole are met.
- 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 a NED should be appointed; and
- Review on a regular and continuing basis succession planning for the Chair of the Board and NEDs and make recommendations to the Board as appropriate.

Each director, prior to being appointed to the trustee Board will be provided with the NIL Fit and Proper Policy and will be requested to provide information in accordance with the NIL Fit and Proper Policy for consideration.

The Nomination Committee must prepare a report to support its recommendations to the Board. 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
- consider the appointment in accordance with the NIL Fit and Proper Policy (if the director is to be appointed to the trustee Board).

The Board may also consider any other factor that it considers relevant or appropriate.

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.

4.0 Appointment of directors

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

- 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.

Executive directors will be appointed through an employment contract. The Chair will ensure the directors are aware of specific Board related matters.

An induction process is undertaken for all new NEDs. As part of this induction process the Company Secretary will provide the new director with the Board Directors' Handbook, establish access for the new director to Diligent Boards and provide invitations to future Board and Committee meetings as relevant.

5.0 Re-appointment of directors and board renewal

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), a NED may be re-appointed for one or more further terms following the expiry of their term of appointment.

When deciding whether to re-appoint a 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 6.1 of this Policy;
- in the case of a 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 for any board with trustee responsibilities is:

- 5.1 Maximum tenure of NED's (other than the Chair) 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);
- 5.2 Maximum tenure of Chair of 15 years (inclusive of any term as a Director prior to being elected as Chair) commencing on the date the board first held an RSE licence (being 9 September 2005);
- 5.3 There will be no maximum tenure of executive directors as this will be aligned to their employment contracts; and
- 5.4 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.

6.0 Board performance evaluation

The evaluation process shall be conducted within the policy framework.

6.1 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.

In addition, trustee directors are reviewed annually against the requirements of the NIL Fit and Proper Policy which includes a reassessment of training, skills and conflicts.

Board performance

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

Director performance

Each year evaluations are conducted whereby the Chair 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 Chair), 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 Chair provides a report to the Board on the outcome of these meetings.

6.2 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.

6.3 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.

7.0 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.

8.0 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. Any changes to the Policy will be recommended to the Board for approval.

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 twice per year. Additional meetings may be called if a board member is due to be appointed.

Quorum

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

Convening and notice of meeting

Any member may, and the Company Secretary 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 Company Secretary 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 Chair 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 seek the advice of the 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 Company Secretary and, after approval by the Committee chair, be presented at the next relevant board meeting. These minutes are retained in Diligent and are available to 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 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.