

Netwealth Group Limited Compliance and Risk Management Committee Charter

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Netwealth Group Limited

Approved and adopted by:

- Netwealth Group Limited (ACN 620 145 404) on 29 September 2021
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Legislative framework	<ul style="list-style-type: none">• <i>Corporations Act</i> 2001 (Cth)• <i>Superannuation Industry (Supervision Act) 1993</i> (Cth)• Superannuation Industry (Supervision) Regulations 1994 (Cth)• APRA Prudential Standard SPS 220 (Risk Management)• APRA Prudential Standard SPS 510 (Governance)• ASX Listing Rules

1. Introduction and standing of the CRMC

This Charter sets out the functions, structure and responsibilities of the Netwealth Group Limited (NGL) Compliance and Risk Management Committee (CRMC). The CRMC is established by NGL and may operate as the compliance and risk committee of each subsidiary of NGL (Subsidiary), together (Netwealth). The CRMC also operates as the managed investment scheme compliance committee (MIS Committee) under the *Corporations Act 2001*¹ (Corporations Act) of every managed investment scheme of which NIL is the Responsible Entity (Scheme). Therefore, the CRMC has certain functions prescribed by law.² This Charter may be amended, and the responsibilities of the CRMC may be changed, from time to time by the NGL Board.

2. Role and responsibilities

To the extent that the CRMC is a MIS Committee, it has the functions prescribed by the Corporations Act,³ its members have the duties and qualified privilege set out in the Corporations Act,⁴ its proceedings must be conducted in accordance with the Corporations Act⁵ and its members must disclose their interests in accordance with the Corporations Act.⁶ Otherwise its members have the duties imposed by law and relevant constitutions and its proceedings must be conducted in accordance with this Charter.

The CRMC has a range of compliance and risk management responsibilities under Netwealth policies, plans, programs, frameworks and law. Generally, these responsibilities consist of the following:

- Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks.
- Evaluating the adequacy and effectiveness of Netwealth's identification and management of economic, environmental and social sustainability risks and its disclosure of any material exposures to those risks.
- Monitor the adequacy of resources through management reporting, meetings with managers, attestation responses and ensure action occurs where NGL/NIL does not have adequate resources to meet its compliance obligations.
- Reviewing and making recommendations to the Board on the strategic direction, objectives and effectiveness of Netwealth's financial and operational risk management policies and the risk appetite that is appropriate for Netwealth.
- Overseeing the establishment and maintenance of processes to ensure that there is:
 - an adequate system of internal control, management of business risks and safeguard of assets; and

¹ Section 601JA

² Section 601JC

³ Section 601JC

⁴ Sections 601JD and 601JE

⁵ Section 601JH

⁶ Section 601JJ

- a review of internal control systems⁷ and the operational effectiveness of the policies and procedures related to risk and control.
- Evaluating Netwealth’s exposure to fraud, overseeing investigations of allegations of fraud or malfeasance and making recommendations to the Board in relation to any incident involving fraud or other break down of the Netwealth’s internal controls.
- Advising the Board on the appropriateness of significant policies and procedures relating to financial processes⁸ and disclosures and reviewing the effectiveness of Netwealth’s internal control framework.
- Reviewing Netwealth’s policies and culture with respect to the establishment and observance of appropriate ethical standards.
- Reviewing and discussing with management and the internal and external auditors the overall adequacy and effectiveness of Netwealth’s legal, regulatory and ethical compliance programs.
- Overseeing and continually improving the risk management framework for NIL and its effectiveness, including making recommendations to the NIL Board relating to risk management and compliance.
- Review and approve changes to NIL’s compliance plan and monitoring NIL’s compliance with Scheme compliance plans and related functions required under Part 5C.5 of the Corporations Act, including monitoring performance and compliance with the Compliance Plan.
- Monitoring incident and breach management and ensuring appropriate remedial action is taken.
- Assessing any breach (likely or confirmed) by Netwealth in its capacity as a Company, Australian Financial Services Licence (AFSL) holder or Responsible Entity in accordance with Netwealth’s Incident and Breach Handling Policy and report where required to the relevant regulator within 10 days of identification of the breach⁹ and to the NIL Board; Overseeing complaints against the Operator or Responsible Entity and reporting to the Board where required or appropriate;
- Overseeing any breaches or complaints in relation to Netwealth in its capacity as Registered Superannuation Entity that may impact the broader risk framework of Netwealth.

3. Membership

It is intended the CRMC consist of:

- a majority of independent NGL directors;
- an independent chair; and

⁷ In combination with the role and responsibility of the Group Audit Committee.

⁸ This excludes the Netwealth Superannuation Master Fund Operational Risk Financial Requirement Strategy. This is reviewed and approved by the Netwealth Superannuation Service (NSS) Audit, Risk and Compliance Committee (ARCC).

- a minimum of 3 members of the NGL Board.

To the extent that the CRMC is acting as a MIS Committee, it must have a majority of 'external members' as required by the Corporations Act.¹⁰ CRMC members are appointed by NGL, for a term and on conditions determined by NGL. Subject to the terms of any agreement between NGL and a CRMC member, NGL may remove a CRMC member by 14 days' notice to that CRMC Member. Members may resign or retire by one month's notice to NGL, or such shorter period as is agreed with NGL.

4. Information and resources

Netwealth must provide the CRMC with whatever information and resources the CRMC reasonably requires for the purpose of carrying out its functions under this Charter. This includes providing access to relevant employees, contractors and advisers of Netwealth and its related bodies corporate (including any internal or external auditor appointed to review the Scheme and/or the Compliance Plan). The Netwealth Chief Governance Officer has overall responsibility for Governance reporting (including legal, risk and compliance) and must report to the CRMC on risk and compliance matters as agreed with the CRMC from time to time. It is expected that the reports will cover all matters for which the CRMC has responsibility under this Charter and reports will be made at scheduled CRMC meetings or earlier if required.

5. Review

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

6. Administrative matters and procedures

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

¹⁰ Section 601JB

Attachment 1

Administrative matters and procedures

4.1 Chair

The NGL Board must appoint a chair of the CRMC (**Chair**) and may terminate that appointment at any time. If no chair is present at a meeting, the members present may elect a chair for that meeting. The Chair must be an independent non-executive director of NGL who is not the chair of the NGL Board. The Chair may determine how a meeting of the CRMC will be regulated, subject to the Corporations Act¹¹ and to the compliance plan (**Compliance Plan**) of each Scheme (where applicable). The Chair's decision on any matter relating to the conduct of a meeting is final.

4.2 Frequency of meetings

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

4.3 Convening and notice of meetings

Any CRMC member may, and the Committee Secretary must upon request from any member, convene a meeting of the CRMC. Notice will be given to every member of the CRMC, of every meeting of the CRMC. 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 Committee Secretary will distribute in advance of the meeting of the CRMC the agenda and related papers to each of the CRMC members or any other persons determined by the CRMC. The agenda will be distributed to all other directors of NGL and the relevant Netwealth board. The Chair may adjourn a meeting for any reason, to a place and time as the Chair thinks fit, with the consent of the members present at the meeting.

4.4 Quorum

The quorum for a meeting of the CRMC is at least two members present either in person or by using any technology, both of whom must be an 'external member' for the purposes of the Corporations Act¹².

4.5 Use of technology

A meeting may be held using any technology that permits attendees to hear and be heard by the others attending the meeting.

4.6 Other attendees

At the invitation of the CRMC Chair, any NGL Board member, any invitee of the NGL Board or CRMC, each Scheme's auditor and each Compliance Plan auditor may attend and speak at a CRMC meeting.

4.7 Voting at meetings

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

4.8. Independent advice

The CRMC may seek the advice of the Netwealth's auditors, solicitors or other independent advisers, consultants or specialists as to any matter pertaining to the powers or duties of the CRMC or the responsibilities of the CRMC. The

¹¹ Section 601JH

¹² Section 601JB(2)

CRMC may obtain that advice at the reasonable expense of Netwealth¹³. Where appropriate, the CRMC and Netwealth may arrange for advice to be provided to them jointly.

4.8 Minutes and records

Minutes of meetings of the CRMC must be kept by the Committee Secretary and, after approval by the CRMC Chair, be presented at the next Board meeting of NGL or the relevant subsidiary. These minutes are retained in Diligent Boards and are available to any director of the relevant Netwealth entity on request. If applicable, the CRMC must keep records of reports and recommendations in accordance with the Corporations Act¹⁴ and, at the request of the CRMC, the Netwealth Board(s) must provide assistance to the CRMC in this regard. All minutes are then stored by the Company Secretary.

4.9 Reporting

A report of the minutes of the CRMC meeting will be included in the Board papers for the relevant Netwealth Board meeting next following a meeting of the CRMC. The CRMC Chair will also provide a brief oral report to the relevant Netwealth Board as to any material matters arising out of the CRMC meeting. The reporting must be done in a manner agreed from time to time between the CRMC and the relevant Netwealth Board. This may be done on an exceptions basis where matters are only separately reported where there is a departure from 'satisfactory and usual position' (i.e.: the compliant, adequate, desirable or appropriate position) or where the Board needs to consider and possibly act on information provided. Copies of all minutes must be provided to the relevant Netwealth Board once approved by the CRMC.

4.10 Reporting to the auditors

Each Scheme's auditor and each Compliance Plan auditor must be provided with access to the minutes of the CRMC meetings and reports to the relevant Netwealth Board.

4.11 Disclosure of interests and conflicts

Members of the CRMC must disclose their interests that they may have in a matter being considered, or about to be considered, if their interest could conflict with the performance of their duties in accordance with the Corporations Act.

¹³ Section 601JC(2)

¹⁴ section 601JH(2)