

# Group Complaints Handling and Compensation Policy Summary

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## Netwealth Group Limited (Netwealth)

Document classification: General use.

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## 1.0 Document overview

### 1.1 About the document

Netwealth Group Limited and its subsidiaries (Netwealth) are committed to promoting and supporting a culture of Customer service. The Complaints Handling and Compensation Policy (the Policy) forms a part of this culture, by ensuring that when Errors occur, or issues arise, Netwealth staff are equipped with training and processes to support the Complaints resolution process with a focus on achieving fair, Customer focused outcomes and providing guidance as to the provision of Compensation. Netwealth welcomes and requests feedback from Customers, even where this feedback may be a Complaint. Netwealth acknowledges that feedback and Complaints are vitally important to guide future decisions.

Where Netwealth has made an Error or caused an issue which has resulted in a Customer suffering a loss, Netwealth will restore the Customer to the position they would have been in had the Error or issue not occurred (where this approach is not financially detrimental to the Customer) by providing Compensation. Compensation does not normally extend to liabilities, such as tax or Centrelink penalties, which would have arisen even if the Error had not taken place.

Any matter that cannot or should not be handled in accordance with the Policy, is to be referred to The Board for a decision.

The Policy covers Netwealth entities including:

- Netwealth Investments Limited (ABN 85 090 569 109) (AFSL 230975) in the capacity of Operator of the Netwealth Wrap Service and Responsible Entity of the GSS Funds, Netcash and the Netwealth Managed Account Scheme; and
- Netwealth Superannuation Services (ABN 80 636 951 310) (RSE Licensee L0003483) (AFSL 528032) in the capacity of trustee of the Netwealth Superannuation Master Fund (ABN 94 573 747 704).

## 1.2 Roles and responsibilities

Role	Responsibilities
Netwealth entity board(s) ( <b>Board</b> )	<ul style="list-style-type: none"> <li>Oversee and approve the Policy.</li> <li>Review &amp; determine actions on Complaints that cannot be addressed (or have not been contemplated by) this policy</li> </ul>
Netwealth Compliance and Risk Management Committee ( <b>CRMC</b> ) / NSS Audit, Risk and Compliance Committee ( <b>ARCC</b> )	<ul style="list-style-type: none"> <li>Review and recommend the Policy to the Board for approval.</li> <li>Review Complaints and Errors reporting including any systemic issues, themes, risk impacts etc identified with Complaints and report on these to the Board as applicable.</li> </ul>
Netwealth Investments Ltd Executive and Office of the Trustee, NSS ( <b>Management</b> )	<ul style="list-style-type: none"> <li>Review the Policy and ensure it is compliant when making recommendations to the CRMC, ARCC and Boards</li> <li>Support Employees in following Complaints handling processes and regularly review the adequacy of resources for IDR process</li> <li>Approve compensation in accordance with this Policy where the amount falls inside of delegated authorities.</li> <li>Maintain Netwealth's membership with applicable External Dispute Resolution (EDR) schemes.</li> </ul>
Risk and Compliance ( <b>R&amp;C</b> )	<ul style="list-style-type: none"> <li>Assist Management with their duties</li> <li>Review Complaints and Errors reporting for possible breaches and for systemic issues, raising issues for tracking in accordance with the Incident and Breach Policy where appropriate.</li> <li>Manage and report on all EDR Complaints.</li> <li>Provision of training on Complaints</li> </ul>
Complaints Officers	<ul style="list-style-type: none"> <li>Maintain Complaints Handling Guidelines/Procedures which set out the process to be followed, including compliance and continual improvement of Products and services.</li> <li>Maintain an accurate and current register of all Errors, Complaints and compensation and report regularly to R&amp;C, CRMC and ARCC.</li> <li>Provide training and reinforcement of Complaints handling to all within the business entity who may receive Complaints.</li> </ul>
Chief Financial Officer ( <b>CFO</b> )	<ul style="list-style-type: none"> <li>Include compensation payments in financial reporting.</li> <li>Ensure adequate insurances are in place and appropriate reporting to the insurer occurs regarding potential Complaints and Errors.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Ensure that Complaints received are handled in accordance with the Policy and reported to Complaints@netwealth.com.au</li> <li>Treat Complainants with respect and empathy at all times.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>Review compliance with the Policy and applicable laws.</li> </ul>

### 1.3 Definitions

The following table sets out the roles and responsibilities for those involved in implementing, complying with and monitoring the Policy.

Term	Definition
AFCA	Australian Financial Complaints Authority
Compensation	Recompense for loss.
Complainant	Anyone who expresses dissatisfaction with a Netwealth Product or service
Complaint	<p>The definition of Complaint is adopted from the Australian Standard on Complaints Handling AS/NZS 10002-2014, as follows:</p> <p><i>An expression of dissatisfaction made to or about an organisation, related to its Products, services, staff or the handling of a Complaint, where a response or resolution is explicitly or implicitly expected or legally required.</i></p> <p>A Complaint may be verbal, in writing or another format and be made by the Customer or their agent, adviser, beneficiary or claimant. Any objection to a proposed death benefit distribution is a Complaint and will trigger the start of the IDR process.</p> <p>Note: inquiries, communication in which a response is not requested or implied, employment related queries by Netwealth staff, third hand feedback, external survey results, etc, will generally not be considered as a Complaint.</p>
Complaints Officer	<p>The Complaints Officers are:</p> <ul style="list-style-type: none"> <li>• General Manager Service Delivery and Support;</li> <li>• Head of Service Delivery; and</li> <li>• Team Leader Communications.</li> </ul> <p>Complaints may be lodged with <a href="mailto:Complaints@netwealth.com.au">Complaints@netwealth.com.au</a></p>
Complaint Register	The Register in which Complaints are officially recorded.
Customer	<p>Section 912A(1)(g) of the Corporations Act requires that an AFS and RSE licensee must deal with all Complaints from 'retail clients', (as defined in section 761G), which are taken to include:</p> <ul style="list-style-type: none"> <li>• A member of the Netwealth Superannuation Master Fund</li> <li>• An investor in Netwealth Wrap Services</li> <li>• An investor in Netwealth Global Specialist Series Funds;</li> <li>• An Investor or member of any other Product issued by Netwealth; and</li> <li>• Any other person or body corporate (other than a financial adviser and a wholesale client) to whom Netwealth provides a financial service.</li> </ul> <p>Although Self Super clients are not party to this definition, the Board has determined for the purpose of this Policy they will be treated as a Customer.</p>

DDO	The Design and Distribution Obligations are intended to help consumers obtain appropriate financial products by requiring Product Issuers and Product Distributors to have a consumer-centric approach to the design and distribution of products. <sup>1</sup>
EDR	External Dispute Resolution refers to Complaints that have been unable to be resolved in IDR and now require arbitration by AFCA.
Error	A mistake made by Netwealth’s systems, or people.
Final Response	The Final Response is a written response to the Complaint setting out the final outcome offered to the Complainant at IDR, the right to complain to an EDR scheme and the relevant name and contact details of the EDR scheme.
IDR	Netwealth’s Internal Dispute Resolution process includes the Policy and the procedures and guidelines implemented by the business entities.
Products	<p>Products that Netwealth issues, including:</p> <ol style="list-style-type: none"> <li>1. NSS: <ol style="list-style-type: none"> <li>a. Superannuation Products – Core, Plus, Russell</li> <li>b. Group Insurance Policy</li> </ol> </li> <li>2. NIL: <ol style="list-style-type: none"> <li>a. IDPS Products – Core, Plus, Russell</li> <li>b. Managed accounts for which NIL is the Responsible Entity (RE)</li> <li>c. Managed fund for which NIL is the RE – ie Global Specialist Series (GSS) funds</li> <li>d. Netcash</li> </ol> </li> </ol> <p>Third party Products that Netwealth distributes as defined in DDO:</p> <ol style="list-style-type: none"> <li>1. Each underlying managed fund on an investment menu</li> <li>2. Each term deposit</li> <li>3. Managed accounts (for which Ironbark is RE)</li> <li>4. Each exchange traded Product; and</li> <li>5. Each retail insurance policy – i.e. the three LifeWrap Products</li> </ol>

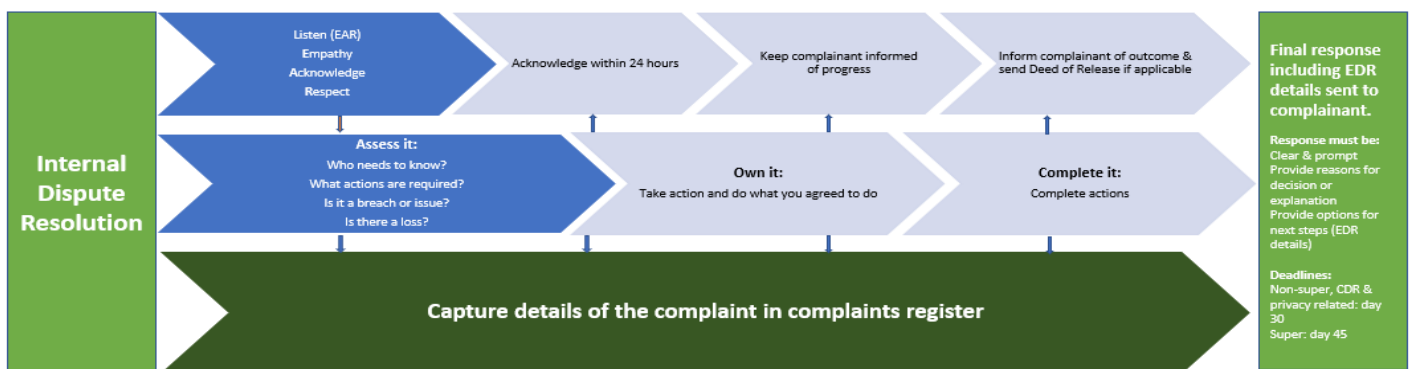
<sup>1</sup> RG 274.5 - Product Design and Distribution Obligations

## 2.0 IDR Complaints Management

### 2.1 IDR management

While striving for a culture of customer service, Netwealth acknowledges that Errors and issues do arise. The Board expects Complaints and/or expressions of dissatisfaction to be handled professionally and promptly in accordance with the following process. A detailed procedure is maintained by the Complaints Management team.

Diagram 1: Internal Complaints management



All Complaints must be reported to the Complaints Officer or [Complaints@netwealth.com.au](mailto:Complaints@netwealth.com.au) within 24 hours of receipt and a Complaint case created within this timeframe. Netwealth require that all Complaints received are recorded regardless of how long it may take to resolve. Complaints must be acknowledged within 24 hours (or as soon as practicable).

Where a Complaint is resolved to the satisfaction of the Complainant by the end of the fifth business day after the Complaint was received, and the Complainant has not requested a response in writing, a Final Response is not required. A Final Response is also not required for Complaints closed within 5 business days if the Complainant has been given an explanation and/or apology when Netwealth can take no further action to reasonably address the Complaint, for instance if the Complaint only relates to Netwealth's commercial decision e.g. refusal to provide insurance cover on certain terms. A Final Response is still required for Complaints or disputes which relate to hardship, a declined insurance claim, the value of the insurance claim, or decision of a superannuation trustee regardless of whether the Complaint can be fully resolved within 5 days.

If a verbal acknowledgement is provided a file note or other transcript should be kept. If the Complaint cannot be resolved within 5 days, the Complaint should be acknowledged in writing and the full Internal Complaints Management process should be adhered to.

Where a Complaint relates to matters which may amount to a suspected breach of applicable law by Netwealth, or a compliance weakness, or it is expected to involve a loss/gain of \$5,000 or more – it must be reported to R&C within 24 hours of identification.

Netwealth is committed to promoting and supporting a culture of customer service. This includes in relation to Complaints. The Board expects that commitments made to a Complaint are met, and that all interactions are recorded in the appropriate register. Where a Complainant requests that their

Complaint is raised with the Board this must be raised through the secretary of the Board (Chief Governance Officer) for NIL and NGL or to the OTT for Complaints relating to the NSMF.

Where a Complaint is received from an Adviser regarding a client account or any issue relating to a retail client the Complaint must be handled in accordance with this Policy. Where the Complaint relates to Adviser specific issues, i.e. remuneration amounts, time frames for payments to them, these Complaints should be recorded however they do not need to follow the process outlined in this Policy.

Where a Complaint relates to the Global Specialist Series or Netcash, this must in addition to all other requirements be reported to the Chief Financial Officer within one week of identification.

Where a Complaint relates to a Product (either a Netwealth Product or third party Product), the Complaint must be handled in accordance with this Policy. Product Complaints that relate to the DDO of a Product will be identified as such by the Complaints Officer.

Day 1 of a Complaint is the day following receipt of the Complaint by Netwealth (it is not the day that it is received by the Complaints team). When the Final Response must be provided is dependent on whether the Complaint is superannuation based, non-superannuation or is a privacy-related Complaint. The timeframe does not recommence when new information is received.

Below is a summary of maximum timeframes for when IDR Response must be provided to the Complainant:

Complaint Type	Maximum timeframes for IDR Response
Standard Complaints	No later than 30 calendar days after receiving the Complaint
Superannuation trustee Complaints, except for Complaints about deathbenefit distributions	No later than 45 calendar days after receiving the Complaint
Complaints about superannuation deathbenefit distributions	No later than 90 calendar days after the expiry of the 28 calendar day period for objecting to a proposed death benefit distribution referred to in s1056(2)(a) of the Corporations Act

#### Standard Complaints (including Non-superannuation related and CDR Complaints)

Resolved within 30 days	Unresolved by day 30
<ul style="list-style-type: none"> <li>- Details of the Complaint resolution including, actions taken and the outcome.</li> <li>- Details of the right to go to EDR if unsatisfied</li> <li>- Contact details for the EDR</li> </ul>	<ul style="list-style-type: none"> <li>- Reason for the delay in resolving (IDR delay notification)</li> <li>- Status of action taken and actions that are outstanding</li> <li>- Details of the right to go to EDR</li> <li>- Contact details for the EDR</li> </ul>

**Superannuation related Complaints:**

Resolved within 45 days	Unresolved by day 45 <i>This applies to Complaints about benefits other than death benefits</i>	Unresolved by day 90
<ul style="list-style-type: none"> <li>- Details of the Complaint resolution including, actions taken and the outcome.</li> <li>- Details of the right to go to EDR if unsatisfied</li> <li>- Contact details for the EDR</li> </ul>	<p>Status of action taken and actions that are outstanding</p> <p>If the decision is not made within 90 days of the Complaint, then the Complainant may, in writing, request written reasons for the failure to make the decision.</p>	<ul style="list-style-type: none"> <li>- The final outcome of the Complaint at IDR</li> <li>- Details of the right to go to the EDR</li> <li>- Contact details for the EDR</li> </ul>

In relation to superannuation death benefit objections, notice will be provided to all potential beneficiaries including non-complaining beneficiaries where a proposed decision has been amended or a new decision is proposed or a decision has been made.

**Privacy-related Complaints:**

Registers are to be maintained and up to date at all times.

Resolved within 30 days	Unresolved by day 30
<ul style="list-style-type: none"> <li>▪ Details of the Complaint resolution including the actions taken and the outcome</li> <li>▪ Details of the right to go to EDR and the Australian Information Commissioner if unsatisfied</li> <li>▪ Contact details of the EDR and the Australian Information Commissioner.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The final outcome of the Complaint at IDR</li> <li>▪ Details of the right to go to EDR and the Australian Information Commissioner</li> <li>▪ Contact details of the EDR and the Australian Information Commissioner.</li> </ul>

Delays in providing IDR responses beyond the maximum timeframes may be allowed if the resolution of Complaint is particularly complex and/or circumstances beyond Netwealth's control are causing Complaint management delay.

## 2.2 Social Media Complaints

Netwealth has a social media presence which incorporates Facebook, LinkedIn, Twitter, App Stores etc. Netwealth will assess comments and information received through these forums to determine whether the message meets the definition of a Complaint. Where it does (subject to the Complainant being identifiable and contactable), it will be transferred to the appropriate Complaints Officer through notification to [Complaints@netwealth.com.au](mailto:Complaints@netwealth.com.au) to be registered and managed in accordance with the Policy and relevant procedures.



## 2.3 Complaints against third parties

Where Netwealth receives a Complaint about a third party, it will register and respond to the Complainant as described in section 2.1. Netwealth will work on behalf of the Customer to try and resolve the Complaint to the Complainant's satisfaction in accordance with Netwealth's processes. In most cases, Netwealth generally recommends that the Complainant address the Complaint directly to the third party, however, understands that in some cases this may not be desirable or practical.

## 2.4 Complaint Handling

Netwealth will handle all Complaints in an objective, fair and equitable manner in accordance with this policy and expects staff to treat all Complainants with empathy, respect and courtesy and ensure that Complainants are not adversely affected because of the Complaints.

In considering the best approach to respond to a Complaint, it is important to work with the Customer to understand the outcome they are seeking and should consider all solutions.

For all Complaints, there are two key actions:

1. Remediation of the Complaint (if possible).
2. Rectification of any weakness that could cause recurrence of the Complaint (if applicable).

## 2.5 Dealing with Complainants and unacceptable behaviour

The Board does not expect any Employee to be subject to disrespectful or abusive behaviour in responding to or managing Complaints. A process is in place to assist staff who may find themselves handling a Complaint where the Complainant displays unacceptable behaviour.

## 2.6 Complaint intelligence and reporting

Complaints and Error reporting is reviewed to identify systemic issues or improvement opportunities.

Complaint reporting is provided in writing to the CRMC and ARCC at least quarterly, by the Complaints Officers. If the Complaints Officer is not attending the CRMC / ARCC, the written report may be provided to the CRMC Secretariat or the ARCC Secretary.

The Chair of the CRMC / ARCC will provide the Board with an update on any Complaints as necessary.

## 3.0 EDR Complaints Management

### 3.1 EDR Complaints Management and Responsibilities

Complaints must first be handled internally by the Complaints Officers and recorded on the Complaints Register.

EDR Complaints are managed by R&C and the process commences with an assessment of the Complaint to ensure it has been handled through IDR first and that the details are correct (AFCA have identified the correct Netwealth Product). Where these are correct a full independent assessment of the Complaint will occur looking objectively at the Complaint and all available information.

Netwealth adopts an approach of being highly responsive to AFCA and to resolving Complaints in a timely manner. Complaint resolution is overseen by a Senior Manager (or higher) in R&C and/or the OTT (as relevant to the Complaint).

Changes to NIL's or NSS's EDR need to be advised to ASIC under our AFS licence conditions within 3 business days, the responsibility of notifying ASIC sits with R&C and OTT.

## 4.0 Compensation

### 4.1 Compensation principles

Where Netwealth agrees a Customer has suffered a financial loss as a result of an Error (including a Netwealth unit pricing Error), or by someone who has acted on Netwealth's behalf (at our instruction), Netwealth will seek to quantify the financial loss and return the Customer to the position they would have been in had the Error not occurred.

Compensation does not require a Complaint. Where Netwealth identifies an Error that has caused a loss, Netwealth will compensate the Customer.

Generally, there is no materiality threshold for Customers who hold an active account to which the Compensation relates (refer to the Unit Pricing, Income Distribution and Valuation Policy for unit pricing thresholds). For exited Customers, Compensation will not apply where the amount of Compensation is less than \$20.

From time to time, a Customer who has suffered a loss greater than \$20 because of an Error will no longer have an open account with Netwealth. Communication in writing requesting an instruction for payment will be issued to the Customer's last known contact details. A total of three letters will be sent to the exited Customer (initial communication and two follow-up letters). Should no response be received after the third letter, superannuation related Compensation will be transferred to the Australian Taxation Office. Non-superannuation related Compensation will be treated as unclaimed money and paid to the State Revenue Office Victoria.

Where Compensation includes consideration of payment of an interest component, the actual interest rate applicable will be used where possible. Where this interest rate is negative, the interest rate used will be 0% to avoid the client being negatively impacted. Where the interest rate cannot be determined, Management will review and consider what is reasonable given the circumstances.

### 4.2 Compensation principles as a result of a gain

Where a Customer has experienced a gain as a result of an Error, Netwealth will generally not seek to retrieve the gain unless there is an associated loss to another Netwealth client or account. For example, a contribution Error which results in a windfall to the Customer will generally not be recouped from the Customer, unless another Customer has suffered loss because of the Error.

Netwealth acknowledges that in some circumstances it may not be in the best interests of all Customers to allow some Customers only to benefit from an Error. As such Netwealth retains absolute discretion to determine whether a gain should be recouped.

Where there has been an overpayment to a Dealer or an Adviser, Netwealth will seek to recoup any amount with a value over \$20. A gain is not permitted to be kept in these instances as it may be perceived as conflicted remuneration.

### 4.3 Communication and Compensation

If Compensation is considered, a Deed of Release may be considered as part of the settlement as directed by Management. The Chief Governance Officer must approve the use of such a Deed.

Where Compensation amount is paid to a Customer (even where there is no Complaint), Netwealth will use its best endeavours to notify the Customer or their agent/adviser of the Error, the amount of Compensation offered and any other information the Customer or their agent/adviser may need to know. This communication may be written or verbal.

### 4.4 Compensation by a third party (excluding Fund Managers)

From time to time, Netwealth may be asked to facilitate a Compensation payment on behalf of a third party. Netwealth reserves the right to:

1. Refuse to receive any Compensation payable where the Customer does not have an open account with Netwealth;
2. Request an amount of Compensation from the third party to cover the administration expenses involved in making the allocation. This will be applicable where the benefit to be gained by compensating members is not in the best interests of all members.
3. If it is not possible to refuse the Compensation, and the third party will not pay the expenses involved in making the allocation, Netwealth may analyse the cost to allocate the funds and make a recommendation to the Board to handle in some other way. Each of these requests will be considered individually based on the factors relevant to each case.

### 4.5 Compensation by Fund Managers

From time to time, Netwealth may be asked to facilitate a Compensation payment on behalf of a Fund Manager because of a unit pricing Error. Remediation by Fund Managers may occur in the form of upward or downward unit adjustments or cash Compensation payments and may be netted.

As Netwealth uses pooled arrangements, challenges can arise in seeking to apportion the Compensation amounts between Netwealth platform clients in strict accordance with the information provided by the Fund Manager. Netwealth's position in apportioning Compensation amounts notified by Fund Managers is as follows:

- Analyse information provided by the Fund Manager to understand the basis of the Compensation and the impacted clients.
- Wherever possible, process the impacted transactions to reflect the correct information.
- Where excess units are allocated and it is not feasible to reprocess transactions, the excess units will be redeemed, and proceeds allocated to the client accounts.
- Where a 'net' Compensation amount has been provided and it is not feasible to reprocess transactions, the Compensation amount will be apportioned across clients adversely impacted during the period.

Where it is not possible / feasible to allocate to a client account, the amount unable to be allocated will be paid to the Netwealth Impact Fund (for Wrap accounts) or the Superannuation Reserve for the benefit of all members (for Superannuation accounts).