

# Audit Committee Charter

## Netwealth Group Limited

Approved and adopted by:

- Netwealth Group Limited (ABN 84 620 145 404) on 27 March 2024
- Netwealth Investments Limited (ABN 85 090 569 109) (AFSL 230975) on 27 March 2024
- Netwealth Holdings Limited (ABN 57 133 790 146) on 27 March 2024
- Netwealth Group Services Pty Ltd (ABN 89 135 940 840) on 27 March 2024

Netwealth Group Limited  
ABN 85 090 569 109  
Level 6/180 Flinders Street  
Melbourne VIC 3000  
PO Box 336  
South Melbourne VIC 3205

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## Document version control

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Legislative framework and regulatory compliance requirements	<ul style="list-style-type: none"><li>• Corporations Act 2001 and Corporations Regulations 2001</li><li>• ASIC Class Order [CO 13/763]</li><li>• Superannuation Industry (Supervision) Act 1993</li><li>• Superannuation Industry (Supervision) Regulations 1994</li><li>• APRA Prudential Standard SPS 220 (Risk Management)</li><li>• APRA Prudential Standard SPS 510 (Governance)</li><li>• ASX Listing Rules &amp; Corporate Governance Principles &amp; Recommendations</li></ul>
Regulators	ASIC, ASX & APRA

## 1.0 Introduction and standing of the Committee

This Audit Committee Charter (**Charter**) sets out the functions, structure and responsibilities of the Netwealth Group Limited (**NWL**) Audit Committee (**Committee**). The Committee is established by the Board of NWL (**Board**) and operates as the audit committee of NWL. The Committee is also appointed by the board of each subsidiary of NWL, except for Netwealth Superannuation Services Pty Ltd (each a **Subsidiary**, and together the Subsidiaries) and operates as the audit committee of each of those Subsidiaries. NWL and those Subsidiaries are referred to in this Charter collectively as **Netwealth**.

This Charter may be amended, and the responsibilities of the Committee may be changed, from time to time by the Board and the boards of the Subsidiaries.

## 2.0 Roles & Responsibilities

### 2.1 Overview

The Committee's key responsibilities and functions are described in the following sections:

- (a) Financial Reporting & Internal Control;
- (b) External Audit;
- (c) Internal Audit; and
- (d) Other responsibilities.

### 2.2 Financial Reporting and Internal Control

The Committee's primary roles in relation to financial reporting and internal control are to review and make recommendations to the Board in relation to:

- the external reporting of financial and non-financial information to ensure it is in accordance with Corporations Act 2001 and consistent with the half year reviewed and full year audited financial reports;
- the appropriate application of accounting policies to comply with Australian Accounting Standards; and
- ASX, ASIC and APRA statutory reporting requirements and general financial disclosures.

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 Netwealth's corporate and financial reporting and disclosure processes, and make recommendations to the Board in relation to the adequacy of those processes;
- (b) review the processes that are used to confirm that Netwealth's financial statements are accurate, adhere to accounting standards and policies, and that they reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of Netwealth, as a basis for recommendation to and adoption by the Board;
- (c) receive and review reports of the external audit of Netwealth's 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 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 Board in relation to the accounting policies, procedures and principles, considering their appropriateness and any changes to them, as well as the methods of applying them, ensuring 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) oversee Netwealth's financial controls and systems, which includes:
    - (i) monitoring 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 Chief Risk Officer and where applicable, the Compliance and Risk Management Committee (CRMC);
    - (ii) monitoring the procedures for the receipt, retention and treatment of complaints received by Netwealth regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;
    - (iii) check that procedures are in place which are designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management.
  - (h) oversee the resolution of any significant internal control deficiencies reported by the internal auditor or the external auditor;
  - (i) oversee Netwealth's process for establishing and monitoring tax policy and the tax appetite of Netwealth, including meeting (as appropriate) with the tax adviser; and
  - (j) confirming the audit of NWL and its subsidiaries are completed in accordance with Corporations Act 2001, ASIC, APRA, SIS Prudential Standards and any other laws, as required.

## 2.3 External Audit

Responsible for the appointment, removal, monitoring, remuneration, independence and performance of the external auditor, which includes:

- (a) overseeing the external audit function, including monitoring the independence of the external auditors and management's relationship with the external auditors;

- (b) reviewing the procedures for selection, appointment and removal of the external auditors and for the rotation of external audit engagement partners and their appointment, compensation, the terms of engagement and other contractual terms of the external auditors;
- (c) developing and overseeing the implementation of Netwealth's policy on the engagement of the external auditor to supply non-audit services and promote compliance with that policy;
- (d) providing advice to the 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;
- (e) making recommendations to the Board in relation to the scope and adequacy of the external audit including the effectiveness of the annual audit including audit plan, reviewing the financial statement audit services engagement letter to confirm emphasis is placed on areas where the Committee or the external auditors believe special attention was necessary;
- (f) providing a direct link between the external auditors and the Board; and
- (g) overseeing Netwealth's external audit policy as set out in Attachment 2.

## 2.4 Internal Audit

Responsible for the appointment, monitoring, remuneration, independence and performance of the internal auditor, which includes:

- (a) overseeing the internal audit function, including monitoring the independence of the internal auditors and the relationship between the internal auditors and management
- (b) reviewing the objectives for internal audit and determining whether the internal audit function is to be provided by an internal or external party provider(s);
- (c) reviewing and making recommendations to the Board in relation to the scope and adequacy of the annual internal audit plan (having regard to the Audit Universe), with emphasis placed on areas where the Committee or the internal auditors believe special attention is necessary or are required in order to meet regulatory requirements;
- (d) reviewing effectiveness of the internal audits and monitoring the progress of the annual internal audit plan;
- (e) overseeing the coordination of the internal audits;
- (f) evaluating and critiquing management's responsiveness to the internal auditor's finding and recommendations;
- (g) reviewing the procedures for selection and appointment of the internal auditors
- (h) reviewing the results of the internal audit reviews and adoption of recommendations by management;
- (i) monitoring the performance and objectivity of the internal audit function; and
- (j) providing a direct link between the internal auditors and the Board.

## 2.5 Other Responsibilities

The Committee also has responsibility for:

- (a) at least annually, reviewing the results of the internal audit of Netwealth's risk management framework to check that the framework is appropriately applied, it

- continues to be sound and effective for the identification and management of potential risks, and appropriate compliance monitoring is occurring;
- (b) confirming a regular program of audits is undertaken to test the adequacy of, and compliance with, prescribed risk policies;
  - (c) advising 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; and
  - (d) at least annually, approving the Audit Universe and at each Committee meeting, assess whether any updates are required to the Audit Universe.
  - (e) perform any other responsibilities as may be delegated to it by the Board from time to time.

### 3.0 Membership of the Committee

The Committee must consist of:

- only Non-Executive Directors;
- all Independent Directors;
- an Independent Chair, who is not Chair of the NWL Board; and
- a minimum of 3 members .

The Board may appoint additional 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 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 should have accounting, financial and risk expertise between them, 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 (**Committee Secretary**).

### 4.0 Reporting any matters where relevant to the CRMC

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

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

## 5.0 Information and resources

Netwealth must provide the Committee with whatever information and resources the Committee reasonably requires for the purpose of carrying out its functions under this Charter. This includes providing access to employees, management, advisers of Netwealth, regulatory authorities and auditors (external and internal) without management present, and rights 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 will, if necessary, instigate special investigations and, if appropriate, hire appropriate personnel to assist in providing any information it sees relevant to the execution of its activities.

## 6.0 Review

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

## 7.0 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

### 1.1. Chair

The Board must appoint a Chair of the Committee 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 NWL who is not the Chair of the Board. The Chair may determine how a meeting of the Committee will be regulated, subject to the Corporations Act<sup>1</sup>. The Chair's decision on any matter relating to the conduct of a meeting is final.

### 1.2. Frequency of 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 meet at least quarterly.

### 1.3. Convening and notice of meeting

Any Committee member may, and the Committee Secretary must upon request from any member, convene a meeting of the Committee. Notice of each meeting will be given to every member 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 Committee Secretary will distribute in advance of the meeting the agenda and related papers to each of the Committee members or any other persons determined by the Committee. 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.

### 1.4. Quorum

The quorum 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 Act<sup>2</sup>.

### 1.5. 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.

### 1.6. Voting at meetings

The Committee should pursue collective decision making and seek consensus where possible. The 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 Chair does not have a casting vote in addition to their vote as a Committee member, and the resolution is not passed.

### 1.7. Circulating Resolutions – Two or More members

The Committee may pass a resolution without a Committee meeting being held if a majority of the members that are entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document (referred to as a circulating resolution).

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<sup>1</sup> Section 601JH

<sup>2</sup> Section 601JB (2)

Separate documents may be used for signing by members if the wording of the resolution and statement is identical in each copy. The resolution is passed when the last member signs.

#### **1.8. Independent advice**

The Committee may, after informing the Chair, seek the advice of Netwealth's 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.

#### **1.9. Minutes and records**

Minutes of meetings of the Committee must be kept by the Committee Secretary and, after approval by the Committee Chair, be presented at the next Committee meeting. These minutes are retained in Diligent Boards and are available to any Committee member or Director of Netwealth on request. If applicable, the Committee must keep records of reports and recommendations in accordance with the Corporations Act. All minutes are then stored by the Company Secretary.

#### **1.10. Reporting**

A report of the minutes of the Committee meeting will be included in the Board papers for the relevant Netwealth board meeting once approved by the Committee.

The Committee Chair will also provide a brief oral report to relevant Netwealth board as to any material matters arising out of the Committee meeting. The reporting must be done in a manner agreed from time to time between the Committee and 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 relevant board needs to consider and possibly act on information provided.

#### **1.11. Reporting to the auditors**

Netwealth's external auditor must be provided with access to the minutes of the Committee meetings and reports to the relevant Netwealth board.

#### **1.12. Disclosure of interests and conflicts**

Members of the Committee 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.



## 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.

#### Independence

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with Netwealth or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of Netwealth. 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 Directors approve 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 Committee Secretary, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee the implementation of Netwealth's policy on the engagement of the external auditor to supply non-audit services and to confirm 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 Board may, following a recommendation from the Committee, extend the eligibility term of the audit engagement partner in accordance with the Corporations Act.