

# Group Remuneration Policy

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## Netwealth Group Limited

Approved and adopted by:

- Netwealth Group Limited (ABN 84 620 145 404) on 20 December 2023
- Netwealth Holdings Limited (ACN 133 790 146) on 20 December 2023
- Netwealth Investments Limited (ABN 85 090 569 109) (AFSL 230975) on 20 December 2023
- Netwealth Superannuation Services Pty Ltd (ABN 80 636 951 310) (AFSL 528032) (RSE L0003483) on 21 December 2023
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## 1.0 Introduction

### 1.1 Application of the Remuneration Policy (the Policy)

The Policy applies to all employees of Netwealth Group Limited (NWL) and all of its subsidiary companies, referred to collectively here as 'Netwealth', specifically including:

- employees who are defined as a Responsible Person (excluding auditors and actuaries) within APRA Prudential Standard SPS 520 Fit and Proper (SPS 520);
- employees whose role is defined as risk and financial control personnel within APRA Prudential Standard CPS 511 Remuneration (CPS 511);
- employees who hold a Specified Role as defined in CPS 511;
- any employee whose fixed remuneration exceeds \$300,000 per annum (Applicable Employees); and
- any other employees that the board of the relevant Netwealth company determines should be covered by the Policy.

The Policy also applies to non-executive directors of NWL and all subsidiaries of NWL (Non-Executive Directors).<sup>1</sup>

The Policy forms part of Netwealth's Risk Management Framework.

### 1.1 Definitions

Term	Definition
Applicable Employees	As at the date of this Policy, the board has determined that in addition to employees otherwise covered by CPS 511, this policy applies to any employee whose fixed remuneration exceeds \$300,000 per annum.
Highly paid material risk taker	A material risk taker whose total fixed remuneration (which includes salary, superannuation, allowances and benefits) plus variable remuneration is nearing or exceeding a value more than 1 million AUD in a financial year.
Material risk taker	A person whose activities have a material potential impact on Netwealth Superannuation Services Pty Ltd's (NSS) risk profile, performance, long term soundness and on it performing its duties and exercising its powers in the best financial interests of NSMF beneficiaries.
Responsible Person	<ul style="list-style-type: none"><li>• A director, secretary or a senior manager of NSS;</li><li>• An RSE auditor who is appointed to conduct any audit of an RSE for which NSS is trustee, or of any connected entity (as defined in the Superannuation Industry (Supervision) Act 1993) of the NSS;</li><li>• An RSE actuary who is appointed to perform an actuarial function under RSE licensee law; and</li><li>• A person who performs activities for a connected entity of NSS where those activities could materially affect the whole, or a substantial part, of the NSS' business operations, or its financial standing, either directly or indirectly.</li></ul> <p>The person does not need to be an employee of NSS to be a responsible person (ie can be a consultant, contractor or employee of another entity).</p>
Risk and financial control personnel	Persons whose primary role is in risk management, compliance, internal audit, financial control or actuarial control.

<sup>1</sup> ASX Corporate Governance Principles and Recommendations – Principle 8.2.

Term	Definition
Risk gate opener	The risk gate opener describes a series of risk control activities Netwealth Employees and Management must adhere to in order to be considered for annual remuneration review.
Senior Manager	<p>A person other than a director of NSS who:</p> <ul style="list-style-type: none"> <li>• Makes or participates in making decisions that affect the whole, or a substantial part of NSS' business operations;</li> <li>• Has the capacity to affect significantly NSS' business operations or its financial standing;</li> <li>• May materially affect the whole, or a substantial part, of NSS' business operations or its financial standing through their responsibility for: <ul style="list-style-type: none"> <li>○ enforcing policies and implementing strategies approved by the Board;</li> <li>○ the development and implementation of systems used to identify, assess, manage or monitor risks in relation to NSS's business operations; or</li> <li>○ monitoring the appropriateness, adequacy and effectiveness of risk management frameworks; or</li> </ul> </li> <li>• Is otherwise an executive officer of NSS.</li> </ul>
Specified Roles	A person who is a senior manager, executive director, material risk taker (including highly paid material risk taker) and risk and financial control personnel.

## 1.2 Purpose of the Policy

The purpose of the Policy is to outline Netwealth's remuneration objectives and framework, the structure and terms of the remuneration arrangements (at a high level), including performance-based remuneration (**variable remuneration**), and the systems and processes that support the implementation of the remuneration arrangements, including those that cover the assessment and management of performance, conduct and consequences<sup>2</sup>. Remuneration arrangements include measures of performance, the mix of forms of remuneration (such as fixed and variable components, and cash and equity-related benefits) and the timing of eligibility to receive payments that a person receives by virtue of the role that they undertake for Netwealth, regardless of where, or from whom, the remuneration is sourced.

To maintain effectiveness, relevance and compliance with regulations and laws, this Policy and the associated remuneration framework will undergo a review when a material change to the size, business mix and complexity of operations is identified for any Netwealth entities covered by this Policy.

Netwealth's remuneration framework aims to:

1. Align with Netwealth's business plan, strategic objectives and risk management framework;
2. Promote effective management of both financial and non-financial risks, sustainable performance and long term soundness;
3. For NSS, promote performing duties and exercising powers in the best financial interests of Netwealth Superannuation Master Fund (NSMF) members and beneficiaries; and

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<sup>2</sup> CPS 511 paragraph 20

4. Support the prevention and mitigation of conduct risk.

Role	Responsibility
Relevant Netwealth entity board(s) (Board)	<ul style="list-style-type: none"> <li>• Approve or adopt the Policy</li> <li>• Approve certain matters in relation to remuneration as set out in the Policy</li> </ul>
Remuneration Committee	<ul style="list-style-type: none"> <li>• As set in the Remuneration Committee Charter</li> <li>• Oversight of the design, operation and monitoring of the remuneration framework</li> <li>• Conduct regular reviews of the Policy</li> <li>• Make recommendations to the Board as required by the Remuneration Committee Charter</li> <li>• Consult the Chief Risk Officer (CRO), Compliance and Risk Management Committee (CRMC) and NSS Audit, Risk and Compliance Committee (ARCC) prior to remuneration review for individuals in Specified Roles to obtain information that allows the Remuneration Committee to assess the remuneration outcomes and make a recommendation to the Board of NWL and NSS.</li> <li>• Provide clear guidance to senior management on its expectations in determining the appropriate level and timing of risk adjustment to variable remuneration outcomes for individuals in Specified Roles.</li> </ul>
Chief Executive Officer and Managing Director of NWL (CEO)	<ul style="list-style-type: none"> <li>• Make decisions concerning remuneration</li> <li>• Consult with the Remuneration Committee in accordance with the Policy</li> <li>• Act in accordance with the Policy</li> <li>• Considered a CEO and highly paid risk taker (Specified Role) with regard to CPS 511</li> </ul>
Executive Director	<ul style="list-style-type: none"> <li>• Considered an executive director (Specified Role) with regard to CPS 511</li> </ul>
<ul style="list-style-type: none"> <li>• NSS Chief Operating Officer</li> <li>• NSS General Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Considered a material risk taker (Specified Role) with regard to CPS 511</li> </ul>
Chief Risk Officer	<ul style="list-style-type: none"> <li>• Considered a senior manager with regard to Prudential Standard SPS 520;</li> <li>• Considered a material risk taker and risk and financial control personnel (both Specified Roles) with regard to CPS 511; and</li> <li>• Provide information to the Remuneration Committee and Boards to enable performance assessment on risk culture and outcomes.</li> </ul>
Chief Financial Officer	<ul style="list-style-type: none"> <li>• Considered a senior manager with regard to Prudential Standard SPS 520; and</li> <li>• Considered a highly paid material risk taker and risk and financial control personnel (both Specified Roles) with regard to CPS 511</li> </ul>

Role	Responsibility
<ul style="list-style-type: none"> <li>• Group Financial Controller</li> <li>• Superannuation Finance Manager and all reports</li> <li>• Head of Risk and Compliance and all reports</li> <li>• Head of Risk, IT and Data and all reports</li> </ul>	<ul style="list-style-type: none"> <li>• Considered risk and financial control personnel with regard to CPS 511 (Specified Role); and</li> <li>• Primary roles in risk management, compliance, internal audit, financial control or actuarial control.</li> </ul>

## 2.0 Remuneration Objectives

### 2.1 Employee remuneration objectives

Netwealth has the following objectives in relation to employee remuneration:

- remuneration frameworks and levels are always to comply with all applicable legal requirements.
- remuneration is to be designed to promote the achievement of Netwealth's strategic objectives over the short, medium and long term.
- while the structure of remuneration arrangements is designed in part to promote and reward performance, it must also support the prevention and mitigation of conduct risk and promote conduct which is consistent with the Board's risk appetite, the effective management of both financial and non-financial risks and the protection of the interests of Netwealth's stakeholders.
- the structure of remuneration is to be consistent with and promote adherence to Netwealth's ethics, values, policies and procedures.
- employees are to be fairly remunerated for the work undertaken having regard to the remuneration of employees in comparable positions in comparable organisations in comparable geographic locations.
- there should not be any gender or other inappropriate bias in remuneration.
- remuneration levels should attract and retain high quality employees.
- Netwealth's long term financial soundness is of critical importance and the prospective financial position and performance of Netwealth is to be taken into account in setting levels of remuneration; and
- the risk gate opener set by the Board must be passed for all remuneration increases and bonus payments.

### 2.2 Non-Executive Director remuneration objectives

Netwealth has the following objectives in relation to Non-Executive Director remuneration:

- remuneration must be sufficient to attract and retain high quality Non-Executive Directors.
- remuneration for Non-Executive Directors must not create a conflict with their obligation to bring an independent judgement to matters before the Board.
- remuneration for each Non-Executive Director should be appropriate based on their role and responsibilities, including the time commitment involved; and

- there must be no gender or other inappropriate bias in remuneration.

## 3.0 Structure of remuneration arrangements

### 3.1 Employee remuneration arrangements

- All remuneration including all components of variable remuneration is determined by the CEO, except in the following cases:
  - For an Applicable Employee, the Remuneration Committee must approve the employee's initial remuneration and all subsequent changes to that remuneration, in accordance with the Board Delegation Policy; and
  - For employees with Specified Roles, the Remuneration Committee must recommend for endorsement to the NSS Board, for approval of the remuneration arrangements and variable remuneration outcomes for senior managers and Executive Directors on an individual basis and for highly paid and other material risk takers and risk and financial control personnel on a cohort basis.
- The CEO determines remuneration having regard to Netwealth's remuneration objectives. In making determinations under the Policy, the CEO is acting as a director of the employer of the relevant employees and the Remuneration Committee is acting as a committee of the Board of the relevant employer or entity.
- The CEO consults the Remuneration Committee in relation to remuneration arrangements for Applicable Employees and employees with Specified Roles, where the Remuneration Committee considers it appropriate, advice may be sought from external recruiting and remuneration consultants.
- Remuneration reviews are based on an assessment of individual conduct and performance and a consideration of market remuneration levels. In cases where the individual's conduct has not been consistent with Netwealth's values, the consequences of that conduct are also considered. A downward adjustment of the individual's variable remuneration may occur and will be proportionate to the severity of the risk and conduct outcomes.
- An employee's remuneration review generally occurs once a year, after the employee's performance has been assessed as part of the annual performance review process.
- Reviews at other times may also be undertaken where the CEO or the Remuneration Committee (as applicable) considers this appropriate.
- Appropriate steps must be taken to assess and mitigate conflicts of interest in the design of remuneration arrangements for employees. For details of the steps taken in relation to the assessment of conflicts of interest that arise from remuneration paid under service contracts, refer to the NSS Outsourcing Policy.
- In the case of risk and financial control employees, the structure of their remuneration, including variable components if any, must not compromise the independence and authority of these employees in carrying out their functions, must reflect the purpose of their functions and not be unduly influenced by the business areas they are responsible for overseeing and challenging or performance of the business activities they control.

### 3.2 Non-Executive Director remuneration arrangements

- Non-Executive Director remuneration is determined by reference to:
  - industry-specific factors such as the remuneration of directors of comparable companies in the financial services industry.

- company-specific factors such as the size and profitability of Netwealth (or the relevant Netwealth subsidiary in the case of directors who are not directors of all the Netwealth companies), the complexity of the relevant company’s operations, the time required to be committed to board duties and shareholder votes on remuneration reports (where applicable); and
  - director-specific factors such as the qualifications and experience required to be a Non-Executive Director.
- Non-Executive Directors are remunerated by way of monthly fees in cash and superannuation contributions.
  - Non-Executive Directors may receive additional fees for participation on board committees.
  - Non-Executive Directors do not participate in schemes designed for the remuneration of executives.
  - Non-Executive Directors do not receive bonuses although they may receive additional remuneration if they undertake additional duties on behalf of Netwealth.
  - An individual Non-Executive Director may not be involved in determining their own remuneration but may, in their capacity as a member of the Remuneration Committee, be involved in setting as a ‘benchmark’ the appropriate level of remuneration for Non-Executive Directors generally.

### 3.3 Expectation that Non-Executive Directors NWL will hold shares in NWL

- Non-Executive Directors of NWL are expected to acquire shares in NWL with a total value equal to at least approximately one year’s remuneration.
- The shares must be acquired from the Non-Executive Director’s own resources although this may be done by way of a ‘salary sacrifice’ arrangement agreed by the Board of NWL and the Non-Executive Director.
- It is expected that the Non-Executive Director will acquire the shares within 3 years of their appointment.

## 4.0 Variable remuneration

### 4.1 Design and types of variable remuneration

Netwealth’s fixed and variable remuneration structure is designed to promote and reward performance, while still promoting conduct which is consistent with Netwealth’s values, the Board’s risk appetite, the protection of the interests of stakeholders and in the case of NSS, the promotion of the best financial interests of NSMF beneficiaries. This is achieved:

- by having regard to the results of performance reviews when setting levels of remuneration.
- by consulting the CRO, CRMC or ARCC on risk measures and outcomes.
- where the Remuneration Committee considers it appropriate, by obtaining and having regard to advice from external remuneration consultants.
- in the case of the CEO, other members of the Executive Committee and certain key employees approved on a case by case basis by the Remuneration Committee, by having a short-term incentive (STI) and long-term incentive (LTI)<sup>3</sup> framework.
- in the case of marketing and sales employees, by paying bonuses for achieving or exceeding pre-agreed levels of sales performance.

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<sup>3</sup> The Board has adopted the Netwealth Equity Incentive Plan (NEIP) which allows the Board to make offers of LTIs in the form of incentive securities to employees.

- in the case of key employees whom the Board considers make or will make a material contribution to the success of Netwealth, by making offers of incentive securities under the Netwealth Incentive Equity Plan (NEIP)<sup>3</sup>; and
- in the case of all employees, by paying bonuses to the employees as a reward for performance. This may be done using a pre-determined bonus pool and annual employee performance ratings.

Variable remuneration may be in the form of equity or be equity-linked. Persons who receive equity or equity-linked deferred remuneration are prohibited from hedging their economic exposures to the resultant equity price risk before the equity-linked remuneration is fully vested and able to be sold for cash. Where a person is found to have breached this requirement, the Board will take whatever steps it considers practicable to forfeit the variable remuneration, either in whole or in part.

Remuneration packages for the CEO and other Executive Committee members have an appropriate balance of fixed remuneration and variable remuneration.

The variable components of remuneration are designed to promote performance while remaining aligned with prudent risk taking. The variable components incorporate adjustments to reflect:

- the outcomes of Netwealth's business operations;
- the risks related to Netwealth's business operations; and
- the time necessary for the outcomes of those business operations to be reliably measured.

The Board may adjust variable components of remuneration downwards, to zero if appropriate, in relation to relevant persons or classes of persons, if such adjustments are necessary:

- to protect the financial position of Netwealth or for the purposes of any other relevant prudential matter;
- where the employee has not passed the risk gate opener; and
- to respond to significant unexpected or unintended consequences that were not foreseen when approving the performance-remuneration.

Refer to section 4.8 of this Policy for the circumstances in which the Board may adjust variable components of remuneration.

All variable remuneration arrangements will be subject to in-period adjustments and malus. NSS may not, other than in respect of a liability for legal costs, indemnify or insure (whether directly or through arrangements with another person) a relevant person against the consequences of breaching an obligation under CPS 511 or an in-period adjustment, malus or clawback being applied under CPS 511.<sup>4</sup>

## 4.2 Annual remuneration performance assessment

An individual's performance and conduct in accordance with the remuneration objectives will be assessed at least annually as part of the remuneration process. Information from the relevant supporting systems, committees ie ARCC, CRMC and business functions is made available to the Remuneration Committee as part of the annual assessment.

Netwealth policies and frameworks support the remuneration objectives, arrangements and assessments, including:

- Risk Management framework;

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<sup>4</sup> CPS 511 paragraphs 61 and 62



- Incident and Breach Handling Policy;
- The Way We Work Together Code of Conduct; and
- Group Conflict Management Policy.

Performance requirements for the receipt of variable remuneration are clearly specified and communicated to employees. The Board retains a discretion which is designed to prevent variable remuneration rewarding conduct that is contrary to Netwealth’s values or risk appetite.

For individuals with the Specified Roles of senior manager and/or executive director(s), they will have their remuneration arrangements and variable remuneration outcomes assessed individually by the Remuneration Committee who will make a recommendation to the relevant boards<sup>5</sup> regarding their remuneration.

From 1 July 2024, individuals with Specified Roles other than that of senior manager or executive director (i.e., highly paid material risk takers, other material risk takers and risk and financial control personnel) will have their remuneration arrangements and variable remuneration outcomes assessed on a cohort basis by the Remuneration Committee who will make a recommendation to the NWL and NSS Board regarding their remuneration.

## 4.3 Executive STI and LTI framework

### 4.3.1 Financial Year 2024

The following existing Executive STI and LTI framework remains in place until 30 June 2024 and applies to the CEO and other members of the Executive Committee. The table below summarises the framework.

STI	LTI
<p><b>Maximum target amount</b></p> <p>CEO – 75% of base remuneration</p> <p>Executive Committee – 35% of base remuneration</p> <p>* Where the Head of Distribution is a member of the Executive Committee and entitled to participate in sales bonuses, the Head of Distribution receives a sale-based bonus and is not entitled to an STI under this framework.</p>	<p><b>Maximum target amount</b></p> <p>CEO – 75% of base remuneration<sup>6</sup></p> <p>Executive Committee – 35% of base remuneration</p>
<p><b>Form and time of payment</b></p> <p>Cash bonus – half paid following announcement of annual results for the financial year (FY) in which earned (FY1), and the other half paid in following FY (FY2) after announcement of results. The only conditions for payment of the second half in FY2 are:</p> <ul style="list-style-type: none"> <li>• continued employment</li> <li>• achievement of rating of ‘Aligned’ or above for each values measure in FY2</li> </ul>	<p><b>Form of payment</b></p> <p>Performance rights, i.e. zero exercise price options (e.g. a right to a share with a market price at the time of grant of \$12 is valued at \$12 for the purpose of valuing the LTI benefit). This may be changed to shares if an employee share trust is established.</p>
	<p><b>Vesting period</b></p> <p>The vesting conditions are tested over 3 financial years (FY1, FY2 and FY3). Rights are converted to ordinary shares upon vesting after the end of FY3.</p>

<sup>5</sup> CPS 511.50 recommendations for annual remuneration arrangements and variable remuneration outcomes for persons in ‘specified roles’ are to be made individually for senior managers and executive directors and on a cohort basis for highly paid and other material risk takers as well as risk and financial control personnel.

STI		LTI	
Performance metrics	Weight	Performance metrics	Weight
<p><i>NPAT metric</i></p> <p>NWL actual net profit after tax (NPAT) in FY1 relative to budget NPAT in FY1.</p> <p>Between 95% and 105% of budget, a proportionate amount is paid. NPAT is determined net of the bonus expense.</p> <p>*As short-term profitability could be seen as being in conflict with robust compliance and mitigation of risk, a different metric applies to the Chief Risk Officer. Refer section 4.4.</p>	65%	<p><i>EPS metric</i></p> <p>Achievement by NWL of 15% CAGR in earnings per share (<b>EPS</b>) over the vesting period. If performance between 12.5% CAGR in EPS and 15% CAGR in EPS is achieved, a proportional amount of rights vest; i.e. if 13.75% CAGR in EPS is achieved, half of the maximum number of rights vest.</p>	35%
		<p><i>TSR metric</i></p> <p>Achievement by NWL of a total shareholder return (<b>TSR</b>) ranking at or above the 75<sup>th</sup> percentile of companies in the ASX Diversified Financials Index over the vesting period. If the ranking is between the 50<sup>th</sup> percentile and the 75<sup>th</sup> percentile, a proportionate amount of rights vest; i.e. if the ranking is between the 62<sup>nd</sup> and 63<sup>rd</sup> percentiles, half the maximum number of rights vest. The TSR over the vesting period must be greater than zero for any rights to vest under this metric.</p>	35%
<p><i>Contribution to effective execution of business plan metric</i></p> <p>Individual contribution to effective execution of board-approved business plan in FY1.</p>	25%	<p><i>Contribution to effective execution of business plan metric</i></p> <p>Individual contribution to effective execution of board-approved business plans over FY1, FY2 and FY3.</p>	30%
<p><i>Individual values rating metric</i></p> <p>Individual values rating in FY1.</p>	10%		
<p><b>Gateways</b></p> <p>Personal – must achieve rating of ‘Aligned’ or above for each values measure in FY1</p> <p>Corporate – NWL must achieve at least 95% of budget NPAT in FY1 for any STI to be payable.</p>		<p><b>Gateway for vesting</b></p> <p>Personal – must achieve rating of ‘Aligned’ or above (or equivalent measure) for each values measure in FY1, FY2 and FY3.</p>	

#### 4.3.2 Financial Year 2025

Any new variable remuneration frameworks for Applicable Employees from 1 January 2024 will align to the requirements of CPS 511 Remuneration, incorporating:

- financial and non-financial risk measures;
- measures that support the prevention and mitigation of conduct risk;

- both upward and downward variable remuneration adjustments based on an individual's performance outcomes against a set of specified criteria;
- measures that promote NSS performing its duties and exercising its powers in the best financial interests of NSMF beneficiaries; and
- the required deferral periods and percentage of variable remuneration to be deferred for individuals holding Specified Roles.

#### 4.4 Legal, Risk and Compliance

NWL's long term enterprise value and profitability are dependent on at all times maintaining robust compliance and risk mitigation. The role and responsibility of the Chief Risk Officer is to promote robust compliance and risk mitigation. Long experience has shown that compliance and risk failures have a greater detrimental effect on profitability than their prevention and avoidance. Therefore, in the long term, there is no inconsistency between robust compliance and risk mitigation and promoting profitability. However, in the short term, the cost of effective compliance and risk mitigation can reduce profitability and providing an incentive based on current year profitability could be seen as inconsistent with the role of the Chief Risk Officer. Therefore, in lieu of 65% of the STI being based on actual NPAT relative to budget NPAT, the 65% metric for the Chief Risk Officer is based on the Board's assessment of the contribution of the Chief Risk Officer to the effective management of Netwealth's legal, compliance and risk functions in the relevant year.

#### 4.5 General LTI framework

The general LTI framework remains in place until 30 June 2024 and applies to all employees, including executives. No awards are envisaged to be made under the General LTI framework in Financial Year 2024. A review will be under of the General LTI framework prior to Financial Year 2025.

The table below summarises the framework.

<b>LTI</b>	
<b>Maximum amount</b> Variable based on the value of each employee's potential contribution to the success of Netwealth.	
<b>Form of payment</b> Options with an exercise price equal to the value of Netwealth shares at or about the time of grant.	
<b>Vesting period</b> The vesting conditions are tested over 3 financial years (FY1, FY2 and FY3).	
<b>Performance metrics</b>	<b>Weight</b>
<b>Gateway for vesting</b> Personal – must remain employed by Netwealth and achieve rating of 'Aligned' or above for each values measure in FY1, FY2 and FY3.	
<b>TSR Vesting Condition for Executives</b> For members of the Executive, 50% of Options are subject to a relative TSR condition measured over the Vesting Period. The percentage of Options that vest, if any, is based on ranking over the Vesting Period against a comparator group of companies comprising the S&P/ASX 300 Diversified Financials Index as at 1 July FY1 over the same period. The TSR over the Vesting Period must be more than zero.	50%

<p><b>EPS Vesting Condition for Executives</b></p> <p>For members of the Executive, 50% of Options are subject to an EPS condition based on absolute EPS growth over the Vesting Period. The percentage of Options that vest is determined by reference to the average annual growth rate of earnings per share over the Vesting Period.</p>	50%
<p><b>General Vesting Conditions</b></p> <p>Accelerated vesting of unvested variable remuneration for a person who is no longer employed or engaged must not occur. Permitted exceptions to this condition are limited to:</p> <ol style="list-style-type: none"> <li>1. death;</li> <li>2. serious incapacity;</li> <li>3. serious disability; and</li> <li>4. serious illness</li> </ol> <p>If a person is eligible to a permitted exception, the vesting conditions must be the same as those for a person who is employed or engaged.<sup>7</sup></p>	
<p><b>Commencement</b></p> <p>Applies from FY22 onwards. Offers are made from time to time, but not necessarily annually, at the discretion of the Board.</p>	
<p><b>Eligibility</b></p> <p>Employees selected by the Board.</p>	

## 4.6 Direct channel and sales employees

Bonuses for direct channel and sales employees are based on sales and other performance targets.

The targets and method of calculating the bonus based on achievement of the targets must be:

- set in advance, normally before the commencement of the relevant period or the commencement of employment where employment commences during the relevant period;
- based on objectively measurable performance;
- approved by the Board before being communicated and agreed with the employees; and
- may be based on individual or group performance.

The Board has a discretion to adjust bonuses for direct channel and sales employees down, to zero if appropriate. Refer to section 4.8 of this Policy for the circumstances in which the Board may adjust variable components of remuneration.

## 4.7 Bonuses for other employees

Bonus payments that exceed \$10,000 must be endorsed by the CEO or Executive Director, approved by the Remuneration Committee and for individuals in Specified Roles also approved by the NSS Board<sup>8</sup>. Bonus

<sup>7</sup> CPS 511 Remuneration paragraph 47

<sup>8</sup> Generally, this means the board of NWL. In the case of employees who are in the Office of the Trustee, the bonuses must also be approved by the board of Netwealth Superannuation Services Pty Ltd.

payments of \$10,000 or below require the CEO's approval, except for individuals in Specified Roles requiring Remuneration Committee endorsement and approval by the NSS Board.

A bonus pool arrangement has been adopted where the size of the pool is based on the financial performance of NWL and individual bonuses are based on the performance rating of the employee. Bonuses are also only paid if the employee is currently employed (or on approved leave) at the time of payment.

Bonuses are normally paid after the end of the relevant performance period.

#### **4.8 Specific criteria for the adjustment of variable remuneration**

When making an adjustment to variable remuneration under this Policy, the Board must take the following into account:

- misconduct leading to significant adverse outcomes;
- a significant failure of financial or non-financial risk management;
- a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- a significant error or a significant misstatement of criteria on which the variable remuneration determination was based; and
- significant adverse outcomes for customers, beneficiaries or counterparties,

together with any other circumstances the Board considers appropriate. The total downward-adjustment to variable remuneration must be proportionate to the severity of the risk and conduct outcome.

If an individual is under investigation due to any of the misconduct, failures, breaches or errors mentioned within this section, their variable remuneration will not be paid or vest until the investigation is closed.

#### **4.9 Clawback**

The rules of the Netwealth Equity Incentive Plan also provide for the clawback of variable remuneration in certain circumstances such as fraudulent or dishonest behaviour or other gross misconduct.

Under CPS 511, effective to existing individuals' remuneration from 1 July 2024, the variable remuneration arrangements of a senior manager, executive director or a highly paid material risk taker must be subject to clawback<sup>9</sup>. The clawback arrangements must include a period of at least 2 years from the day of payment or vesting of the variable remuneration within which the clawback may apply, and clawback can occur regardless of the employment status (i.e. remains if individual is no longer employed with Netwealth).

#### **4.10 Termination payments**

Termination payments may be made to senior executives in accordance with their employment contracts in the case of early termination. Non-Executive Directors do not receive termination payments or retirement benefits, other than superannuation from superannuation contributions. No payment is made in the event of removal for misconduct.

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<sup>9</sup> CPS 511 paragraph 36

## 5.0 Reviews

### 5.1 Internal annual reviews

An internal review of compliance of the remuneration framework against the requirements of CPS 511 will be conducted at least annually. The review is to be completed by staff with appropriate skills and experience who are not involved in or reporting to the person who is responsible for the design or operation of the remuneration framework. This is to avoid conflict of interest.

The review findings are to be reported to the Remuneration Committee. The Remuneration Committee will take the appropriate and timely action to consider and address the findings of the review.

### 5.2 External triennial reviews

The effectiveness of the remuneration framework will undergo a comprehensive review by an operationally independent and appropriately experienced and competent person at least every three years. The effectiveness review will assess:

- The compliance of the remuneration framework with paragraph 21 of CPS 511;
- Whether the remuneration framework and its elements (i.e. processes, systems, procedures) are operating as intended;
- Whether the design of the remuneration framework is appropriate and fit for purpose; and
- The alignment of remuneration outcomes with the performance and risk outcomes achieved.

The results of the review will be reported to the Remuneration Committee in a timely manner. The Remuneration Committee will take appropriate and timely action to consider and address the review findings.

### 5.3 Third party service contracts

Netwealth has appointed a third party to provide internal and external audit services. The outsourcing to Netwealth's internal auditor is governed by the Group Supplier and Purchasing Agreement Policy, the Netwealth Superannuation Services Pty Ltd Outsourcing and Supplier Management Policy and the Risk Register relating to Outsourced Arrangements. The Audit Committee has the delegation from the Board to oversee the performance of the internal and external auditor and the Audit Committee is also responsible for ensuring that remuneration is appropriate given the services provided.

## 6.0 Disclosures required for CPS 511

Beginning from the end of financial year 2025, at the end of every financial year, NSS is required to publish disclosures relating to the remuneration framework<sup>10</sup> and remuneration outcomes for the CEO and individuals with Specified Roles.<sup>11</sup>

Disclosures must be in a standalone document on NSS's website or clearly identified as remuneration disclosures as part of other disclosures made that are available the website.

The disclosure period is on a financial year basis for each full financial year. For the purposes of disclosures, relevant employees must be counted on a full-time equivalent basis.

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<sup>10</sup> CPS 511 paragraph 68 Table 1

<sup>11</sup> CPS 511 paragraph 69 Table 2, paragraph 71 Table 3 and paragraph 73 Table 4

The disclosures must be made as soon as possible after lodging annual financial statements with the Australian Securities and Investments Commissions (ASIC), and not more than six months after the end of the financial year to which the disclosures relate.

In disclosing remuneration outcomes:

- where a person in a Specified Role is a material risk-taker and a senior manager or executive director, they must be disclosed as part of the senior manager cohort; and
- where a particular cohort of Specified Roles, except for the CEO, comprises less than five individuals, there is no requirement to disclose information for that particular cohort.