

# 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 20 December 2023
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# 1. Introduction and standing of the CRMC

- 1.1. This Charter sets out the functions, structure and responsibilities of the Netwealth Group Limited (**NWL**) Compliance and Risk Management Committee (**CRMC**). The CRMC is established by the board of NWL (**Board**) and operates as the compliance and risk management committee of NWL. The CRMC is also appointed by the board of each subsidiary of NWL except for Netwealth Superannuation Services Pty Ltd (**NSS**<sup>1</sup>, each a **Subsidiary**, and together the **Subsidiaries**) and operates as the compliance and risk management committee for each of those Subsidiaries. NWL and those Subsidiaries are referred to in this Charter collectively as **Netwealth**. The CRMC also operates as the managed investment scheme compliance committee (**MIS Committee**) under the *Corporations Act 2001*<sup>2</sup> (**Corporations Act**) of every managed investment scheme (**Scheme**) of which Netwealth Investments Limited (**NIL**) is the Responsible Entity. Therefore, the CRMC has certain functions prescribed by law.<sup>3</sup> This Charter may be amended, and the responsibilities of the CRMC may be changed, from time to time by the Board and the boards of the Subsidiaries.

# 2. Role and responsibilities

- 2.1. To the extent that the CRMC is a MIS Committee, it has the functions prescribed by the Corporations Act,<sup>4</sup> its members have the duties and qualified privilege set out in the Corporations Act,<sup>5</sup> its proceedings must be conducted in accordance with the Corporations Act<sup>6</sup> and its members must disclose their interests in accordance with the Corporations Act.<sup>7</sup> Otherwise its members have the duties imposed by law and relevant constitutions of NWL and the Subsidiaries and its proceedings must be conducted in accordance with this Charter.
- 2.2. The CRMC has a range of compliance and risk management responsibilities under Netwealth policies, plans, programs, frameworks and law. These responsibilities consist of the following:
  - 2.2.1. 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. Where applicable, this applies also to balance sheet risks of Subsidiaries.
  - 2.2.2. Evaluating the adequacy and effectiveness of Netwealth's identification and management of financial and non-financial risks, including strategic, economic, change management, reputation, legal, regulatory, compliance, conduct, technology, cyber, data, supplier, environmental and social sustainability risks and its disclosure of any material exposures to those risks.
  - 2.2.3. Monitoring the adequacy of resources through management reporting, meetings with managers, attestation responses and ensuring action occurs where NWL or a Subsidiary does not have adequate resources to meet its compliance obligations.

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<sup>1</sup> NSS has an Audit, Risk and Compliance Committee whose responsibilities include compliance and risk management.

<sup>2</sup> Section 601JA

<sup>3</sup> Section 601JC

<sup>4</sup> Section 601JC

<sup>5</sup> Sections 601JD and 601JE

<sup>6</sup> Section 601JH

<sup>7</sup> Section 601JJ

- 2.2.4. 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.
- 2.2.5. Overseeing the establishment and maintenance of policies:
- 2.2.5.1. to provide an adequate system of internal control, management of business risks, compliance with laws and custody of relevant assets; and
  - 2.2.5.2. for identifying and (where appropriate) managing all related party transactions or potential or actual conflicts of interest that arise in relation to the business of Netwealth and the implementation of such policies and procedures.
- 2.2.6. Reviewing internal control systems<sup>8</sup> and the operational effectiveness of the policies and procedures related to risk and control.
- 2.2.7. Monitoring regulatory changes, including the compliance processes that are in place to anticipate and effectively manage the impact of regulatory change on Netwealth's operations.
- 2.2.8. Evaluating Netwealth's exposure to fraud, overseeing investigations of allegations of fraud or malfeasance and making recommendations to the Board, or Subsidiary board where applicable, in relation to any incident involving fraud or other break down of the Netwealth's internal controls.
- 2.2.9. Advising the Board on the appropriateness of significant policies relating to financial processes<sup>9</sup> and disclosures and reviewing the effectiveness of Netwealth's internal control framework.
- 2.2.10. Reviewing Netwealth's policies and culture with respect to the establishment and observance of appropriate ethical standards.
- 2.2.11. Monitoring Netwealth's cyber resilience and the systems, processes and policies to manage material cyber risks, including oversight of Business Continuity Planning (**BCP**) and receiving relevant reporting on the outcomes of the annual BCP testing program.
- 2.2.12. Overseeing and continually improving the risk management framework for NWL and NIL and its effectiveness, including making recommendations to the Board and NIL board relating to risk management and compliance.
- 2.2.13. Reviewing and approving changes to NIL's Scheme compliance plans (Compliance Plans) and monitoring NIL's compliance with the Compliance Plans and related functions as required under Part 5C.5 of the Corporations Act, including monitoring performance of and compliance with the Compliance Plans.
- 2.2.14. Monitoring incident and breach management and ensuring appropriate remedial action is taken.

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<sup>8</sup> In combination with the role and responsibility of the Audit Committee.

<sup>9</sup> This excludes the Netwealth Superannuation Master Fund Operational Risk Financial Requirement Strategy. This is reviewed and approved by the NSS Audit, Risk and Compliance Committee (ARCC).

- 2.2.15. Overseeing the reporting of any breach (likely or confirmed) by NIL in its capacity as an Australian Financial Services Licence (AFSL) holder or Responsible Entity in accordance with Netwealth's Incident, Issue and Breach Handling Policy.
- 2.2.16. Overseeing complaints against Netwealth and reporting to the Board or Subsidiary board where required or appropriate.
- 2.2.17. Overseeing any breaches or complaints in relation to NSS in its capacity as Registered Superannuation Entity that may impact the broader risk management framework of Netwealth.

### 3. Membership

- 3.1. The CRMC must consist of:
  - 3.1.1. a majority of independent NWL directors;
  - 3.1.2. an independent chair; and
  - 3.1.3. a minimum of 3 NWL directors.
- 3.2. 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.<sup>10</sup> CRMC members are appointed by the Board, for a term and on conditions determined by NWL. Subject to the terms of any agreement between NWL and a CRMC member, the Board may remove a CRMC member by 14 days' notice to that CRMC Member. Members may resign or retire by one month's notice to NWL, or such shorter period as is agreed with NWL.

### 4. Information and resources

- 4.1. 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 a Scheme and/or a Compliance Plan). The Netwealth Chief Risk 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

- 5.1. The 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 Board in relation to the CRMC's membership, responsibilities, functions or otherwise.

### 6. Administrative matters and procedures

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

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<sup>10</sup> Section 601JB

# Attachment 1

## Administrative matters and procedures

### 1.1 Chair

The 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 NWL who is not the chair of the Board. The Chair may determine how a meeting of the CRMC will be regulated, subject to the Corporations Act<sup>11</sup> and to the relevant Compliance Plan (where applicable). The Chair's decision on any matter relating to the conduct of a meeting is final.

### 1.2 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.

### 1.3 Convening and notice of meetings

Any CRMC member may, and the secretary of the CRMC (**CRMC 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 CRMC 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 NWL and the relevant Netwealth boards. 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 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 Act<sup>12</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 Other attendees

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

### 1.7 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.

### 1.8 Circulating Resolutions – Two or more members

The CRMC 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). 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.

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<sup>11</sup> Section 601JH

<sup>12</sup> Section 601JB(2)

### **1.9. Independent advice**

The CRMC may seek the advice of 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 CRMC may obtain that advice at the reasonable expense of NIL,<sup>13</sup> where it is applicable to the role of the CRMC as a MIS Compliance Committee, or otherwise at the expense of NWL or relevant Subsidiary. Where appropriate, the CRMC and NIL, or other company where applicable, may arrange for advice to be provided to them jointly.

### **1.10 Minutes and records**

Minutes of meetings of the CRMC must be kept by the CRMC Secretary and, after approval by the CRMC Chair, be presented at the next board meeting of NWL 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 Act<sup>14</sup> and, at the request of the CRMC, the relevant Netwealth board(s) must provide assistance to the CRMC in this regard. All minutes are then stored by the Company Secretary.

### **1.11 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 relevant board needs to consider and possibly act on information provided. Copies of all minutes must be provided to the relevant board once approved by the CRMC.

### **1.12 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.

### **1.13 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.

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<sup>13</sup> Section 601JC(2)

<sup>14</sup> section 601JH(2)