

# Corporate Governance Statement

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Netwealth Group Limited

ABN 84 620 145 404

Level 6, 180 Flinders Street  
Melbourne VIC 3000

PO Box 336  
South Melbourne VIC 3205

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18 August 2021

Netwealth's corporate governance practices are in accordance with the recommendations set out in the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Recommendations) during the year ended 30 June 2021.

This statement was approved by Netwealth's Board and is current on 18 August 2021. Appendix D provides a reference to how each Corporate Governance Principle has been incorporated within this Statement.

## 1.0 Governance

Netwealth operates in the highly regulated superannuation and investment sectors of the financial services industry. The Netwealth Board believes that sound governance is fundamental to the ongoing success and growth of Netwealth in the markets in which it participates. Accordingly, the Board has created a framework of governance, culture, and accountability for managing Netwealth, including adopting relevant internal controls, risk management processes and corporate governance policies and practices to meet the Group's trustee, IDPS operator and responsible entity obligations to the users of its financial products and services and to meet the Board's obligations to shareholders and other stakeholders.

Shareholders can access information about Netwealth's governance framework from [Netwealth's public website](#). Information including the Annual Report, ASX Announcements, Shareholder Meetings and Netwealth's Governance Policies can be located [here](#). Shareholders can access this information and communicate with Netwealth through the shareholder contact link. Netwealth encourages electronic communication with shareholders, however we will provide hard copy information on request.

On our Shareholder website, shareholders can also locate Netwealth's Shareholder Communication Statement which details the type of communications that Netwealth will make. This document should be read alongside Netwealth's Continuous Disclosure Policy. Together these documents describe the process undertaken by Netwealth to approve communications to the market (including analyst presentations) and how Netwealth conducts voting on substantive matters.

### 1.1 Board of Directors

The Board has the responsibility to:

- Demonstrate leadership;
- Select, appoint and evaluate the performance of the Joint Managing Directors and their direct reports;
- Approve the Remuneration Policy, in accordance with Netwealth's purpose, values, strategic objectives and risk appetite; and determine the remuneration of the Joint Managing Directors and their direct reports;
- Define Netwealth's purpose and develop and approve Netwealth's corporate strategy, including to establish performance objectives and operating budgets;
- Review, ratify and monitor the systems of risk management, internal control and legal compliance;
- Approve the risk management framework, including Netwealth's appetite for risk and the implementation of appropriate systems to manage those risk;
- Monitor corporate performance and implement strategy and policy;

- Develop and review Netwealth’s values, code of conduct and corporate governance policies and monitor corporate culture, governance and alignment of the remuneration policies to Netwealth’s values, code, policies, strategy and risk appetite;
- Approve major capital expenditure, acquisitions and divestitures, including overseeing capital management;
- Monitor and review management processes aimed at ensuring the integrity of financial and other reporting;
- Approve financial reports, profit forecasts and other reports required by law;
- Satisfy itself that appropriate frameworks exist for relevant information to be reported by Management to the Board and where required, challenging management and holding them to account;
- Challenge management and hold Management to account as necessary;
- Ensure shareholders are informed of Netwealth’s performance and any major developments affecting its state of affairs; and
- Evaluate the performance of the Board, its committees and individual Directors and establish Board succession plans, including appointment of the chair.

The responsibilities of the Board are detailed in Netwealth’s Board Charter, including setting out the role and responsibility of the Chair.

Directors are expected to attend all meetings where possible. Details of Director attendance at Board meetings up to 30 June 2021 are included in Netwealth’s Annual Report 2021, which is published on Netwealth’s shareholder information website.

## 1.2 Board committees

The Board has established committees to assist the Board in discharging its duties. The Board has four committees: the Audit Committee, the Compliance and Risk Management Committee, the Remuneration and Culture Committee and the Nomination Committee, which are described below.

Day-to-day management of Netwealth is delegated to Netwealth’s Joint Managing Directors and Netwealth’s Executive committee (the Executive) (refer Section 2).

Details of Director attendances at Committee meetings up to 30 June 2021 are published as part of Netwealth’s Annual Report 2021, which can be found on our shareholder website. Provided there is not a conflict of interest, Joint Managing Directors may also attend any of the Board Committees of which they are not members.

All Directors have access to agendas and papers of all Board Committee meetings through Netwealth’s Board portal. The signed minutes of each Board Committee are also tabled at a subsequent Board meeting. The Chair of each Board Committee is also invited by the Chairman to report any relevant matters to the Board at each scheduled Board meeting. If required, matters can be

escalated to the Board, at any time, and Board meetings can be called if required to consider a matter that requires Board consideration before the next scheduled Board meeting.

### **1.2.1 Audit Committee**

The Audit Committee consists of three of Netwealth's independent directors; Sally Freeman (Chair), Kate Temby and Davyd Lewis. Jane Tongs was a member of the Audit Committee from 30 June 2020 to 17 February 2021. Timothy Antonie was the Chair and a member of the Audit Committee from 30 June 2020 to 17 February 2021 and is a guest of the Committee from 18 February 2021. In FY2021 the Audit Committee met 11 times. Sally and Davyd attended all meetings. Kate attended all five meetings which occurred after her appointment. Jane and Tim attended all seven meetings which occurred prior to their resignation from the Committee.

The responsibilities of the Audit Committee, in assisting the Board, are detailed in the Audit Committee Charter and include:

- Oversight of Netwealth's relationship with the external and internal auditors;
- Oversight of Netwealth's external and internal audit functions;
- Undertaking an objective review of the effectiveness and integrity of the external reporting of financial information including financial reports and statements;
- Oversight of the process of identification and management of risk; and
- Oversight of Netwealth's financial controls and systems.

Non-committee members, including members of the Executive, the external auditor (currently Deloitte Touche Tohmatsu), and/or the internal auditor (currently RSM Australia) may attend all or part of a meeting of the committee at the invitation of the committee's chair.

As the internal auditor, RSM Australia are suitably qualified and have a direct reporting line to the Audit Committee. RSM Australia bring the required skills, independence, and objectivity to the role of internal auditor.

### **1.2.2 Compliance and Risk Management Committee**

The Compliance and Risk Management Committee consists of three of Netwealth's independent directors; Davyd Lewis (Chair), Sally Freeman and Kate Temby. Timothy Antonie and Jane Tongs were members of the Compliance and Risk Management Committee from 30 June 2020 to 17 February 2021. Timothy Antonie is a guest of the Committee from 18 February 2021. In FY2021 the Compliance and Risk Management Committee met 10 times. Davyd and Sally attended all meetings. Kate attended all five meetings which occurred after her appointment. Jane and Tim attended all six meetings which occurred prior to their resignation from the Committee.

The responsibilities of the Compliance and Risk Management Committee, in assisting the Board, are detailed in the Compliance and Risk Management Committee Charter and include:

- Annual review and performance of Netwealth's risk management framework including the assessment and setting of the Board's risk appetite;

- Evaluation of the adequacy and effectiveness of Netwealth’s financial and operational risk management control systems;
- Review strategic direction, objectives and effectiveness of Netwealth’s financial and operational risk management policies and the risk appetite that is appropriate for Netwealth, and make recommendations to the Board;
- Evaluate the adequacy and effectiveness of Netwealth’s identification and management of economic, environmental and social sustainability risks;
- Review and implement new risk controls and mitigation measures as a result of recommendations from Management on new, emerging and changing risks;
- Evaluate Netwealth’s exposure to fraud and recommend to the Board any incident involving fraud or other break down of Netwealth’s internal controls as identified internally or as a result of a report from internal audit;
- Evaluate and make recommendations to the Audit Committee and the Board (where relevant) in relation to the structure and adequacy of Netwealth’s insurance program having regard to Netwealth’s business and the insurable risks associated with Netwealth;
- Review of significant policies and procedures relating to financial processes and disclosures;
- Review of internal and external auditors and the overall adequacy of Netwealth’s legal, regulatory and ethical compliance programs, including compliance with Scheme compliance plans under Part 5C.5 of the Corporations Act, and discussions with management as necessary;
- Monitor complaints, incident and breach management and ensure appropriate remedial action is taken, including assessing any breach in accordance with Netwealth’s Incident and Breach Handling Policy and reporting where required to the relevant regulator within 10 days of identification of the breach;
- Oversight of the establishment and maintenance of processes to ensure that there is an adequate system of internal control, management of business risks and safeguard of assets; and
- Make recommendations to the Board for changes to and improvements of Netwealth’s Risk Management Framework.

Netwealth’s CRMC has reviewed and recommended the Risk Management Framework to the Board for approval in the past year, including the Risk Management Strategy (March 2021), Risk Appetite Statement (October 2020) and Risk Registers (February 2021).

At the invitation of the CRMC chair, any Board member, any invitee of the Board or CRMC, each managed investment scheme’s auditor and each compliance plan auditor may attend and speak at a CRMC meeting.

Netwealth is exposed to some economic, environmental, and social sustainability risks. Netwealth sets out these risks and how it manages these risks in Appendix C.

### 1.2.3 Remuneration and Culture Committee

The Remuneration and Culture Committee consists of Netwealth's four independent directors: Davyd Lewis (Chair), Timothy Antonie, Sally Freeman and Kate Temby. Jane Tongs was a member of the Remuneration and Culture Committee from 30 June 2020 to 17 February 2021. In FY2021 the Remuneration and Culture Committee met 11 times. Davyd, Tim and Sally attended all meetings. Kate attended all four meetings which occurred after her appointment. Jane attended all seven out of eight meetings which occurred prior to her resignation.

The responsibilities of the Remuneration and Culture Committee in assisting the Board are set out in the Remuneration and Culture Committee Charter and include:

- Make recommendations to the Board on the Remuneration Policy, including its compliance with the relevant requirements;
- Make recommendations to the Board on the remuneration arrangements for the Joint Managing Directors, the Joint Managing Directors' direct reports, other persons specified by APRA and the non-executive directors of the Board;
- Make recommendations to the Board regarding major changes and developments in relation to Netwealth's employee equity incentive plans;
- Oversee the operation of Netwealth's employee equity incentive plans and make recommendations to the Board where offers are to be made under any or all of Netwealth's employee equity incentive plans in respect of a financial year;
- Approve all remuneration packages over a threshold amount (as determined in the Board Delegation Policy), and approve major changes and developments in the remuneration policies, superannuation arrangements and industrial relations strategies for Netwealth;
- Make recommendations to the Board on remuneration by gender and recommend strategies or changes to address any pay gap;
- Make recommendations to the Board on the remuneration report for inclusion in the annual Directors' report;
- Make recommendations to the Board on health, safety and wellbeing matters and systems and information, including oversight of significant health and safety incidents;
- Review and facilitate shareholder and other stakeholder engagement in relation to remuneration policies and practices;
- Review and make recommendations to the Board on the Inclusion & Diversity Policy, including reviewing its effectiveness, and report to the Board on the outcomes of its review, including any recommendations for changes to strategy or implementation;
- Review the division of responsibilities and accountability for developing and implementing diversity initiatives across the organisation;

- Make recommendations to the Board regarding remuneration arrangements for the Chairman and the non-executive directors of the Board, including fees, travel, and other benefits; and
- Approve the appointment of remuneration consultants for the purposes of the Corporations Act (where applicable).

Netwealth also has a Remuneration Policy which is available on Netwealth's shareholder website. The Remuneration Policy sets out Netwealth's policy and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Netwealth has in place a Netwealth Group Limited Equity Incentive Plan. Details of Netwealth's Equity Incentive Plan are provided within the Netwealth Annual Report 2021, which can be found on our shareholder website.

#### **1.2.4 Nomination Committee**

The Nomination Committee consists of Netwealth's four independent directors: Timothy Antonie (Chair), Davyd Lewis, Sally Freeman and Kate Temby. Jane Tongs was a member and Chair of the Nomination Committee from 30 June 2020 to 17 February 2021. In FY2021 the Nomination Committee met once. Davyd, Tim and Sally attended the meeting. Jane did not attend the meeting. Kate did not attend the meeting as she had not yet been appointed.

The responsibilities of the Nomination Committee, in assisting the Board, are set out in the Nomination Committee Charter and include:

- Assist the Board to develop and maintain a board skills matrix;
- Make recommendations to the Board on the size and composition of the Board including reviewing Board succession plans;
- Review the ongoing independence of Non-Executive Directors to ensure the requirements of APRA Prudential Standard SPS 510 for independent directors to be independent is maintained;
- Make recommendations to the Board on the criteria for nomination as a Director and the membership of the Board more generally;
- Assist the Board in relation to the performance evaluation of the Board, its committees, and individual Directors; and
- Ensure processes are in place to support Director induction and ongoing education and regularly review the effectiveness of these processes.

### **1.3 Responsibilities of the Chairman**

Netwealth's Chairman is Timothy Antonie. Netwealth's Chairman is independent and non-executive. The Chairman's responsibilities include:

- Ensure Board meetings are conducted in accordance with Netwealth's constitution and the law;
- Ensure the efficient organisation and conduct of the Board's function;

- Facilitate the effective contribution of each Board member;
- Lead the Board in the conduct of its responsibilities and discharge of its duties under all applicable laws;
- Lead the Board in ensuring the effective governance of Netwealth;
- Take reasonable steps to ensure that Netwealth has an effective reporting system to enable Directors to monitor the financial health of Netwealth;
- Interpret Board policy as needed;
- Set the meeting agenda of the Board and oversee the provision of adequate information to the Board;
- Lead effective Board relationships with the Joint Managing Directors; and
- Ensure the Board's performance is annually self-reviewed.

## 1.4 Director nomination and appointment

The Board is currently comprised of six Directors, comprising of an independent Chairman, two Joint Managing Directors and three Non-Executive Directors (all of whom are independent). Netwealth's Board Renewal Performance Policy requires that the Chairman will at all times be a non-executive director. The majority of Netwealth's Board are independent. Details of Netwealth's Independent Directors are listed in Appendix B.

When considering an appointment to the Board, the Board has regard to the candidate's skill, judgement, diversity, and experience. The Board uses a skills matrix to assist the Nomination Committee and to assist the Board in its assessment of the skills and experience of the current Board and to identify any gaps in the collective skills of the Board (refer to Appendix A – Board Skills Matrix).

Each year Netwealth considers the Board skills matrix to ensure the skills and experience on the Board will provide the judgement, experience and diversity that will best enable Netwealth to achieve its strategic objectives.

The Board has authorised the Nomination Committee to assess a candidate's independence having regard to any previous employment and personal interests of the candidate. The Nomination Committee must put this assessment to the Board for approval along with comprehensive reference checks, an assessment of independence and the ability for the candidate to have sufficient time to meet their responsibilities to Netwealth. New directors are required to make statements that they are not a disqualified person and that they are fit and proper for the position. All directors make an annual declaration to this effect.

Non-executive Directors are generally appointed for a term of three years and will stand for election at the Annual General Meeting (AGM) which occurs three years after their last appointment date. At the AGM held in October 2020, Michael Heine and Timothy Antonie stood for election and were elected for three years. Kate Temby is due to stand for election in October 2021. For each Director that is put

forward for election, Netwealth will ensure that information about the Director is made available to shareholders so that they can make an informed decision.

New directors will be provided a letter of appointment and a copy of Netwealth's Board Directors' Handbook. Together, these two documents outline Netwealth's expectations of the director and the induction process (including how to access all other Netwealth governance policies). The Company Secretary is responsible for ensuring the new director is appropriately inducted.

The Board Director Handbook contains the contact details of every senior executive and all Board Directors. This ensures that the Directors have access to Netwealth's Joint Managing Directors, the Executive and each other to request information as required.

## 1.5 Board Director performance and training

Each year each Director is requested to assess the Board's performance. The Chairman (or a third party where appointed by the Chairman), collates the results of these assessments. A summary of this performance review is provided to the Board for discussion. In addition to the Board discussion, the Chairman (or a third party where appointed by the Chairman) meets one-on-one with each director to specifically address performance and effectiveness of the Board as a whole and of the Director.

The performance of the Chair is reviewed by the Board and the Joint Managing Directors. This occurred for calendar year 2020 by way of an anonymous survey issued to all directors by the Company Secretary in January 2021, which included specific questions about the performance of the Chair. The outcomes of this survey were provided to the Board.

The calendar year ending 31 December 2020 performance review has been performed by the Chairman and the Board.

The Board is responsible for the appointment of the Company Secretaries. The Company Secretaries are accountable to the Chairman on all matters to do with the proper functioning of the Board. The Chairman meets from time to time with one or both Company Secretaries on Board activities and the performance of the Secretariat in providing services to the Board. The Chairman provides feedback to the Joint Managing Directors on the individual performance of the Company Secretaries for inclusion in their formal performance review.

The Board keeps up to date with relevant market and industry developments through a range of training and briefings. In FY2021, each Director was required to complete at least 10 hours of continuous professional development. From FY2022 onwards, each Director will be required to complete at least 20 hours of continuous professional development. This may be achieved by attending industry events and through briefings within Board or Committee meetings. A Company Secretary collects Directors' training registers annually and retains this information.

## 2.0 Netwealth's Joint Managing Directors and Executive

The Board has delegated the day-to-day business activities associated with Netwealth to the Joint Managing Directors and the Executive. This includes the execution of the Netwealth's strategy, managing risk and acting in accordance with policy as approved by Netwealth's Board.

Members of the Executive are appointed by the Joint Managing Directors. Each member of the Executive is subject to comprehensive reference checks on education, employment, character, criminal history and bankruptcy. New members of the Executive are required to make statements that they are fit and proper for the position. Each member of the Executive must make an annual declaration to this effect.

Each member of the Executive is provided with an employment contract and job description as relevant to their role.

Netwealth has a Group Performance and Conduct Policy which details the process for evaluating the performance of all staff members including the senior executives. Each member of the Executive's performance evaluation is in accordance with their job description, compliance with the Risk Framework, Netwealth's agreed company performance objectives, the strategic objectives of Netwealth and Netwealth's values. Netwealth evaluates performance at least annually, in accordance with this Policy and this occurred for calendar year 2020 by way of an anonymous survey issued to all Executive members. The outcomes of this survey were provided to the Board.

### 3.0 Integrity of financial reporting

The Audit Committee assists the Board in reviewing and monitoring the integrity of Netwealth's financial reports and statements. The Audit Committee reviews the financial reports and statements with the Chief Financial Officer (CFO), the Joint Managing Directors and Netwealth's external auditor to ensure their accuracy, compliance with accounting standards and compliance with other policies and laws.

The CFO and one of the Joint Managing Directors provide declarations to the Board, consistent with the requirements of the *Corporations Act 2001*. These declarations assist the Board in its consideration of the full-year financial statements by showing that, in the opinion of the CFO and Joint Managing Directors, Netwealth's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Netwealth.

Netwealth's external auditor, Deloitte Touche Tohmatsu, is invited regularly to Netwealth's Audit Committee meetings and at least annually has the opportunity to present to the Audit Committee without the Joint Managing Directors or members of the Executive present. Deloitte Touche Tohmatsu will attend Netwealth's Annual General Meeting in October 2021.

### 4.0 Board policies

The following policies are available in the Governance documentation section of our Shareholder Website, unless stated otherwise.

#### 4.1 Diversity Policy

Netwealth has in place a Diversity & Inclusion Policy which defines how the Board sets and publishes measurable objectives for diversity. These objectives are included within Netwealth's Annual Report

for 2021 and the Corporate Sustainability Report FY2021. These objectives deal with gender equality and gender pay equality. Netwealth's report on "Gender Equality Indicators", as defined in the Workplace Gender Equality Act, can be provided on request. Netwealth has also published a Corporate Sustainability Report for FY2021, which outlines the actions that Netwealth has taken to embrace diversity on a broader scale.

## 4.2 Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct that outlines how Netwealth expects its employees and Directors to behave during their employment in dealing with employees, suppliers, contractors and customers of the business. The key aspects of this code are:

- complying with Netwealth's policies, procedures and regulations;
- acting with integrity and being fair in dealings with customers, shareholders, government, employees, suppliers and the community;
- protecting Netwealth's property and assets from unauthorised use; and
- creating reporting channels for any potential breaches to either Risk and Compliance, a Board Director or anonymously in accordance with Netwealth's Whistleblowing Policy

## 4.3 Continuous Disclosure Policy

Netwealth is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Netwealth is aware of its obligation to keep the market fully informed of any information we become aware of, which may have a material effect on the price or value of Netwealth's securities, subject to certain exceptions.

Netwealth has a Continuous Disclosure Policy aimed at ensuring Netwealth fulfils its obligations in relation to the timely disclosure of material price-sensitive information.

## 4.4 Whistleblower Policy

The Whistleblower Policy provides direction for staff, contractors, service providers and the public to raise concerns to Netwealth in relation to unlawful, unethical, or irresponsible behaviour. Training is provided to Netwealth staff annually on what whistleblowing is, how to make a whistleblowing complaint, the process Netwealth will follow if it receives such a complaint and the protections that are available for whistleblowers. The Policy creates multiple reporting channels for any potential whistleblower, including the option to report anonymously via a dedicated email. Netwealth takes Disclosures made by a whistleblower very seriously and whistleblower reports (removing the whistleblower's identity) are notified to the Audit Committee and the Board within 24 hours of receiving an eligible Disclosure.

## 4.5 Anti-Bribery and Corruption Policy

The Anti-Bribery and Corruption Policy reflects that the giving or receiving of bribes or other improper payments is prohibited. The Policy requires periodic review and breaches to be reported to the Risk and Compliance team and, where appropriate, to the Board. Training is provided to Netwealth staff annually.

## 5.0 Netwealth's values

At Netwealth the Board, Executive and staff pride ourselves on living and breathing our shared values, which impact the way we work, communicate and live.

Netwealth's values were formulated by Netwealth Board, executive and staff and captured the unique point of difference that Board, executive and staff feel we bring to the market. The values were approved by the Board and form part of the Group Strategic Plan. We believe the values strongly represent why Netwealth was successful in the past and encourage all staff to embrace these values as we believe they will ensure Netwealth's continued success.

During induction new staff are introduced to the values and staff are publicly recognised across the business where they demonstrate exceptional alignment to one or more values as part of Netwealth's value awards. In FY2021, the performance management system was aligned to providing staff continual feedback and measurement of overall performance against the values.

Netwealth's values are to be:

- Curious – We are curious and look to challenge assumptions, explore new possibilities and enthusiastically learn;
- Optimistic – We are optimistic and look to be positive, drive for solutions and demonstrate passion and pride;
- Courageous – We are courageous and look to take action, overcome barriers and stand up for the right outcomes;
- Collaboration – We are collaborative and look to consider other's priorities, share knowledge and help other and communicate effectively and respectfully;
- Agile – We are agile and look to adapt to change, focus on agreed priorities and execute quickly and efficiently; and
- Genuine – We are genuine and look to be open, honest and transparent, act with integrity and ensure compliance with regulations and demonstrate professionalism consistently.

## Appendix A – Board Skills Matrix

Category	Explanation
Product and strategy	<ul style="list-style-type: none"> <li>• Understanding of Netwealth’s products and customers, including product basics of Superannuation, IDPS and other financial products</li> <li>• Ability to contribute to and challenge the strategic direction of Netwealth, including assessing and debating the strategic business plans, contributing to achieving Netwealth’s strategic objectives and strong communication skills</li> </ul>
Financial acumen	<ul style="list-style-type: none"> <li>• Key administration and accounting controls</li> <li>• Understanding of financial records and presentations</li> <li>• Strong financial literacy and analytical thinking skills</li> </ul>
People and change management	<ul style="list-style-type: none"> <li>• Understanding of people management</li> <li>• Service agreements – terms, conditions and monitoring</li> <li>• Knowledge of remuneration and bonus schemes</li> </ul>
Legal, regulatory and governance	<ul style="list-style-type: none"> <li>• Knowledge of a Director’s legal requirements and understanding of Board responsibilities, composition and the Director appointment and removal process</li> <li>• Understanding of applicable legal affairs and regulation, including basic principles of Corporation and Trust law and governing documentation such as the Constitution</li> <li>• Ability to understand and contribute to debate on law as applicable to Netwealth’s Products and Services</li> <li>• Understanding of the requirements applicable to a listed company</li> <li>• Ability to participate in debate as to the content of Netwealth’s Board policies and to the delegation of duties to Netwealth’s Joint Managing Directors and Executive</li> </ul>
Risk management and audit	<ul style="list-style-type: none"> <li>• Understanding of Netwealth’s Risk Management Framework</li> <li>• Ability to understand and contribute to debate on the Netwealth’s risk and control framework</li> <li>• Understanding of investment risk management and monitoring</li> <li>• Understanding of the role of Netwealth’s internal and external auditors</li> <li>• Awareness of fraud and corruption issues</li> </ul>
Investments	<ul style="list-style-type: none"> <li>• Ability to debate management proposals, issues and policies relating to investments</li> <li>• Understanding of and ability to debate investment issues and recommendations</li> </ul>
Information technology	<ul style="list-style-type: none"> <li>• Ability to contribute to debate on the strategic direction of Netwealth’s information technology</li> <li>• Ability to contribute to the debate on cyber risk management and appropriate controls for business resilience and continuity</li> </ul>

Category	Explanation
Other	<ul style="list-style-type: none"> <li>• Competent in dealing with media</li> <li>• Commitment to Netwealth’s company values</li> <li>• Meets the Netwealth Investments Limited’s Fit and Proper Person requirements</li> </ul>

## Appendix B – Netwealth’s Independent Directors

Netwealth has four independent Directors as at 30 June 2021.

### Timothy Antonie

Tim was appointed a director of Netwealth Holdings Limited (then called Netwealth Group Limited) in November 2015. Tim was appointed a director of Netwealth Group Limited (ACN 620 145 404) on 20 October 2017. Tim was appointed as Chairman of Netwealth Group Limited (NWL) (ACN 620 145 404) on 17 February 2021.

Tim commenced his career at Price Waterhouse (now PricewaterhouseCoopers) and qualified as a chartered accountant. He subsequently worked at several investment banks, including at UBS Investment Bank as a Managing Director, where he advised major Australian companies in large scale mergers, acquisitions, sales and restructures and equity transactions, as well as day-to-day equity market facing matters. Tim is now a principal of Stratford Advisory Group providing independent financial advice to Australian and international corporations.

Tim holds a Bachelor of Economics from Monash University (major in Accounting).

- Related subsidiary directorships:
  - Netwealth Investments Ltd (NIL) ABN 85 090 569 109
  - Netwealth Holdings Ltd (NHL) ABN 57 133 790 146
  - Netwealth Group Services Pty Ltd (NGS) ABN 89 135 940 840
  - Netwealth Fiduciary Services Pty Ltd (NFS) ABN 68 144 802 532
  - WealthTech Pty Limited ABN 92 637 362 460
- Other directorships held:
  - Breville Group Ltd ABN 18 610 354 222
  - Premier Investments Ltd ABN 64 006 727 966
  - Stratford Advisory Group Holdings Pty Ltd ABN 18 610 354 222
- Netwealth Chair:
  - NWL, NIL, NHL, NGS, NFS and WealthTech Boards
  - NWL Nomination Committee
- NWL Nomination Committee Netwealth Committee member:
  - NWL Remuneration and Culture Committee
  - NIL Investment Committee

### Davyd Lewis

Davyd was appointed a director of the original company in the Group (Netwealth Investments Limited) in July 2009. Davyd was appointed a director of Netwealth Group Limited (ACN 620 145 404) on 20 October 2017.

Davyd was a partner of Mallesons Stephen Jaques for 20 years until his retirement in 2008. Davyd's role included Partner in Charge of the Melbourne Centre, Managing Partner Practice of Mergers & Acquisitions, Property and Construction, Dispute Resolution and Intellectual Property, National Practice Team Leader of the Mergers & Acquisitions Group and was responsible for supervising the relationship with 50 of the firm's biggest clients.

Davyd holds a Bachelor of Economics, a Bachelor of Laws and a Master of Laws (majoring in securities, markets and takeovers).

- Related subsidiary directorships:
  - Netwealth Investments Ltd (NIL) ABN 85 090 569 109
  - Netwealth Holdings Ltd (NHL) ABN 57 133 790 146
  - Netwealth Group Services Pty Ltd (NGS) ABN 89 135 940 840
  - Netwealth Fiduciary Services Pty Ltd (NFS) ABN 68 144 802 532
  - WealthTech Pty Limited ABN 92 637 362 460
  - Netwealth Superannuation Services Pty Ltd (NSS) ABN 80 636 951 310
  
- Netwealth Chair:
  - NWL Compliance and Risk Management Committee
  - NIL Due Diligence Committee
  - NWL Remuneration and Culture Committee
  - NSS Audit Risk and Compliance Committee
  
- Netwealth Committee member:
  - NWL Audit Committee
  - NWL Nomination Committee

### Sally Freeman

Sally was appointed a director of Netwealth Group Limited (ACN 620 145 404) in October 2019.

Sally's executive career comprised over 30 years' experience in the Accounting and Consultancy industries culminating in a number of leadership roles with KPMG: Global Executive - Risk Consulting Services, Australia Managing Partner Risk Consulting, Partner in charge Board Advisory and Managing Partner Internal Audit.

Sally holds a Bachelor of Commerce, is a member of the Australian Institute of Company Directors, the Institute of Chartered Accountants and of Chief Executive Women.

- Related subsidiary directorships:
  - Netwealth Investments Ltd (NIL) ABN 85 090 569 109
  - Netwealth Holdings Ltd (NHL) ABN 57 133 790 146
  - Netwealth Group Services Pty Ltd (NGS) ABN 89 135 940 840
  - Netwealth Fiduciary Services Pty Ltd (NFS) ABN 68 144 802 532
  - WealthTech Pty Limited ABN 92 637 362 460
  - Netwealth Superannuation Services Pty Ltd (NSS) ABN 80 636 951 310
- Other directorships held:
  - Eastern Health ABN 68 223 819 017
  - Regional Investment Corporation ABN 99 528 049 038
- Netwealth Chair:
  - NWL Audit Committee
- Netwealth Committee member:
  - NWL Compliance and Risk Management Committee
  - NWL Remuneration and Culture Committee
  - NWL Nomination Committee
  - NSS Audit Risk and Compliance Committee
  - NSS Superannuation Investment Committee

### Kate Temby

Kate was appointed a director of Netwealth Group Limited (ACN 620 145 404) in February 2021.

Kate is a partner with Affirmative Investment Management that manages over \$1.5bn of global impact fixed income portfolios on behalf of clients globally. Kate is a member of the Investment Committee for Conscious Investment Management, a private equity impact fund, and was a Board member of Melbourne Girls Grammar and Chair of the Marketing Committee from January 2016 to September 2020. Kate was formerly a Managing Director at Goldman Sachs and Co-Head of Asia Pacific Ex-Japan Asset Management Institutional Sales. Prior to this, Kate was a Consultant in Financial Risk Management at Price Waterhouse (now PricewaterhouseCoopers).

Kate holds a Bachelor of Economics, is a member of the Institute of Chartered Accountants and a graduate of the Australian Institute of Company Directors.

- Related subsidiaries:
  - Netwealth Investments Ltd (NIL) ABN 85 090 569 109
  - Netwealth Holdings Ltd (NHL) ABN 57 133 790 146
  - Netwealth Group Services Pty Ltd (NGS) ABN 89 135 940 840
  - Netwealth Fiduciary Services Pty Ltd (NFS) ABN 68 144 802 532
  
- Other directorships held:
  - Jakol Pty Ltd CAN 117 398 624
  - Affirmative Investment Management Australia Pty Ltd ABN 23 620 450 900
  
- Netwealth Chair:
  - NIL Investment Committee
  
- Netwealth Committee member:
  - NWL Audit Committee
  - NWL Compliance and Risk Management Committee
  - NWL Remuneration and Culture Committee
  - NWL Nomination Committee

## Appendix C – Economic, environmental, and social sustainability risks

An investment in Netwealth is subject to risk factors, some of which are specific to Netwealth's business activities and others that are of a more general nature. Any single risk, or a combination of these risks, may have a material adverse impact on Netwealth's business, financial performance, and operations.

This Section does not purport to list every risk that may be associated with an investment in Netwealth. While Netwealth seeks to manage risks to prevent adverse outcomes, many of these risks are outside the control of Netwealth, the Board, the Joint Managing Directors, and the Executive.

### 1 Compliance and regulatory risk

There is a range of legislation, regulation, policies, and standards in Australia that govern Netwealth's business undertakings. The level and complexity of the regulatory environment for financial services in Australia continues to increase, bringing an increased cost and burden of compliance, and it is anticipated the regulatory environment will continue to change and become more complex with the introduction of additional obligations on product providers regarding design and distribution obligations and financial accountability in FY2022.

Netwealth's Risk and Compliance function within NWL and NIL, and the Office of the Trustee for Netwealth's Superannuation business, are responsible for monitoring regulatory change and assisting the business in implementing appropriate controls to manage compliance risk. Regulatory change and compliance matters are reported to the Compliance and Risk Management Committee and the Superannuation Audit Risk and Compliance Committee, and monitored by both the Committees and the Boards.

### 2 Operational risk

Efficient internal processes are critical to the operation of Netwealth's business. There is a risk that inadequate or failed internal processes, people or systems (including failure of staff to follow defined processes, inadequate training or failure to implement appropriate controls) or external events may give rise to failures or disruptions in operational systems and controls (e.g. fraud, security failures, manual processing errors), which may result in losses to clients that Netwealth is liable to compensate.

Netwealth monitors systems and controls as part of its risk management framework.

### **3 People and culture risk**

The success of Netwealth depends to a significant extent on the ability and performance of its key personnel and Netwealth's ability to attract and retain experienced and high performing employees with specialist skills and complementary cultural values. The loss of key personnel, sustained underperformance by key personnel and/or inability to attract staff that share Netwealth's cultural values may have a material adverse effect on its future financial performance.

Netwealth's People and Culture team have implemented a range of policies and processes which outline Netwealth's employee guidelines and benefits, particularly around the employment process, induction of employees and managing underperformance.

### **4 Strategic risk**

The core of Netwealth's corporate strategy is to provide a market-leading platform for superannuation and investor-directed portfolio service products (Platform). This requires Netwealth to continue introducing and developing innovative software and technology products while maintaining high standards of client service for its Platform, to expand its existing market share and maintain its competitive position. However, Netwealth must also continue to update its existing technology, to avoid legacy issues, and continue to create efficiencies and scalability in its Platform to remove or avoid manual processes (which increase operating costs and the risk of error).

Netwealth's Executive and Board regularly discuss Netwealth's strategic direction and technology systems to ensure it remains aware of the competitive market dynamics.

### **5 Fee and/or margin compression risk**

Netwealth Investments Limited and Netwealth Superannuation Services Pty Ltd charge administration, management, transaction, ancillary and other fees to clients for use of the Platform and its underlying products and services. Actions of competitors, political or economic pressures may result in a need to reduce administration fees, resulting in a reduction in revenue. In addition, changes to the mix of the products and services that investors in Netwealth's Platform products use may have an adverse impact on Netwealth's financial performance through reduced fees or margins.

Netwealth's Joint Managing Directors and Chief Financial Officer regularly monitor the actions of competitors and the mix of Netwealth products and services held by Netwealth's Platform product investors. This information is provided regularly to the Board through Sales and Marketing updates and the Monthly Chief Financial Officer's report.

During FY2021, Netwealth has experienced some margin compression as a result of very low interest rates.

### **6 Cyber and privacy risk**

The use of information technology and the effectiveness of Netwealth's Platform are critical to Netwealth's ability to deliver services to its clients and the growth of its business. It is possible that

measures taken by Netwealth to prevent technology breaches may prove to be inadequate. By their nature, information technology systems are susceptible to cyber-attacks, with third parties seeking unauthorised access to data.

Netwealth has in place an Infrastructure function which manages Netwealth's technology and security requirements. Regular meetings across different infrastructure and security teams occur to discuss recent issues, threats and technology, with at least quarterly meetings involving the Executive.

## **7 Development and technology risks**

Netwealth, as a technology provider, is continuously updating its Platform to provide new services and features to financial intermediaries and investors. System design issues or coding errors could lead to loss or breaches of legislation. Netwealth also relies on technology and third-party providers to provide availability of Netwealth's Platform.

Netwealth has in place a compensation policy and guidelines for handling loss to investors resulting from a Netwealth error. Broadly this policy provides that Netwealth will seek to put the investor back in the position they had have been had the error not occurred. Netwealth also has in place appropriate insurance to protect the financial interests of Netwealth, financial intermediaries and investors using Netwealth's products and services.

The Information Technology team have in place processes, practices and reviews to minimise the risk of development and technology risk. These include defined rules for release, code reviews and testing. In addition, Netwealth has in place a Business Continuity Policy and Program which details how it will respond to a disruption event.

## **8 Market performance risk**

The operating and financial performance of Netwealth is influenced by a variety of general domestic and international economic and business conditions, performance of equity and debt capital markets, interest rates, foreign exchange rates, and government fiscal, monetary and regulatory policies.

## **9 Reputation and brand risk**

Netwealth's reputation is important in attracting and retaining financial intermediaries, clients and employees. There is a risk that certain issues or events, including many of those identified above, may adversely affect Netwealth's reputation, including through negative publicity, disputes or negative client experiences.

Netwealth monitors its reputation risk and reports any reputation risk to the Board.

## **10 Other risks of Netwealth**

Netwealth also monitors and manages the risk associated with:

- governance, including, but not limited to, management of conflicts of interest of the Board, its subsidiaries and the regulated functions that Netwealth performs;
- the use of Netwealth's intellectual property of its Platform products and services;

- potential exposure to litigation, claims and disputes;
- failure to meet profit forecasts;
- Netwealth's ability to access equity and debt if it was required; and
- the interests of shareholders associated with Michael Heine to ensure they align with the interests of other shareholders.

## Appendix D – ASX Corporate Governance Principles and Recommendations index

ASX recommendations listed are a summary of the obligation and do not attempt to replicate the full recommendation. The section references relate to this document. External sources are also provided.

ASX Recommendation	Location
1.1(a) – Board charter, roles and responsibilities	Section 1.1 & 1.2
1.1(b) – Management roles and responsibilities	Section 2
1.2(a) – Appropriate checks for directors	Section 1.4 (paragraph 4)
1.2(b) – Security holder notices regarding director election	Section 1.4 (paragraph 5)
1.3 – Written agreements with directors	Section 1.4 (paragraph 6) Section 2 (paragraph 3)
1.4 – Company Secretary accountable to the Board	Section 1.5 (paragraph 4)
1.5(a) – Diversity policy	Section 4.1
1.5(b) – Set measurable gender diversity objectives for board, executive and workforce	Section 4.1
1.5(c) – Disclosure: gender diversity progress against objectives for that period: 1. the measurable objectives set for that period to achieve gender diversity 2. Netwealth’s progress towards achieving those objectives; and 3. Netwealth’s most recent Gender Equality Indicators as defined and published under the Workplace Gender Equality Act	Section 4.1 Annual Report FY2021
1.6(a) – Board, committee and director evaluation process	Section 1.5
1.6(b) – Confirmation of Board, committee and director performance evaluation in reporting period	Section 1.5 (paragraph 3)
1.7(a) – Senior executive performance evaluation process	Section 2 (paragraph 4)
1.7(b) – Disclosure of whether a performance evaluation has been undertaken in accordance with that process in respect of the period.	Section 2 (paragraph 4)
2.1(a) – Nomination committee independence	Section 1.2.4
2.1(a) – Nomination committee charter, members and number of meetings	Section 1.2.4 Netwealth shareholder website
2.2 – Board skills matrix setting out skills and diversity required	Section 1.4 (paragraph 2) Appendix A
2.3 – Independent directors, their interests, positions and length of service	Section 1.4 (paragraph 1) Appendix B
2.4 – Independence of the board	Section 1.4 (paragraph 1) Appendix B
2.5 – Board chair is independent and not the CEO	Section 1.4 (paragraph 1) Appendix B
2.6 – Program for induction of new directors	Section 1.4 (paragraph 6 and 7)
3.1 – Values	Section 5.0
3.2 – Code of conduct	Section 4.2 Netwealth shareholder website
3.3 – Whistleblower policy	Section 4.4

ASX Recommendation	Location
3.4 – Anti-bribery and corruption policy	Section 4.5
4.1 – Audit committee independence and chair independence	Section 1.2.1 Appendix B
4.1 – Audit committee charter, qualifications/experience and number of meetings	Section 1.2.1 Netwealth shareholder website Appendix B
4.2 – CEO and CFO declaration as to the integrity of the financial records	Section 3
4.3 – Reporting to shareholders and use of periodic reports	Section 1.0 (paragraph 3) Shareholder Comm Statement
5.1 – Continuous disclosure policy	Section 4.3 Netwealth shareholder website
5.2 – Board receipt of material market announcements	Section 1.0 (paragraph 3) Shareholder Comm Statement
5.3 – Release of analyst presentations	Section 1.0 (paragraph 3) Shareholder Comm Statement
6.1 – Governance processes	Section 1.0 (paragraph 2) Netwealth shareholder website
6.2 – Investor relations program	Section 1.0 (paragraph 2)
6.3 – Policies and processes for security holder participation	Section 1.0 (paragraph 2) Netwealth shareholder website
6.4 – Substantive resolutions are decided by poll	Section 1.0 (paragraph 3)
6.5 – Option for electronic communications	Section 1.0 (paragraph 2)
7.1 – Risk committee independence and chair independence	Section 1.2.2
7.1 – Risk committee charter, members and number of meetings	Section 1.2.2 Netwealth shareholder website
7.2 – Annual review of the risk management framework and disclosure	Section 1.2.2
7.3 – Internal audit function	Section 1.2.1 (paragraph 2)
7.4 – Economic, environmental and social sustainability risks	Section 1.2.2 (paragraph 3) Appendix C
8.1 – Remuneration committee independence and chair independence	Section 1.2.3
8.1 – Remuneration committee charter, members and number of meetings	Section 1.2.3 Netwealth shareholder website
8.2 – Remuneration policy	Section 1.2.3 Netwealth shareholder website
8.3 – Incentive scheme	Section 1.2.3 (paragraph 3)

