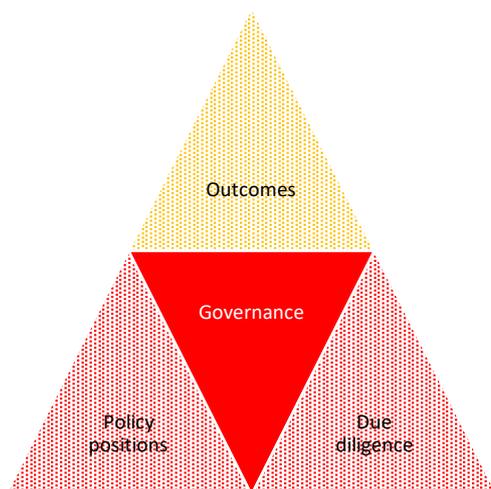


NETWEALTH GROUP YEAR 1 REPORT FINANCIAL SERVICES HUMAN RIGHTS BENCHMARK

Company Name	NETWEALTH GROUP LIMITED
Industry	Wealth management, superannuation, administration, technology
FY end	30 June 2019
Revenue FY19	\$98.77 million
Employees	271
Retail divisions	investor directed portfolio services, superannuation, managed funds, managed accounts
CLIS divisions	supply of investment platforms, WRAP accounts
Law reform contributions	none in our sample
Overall level of disclosure	Limited disclosure

Our overall rating of Netwealth Group’s human rights performance for each domain is set out below



RETAIL: RED

Given its retail customers can invest in superannuation products and other investment products, there is significant potential for positive and negative human rights impacts. Yet we found no recognition within Netwealth’s either of the potential or actual human rights impacts of its activities on retail customers. This is surprising in light of commentary in the 2019 Annual Report of how the findings and recommendations of the Hayne Royal Commission prompted the Board to act proactively and review its own operations.

The only policy we could find that spoke to any of our six human rights categories related to privacy.

We note that the outcomes data is affected by the lack of disclosures from Netwealth on its own internal processes (such as customer complaints, privacy breaches, data breaches). We note Netwealth’s decision to proactively identify and remediate customers in light of the recommendations of the Hayne Royal Commission. We also note that AFCA complaints data indicated 14 complaints overall for the period from 1

October 2018 to 31 December 2019. This appears to be a low number, one of the lowest in our FSE sample, but we need more context to understand this outcome. We could not find any data on Netwealth’s own internal customer complaints process to put this complaints number into context, for example by having data on the numbers of complaints Netwealth received, how many complaints it resolved during the year, or the timeframes for resolution of these complaints.

COMMERCIAL LENDING INVESTMENT AND SERVICES (CLIS): RED

Netwealth’s customers in this area of its business fall into two groups. The first group bring retail clients to the platform: financial advisers and financial intermediaries. The second group comprise fund managers whose products are included on the platforms.

We note disclosures from Netwealth about the role of the Compliance and Risk Management Committee in evaluating the adequacy and effectiveness of Netwealth’s identification and management of economic, environmental and social sustainability risks, but we ask: how does that operate in this area of its business operations?

There is very little information on how these relationships are governed. There is no attention paid to the potential for human rights impacts caused directly or indirectly by Netwealth. We were unable to find any policies – other than privacy – that could be said to cover any of our human rights categories.

There are no disclosures to suggest the existence of any human rights due diligence processes.

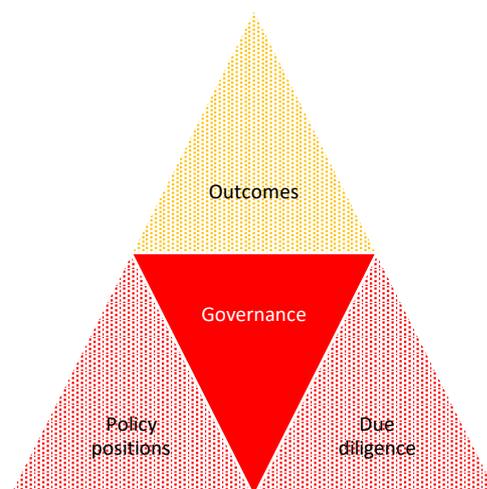
Yet the potential for both negative and positive impacts exists. What, we ask, is the process to sign up financial advisers and financial intermediaries to Netwealth’s platform and how is this governed? As financial advisers could be SMEs, how are their economic security interests catered for via the terms and conditions offered by Netwealth?

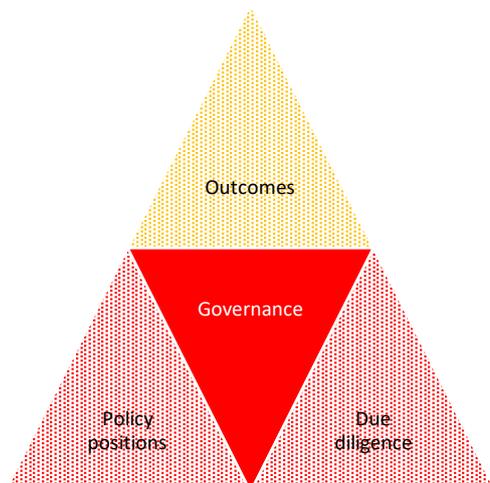
Human rights impacts can also arise from the fund products offered via the platform. How are the funds selected to be included on the platform? And is there any process to check what investments are included in the portfolios offered? Our coding of outcomes reflects this opacity and the challenges we faced identifying the environmental and social ‘footprints’ of the products offered via the platform.

This report is presented for the purpose of disseminating information and research findings for the benefit of the public. It has been prepared on the basis of evaluation of human rights performance based on publicly available material for the 22 ASX listed entities included in the sample.

The University of Sydney (“University”) makes no representations or warranties as to the accuracy, completeness, or reliability of the information contained in the report, and accepts no legal liability whatsoever arising from, or connected to, the material contained in this report.

The information contained in this report is not intended to constitute legal, tax, financial or investment advice and nothing in the report is intended to imply any recommendations or opinions. The University recommends that users make their own independent judgements or seek independent advice with respect to the information contained in this report.





EMPLOYEES: RED

As one of the smaller employers in our FSE sample, Netwealth has given some attention to governance of aspects of the human rights relevant to employees, notably diversity and anti-discrimination, as well as work health and safety. However, there is no recognition of the potential for the employment relationship to have human rights impacts across all our six human rights categories. Our coding reflects this lack of holistic consideration.

There is less clarity around the policy positions adopted by Netwealth. For example, the Diversity and Inclusion Policy relevant to this period is only four pages long and doesn't refer to other policies that speak to supporting diversity (such as parental leave, flexible leave): these are identified in the annual report as 'benefits'.

There is little evidence of any due diligence processes across any of our six human rights categories.

We encountered some challenges in measuring outcomes, which draw heavily upon our FSE sample's own disclosures. Compared to some of our other smaller FSE employers, Netwealth doesn't disclose much internal data that would be useful to gain a clearer understanding of

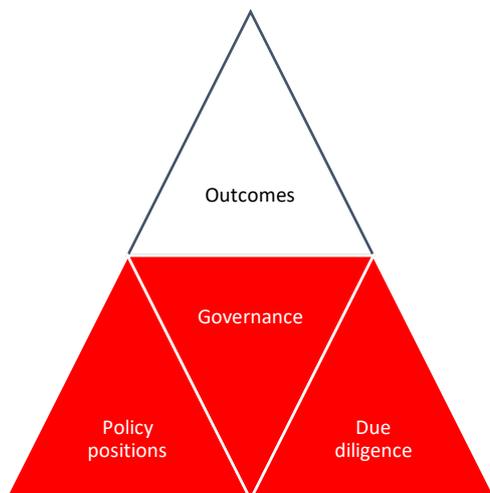
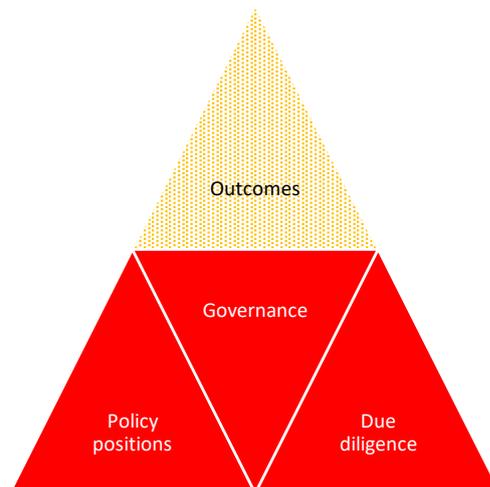
the effectiveness of its employees' human rights protections. For example, while Netwealth draws attention to its diversity approaches and outcomes in general terms it doesn't identify specific outcomes with respect to ethnic diversity or employment of people with disabilities.

SUPPLY: RED

There was no real discussion of suppliers or supply chain and the policies around this process. The governance disclosures similarly did not give any concerted to this issue. We note disclosures from Netwealth regarding engagement of contractors to perform services, mentioned as part of its employee disclosures. These contractors would fall under this category.

We note there is mention of a Fraud, Bribery and Corruption Policy, but that policy was not public, nor is there any summary description of its contents and how this relates to selection and management of suppliers.

The coding for outcomes is common across our FSE sample.



SOCIETY: RED

There is no recognition at Board level of public policy advocacy as a source of human rights risk and this lack of recognition is reflected in the other governance indicators.

This lack of recognition is also reflected in an absence of policy to deal with these matters. The Continuous Disclosure Policy does not mention public policy advocacy, and the Code of Conduct speaks of political donations and other political activities by employees. It doesn't speak to the issue of public policy advocacy.

In the absence of any relevant governance and policy positions to manage this risk, we were also unable to find any evidence of a feasible due diligence process.

Our coding for these three factors reflects the absence of any evidence to suggest any internal

Netwealth did not make any submissions to the law reform inquiries included within our sample.