

# Sanctions Policy

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## Netwealth Group Limited

Approved and adopted by:

- Netwealth Investments Limited (ABN 85 090 569 109) (AFSL 230975) on 20 December 2023
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- Netwealth Superannuation Services Pty Ltd (ABN 80 636 951 310) (AFSL 528032) (RSE Licence L0003483) on 21 December 2023

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# 1 Introduction

## 1.1 Purpose

Netwealth Group Limited and its subsidiary companies (collectively, **Netwealth or the Group**) is an Australian business, which operates in the highly regulated superannuation and investment sectors of the financial services industry.

Netwealth is committed to operating with integrity and ethically in all business practices. The Netwealth Board believes that sound governance is fundamental to the ongoing success and growth of Netwealth. Accordingly, the Board has created a framework of governance, culture and accountability for managing the business, including adopting relevant internal controls, risk management processes and corporate governance policies and practices. This includes complying with applicable economic and trade sanctions laws in all jurisdictions in which Netwealth operates.

## 1.2 Scope

This Sanctions Policy (**Policy**) establishes the minimum expectations from Netwealth regarding their sanctions obligations. It applies to all Netwealth temporary employees, permanent employees, contractors and Directors (collectively known as **Employees**). This Policy also applies to all business activities with clients (including members of the Netwealth Master Superannuation Fund (**NSMF**)) and shareholders.

All persons to whom this Policy applies are expected to understand and apply the Policy where appropriate, and report any concerns or suspected breaches in accordance with both this Policy and Netwealth's Incident, Issue and Breach Handling Policy.

This Policy also sets out Netwealth's approach to sanctions, including:

- The principles and measures that Netwealth will follow to comply with sanctions legislation and to identify, mitigate and manage sanctions risks in its operations;
- Guidance about the meaning of sanctions and how to comply; and
- Consequences of failing to comply with this Policy.

This Policy is supported by Netwealth's:

- Corporate Governance Statement;
- The Way We Work Together Code of Conduct;
- Anti-Money Laundering and Counter-Terrorism Financing Program (**AML / CTF Program**);
- Supplier And Purchasing Agreement Policy;
- Supplier Code of Conduct; and
- Group Anti-Bribery and Corruption Policy.

Netwealth may implement other specific procedures to address particular sanctions risks.

## 1.3 Roles and responsibilities

The following table sets out the roles and responsibilities of those involved in implementing and monitoring this Policy:

<b>Role</b>	<b>Responsibilities</b>
Netwealth entity boards <b>(the Board)</b>	<ul style="list-style-type: none"> <li>• Approve the Policy;</li> <li>• Oversee sanctions risks and issues associated with the Policy; and</li> <li>• Overall responsibility for the sanctions resources and monitoring to achieve the objectives set out in the Policy.</li> </ul>
Compliance and Risk Management Committee <b>(CRMC)</b> / Audit Risk and Compliance Committee <b>(ARCC)</b>	<ul style="list-style-type: none"> <li>• Monitor compliance with the Policy and report risks and issues to the Board as applicable;</li> <li>• Review and provide feedback on the Policy to Risk &amp; Compliance; and</li> <li>• Recommend the Policy to the Board for approval.</li> </ul>
Executive Committee <b>(Executive)</b>	<ul style="list-style-type: none"> <li>• Proactively promote the principles of, and compliance with, the Policy;</li> <li>• Report any breaches of the Policy to Risk and Compliance;</li> <li>• Ensure controls are put in place, monitored and managed for their particular departments to mitigate sanctions risks; and</li> <li>• Assist with the investigation of any suspicious activity.</li> </ul>
Risk and Compliance <b>(R&amp;C)</b>	<ul style="list-style-type: none"> <li>• Submit the Policy to the CRMC and ARCC for endorsement for Board approval;</li> <li>• Monitor day to day compliance with the Policy, reporting applicable sanctions issues and risks to the CRMC/ARCC as applicable; and</li> <li>• Implement training for Employees to ensure their understanding of the principles and requirements of the Policy.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Comply with the Policy;</li> <li>• Act with honesty and integrity; and</li> <li>• Be alert to suspicious sanctions activity and report any actual or suspected breach to R&amp;C immediately.</li> </ul>

## 1.4 Definitions

The following table sets out the definitions from the Netwealth Glossary used in this Policy.

<b>Term</b>	<b>Definition</b>
AML/CTF	Anti-Money Laundering and Counter Terrorism Financing
DFAT	Australian Department of Foreign Affairs and Trade
Employee(s)	All Netwealth temporary Employees, permanent Employees, contractors and Directors.
Sanctions	Measures used by governments and international organisations (such as Australia and the United Nations), not involving the use of armed force, which are imposed in situations of international concern. They may be designed to bring a situation of international concern to an end by influencing those responsible, to limit the adverse impacts of a situation, or to penalise those responsible.

Sanctioned Country	Any country that is subject to sanctions under relevant laws (including situations where individuals or companies are subject to sanctions because they are nationals of or domiciled in that country).
Sanctioned Party	Any individual or entity that is subject to sanctions under relevant, including any specially designated individuals or parties listed on international sanctions lists.
UNSC	United Nations Security Council

## 2 Sanctions

Sanctions affect the operations of business entities, financial institutions, customers and investors by placing restrictions and controls on the movement of goods, services and funds. They can be imposed at any time, by any country, international organisation or other body, and are generally effective immediately. Sanctions regimes may be subject to frequent change.

Each sanctions regime imposes specific prohibitions, which can typically include:

- Export and import bans, and prohibitions on the provision of certain goods and services;
- Prohibitions on certain commercial activities;
- Prohibitions on transferring funds to, from or involving a Sanctioned Country or Sanctioned Party;
- Targeted financial sanctions, including asset freezes and prohibitions on dealings with Sanctioned Parties;
- Travel bans; and
- Other financial restrictions.

### 2.1 Sanctions laws

All persons to whom this Policy applies must comply with applicable sanctions laws and regulations. These include but are not limited to:

- **UNSC:** the UNSC issues multilateral sanctions which are codified in Australia in the *United Nations Act 1945* (Cth). All countries that have signed the UN Charter are obliged to uphold the obligations under any UNSC Sanctions regimes. Australia also implements UNSC sanctions under Australian legislation.
- **Autonomous Sanctions:** Governments can invoke their own autonomous or bilateral sanctions to support foreign policy objectives. In Australia, autonomous sanctions are issued by the DFAT and implemented under Australian laws.

The Australian Government publishes regulations that identify the countries, individuals and entities that are the subject of Australian autonomous sanctions (which, where applicable, reflect UNSC sanctions but can also extend beyond them). The Australian Government can also impose thematic autonomous sanctions in relation to serious corruption, serious violations or serious abuses of human rights, and significant cyber incidents.

### 2.2 Penalties

In Australia, there are severe penalties imposed on companies or individuals who contravene sanctions laws, including potential criminal convictions, significant fines and, for individuals, potential imprisonment for up to 10 years.

### 3 Key obligations

Netwealth expects the following key principles to be followed to comply with sanctions laws and to identify, mitigate and manage sanctions risks in Netwealth's operations:

- Netwealth operates in Australia and maintains this Policy to meet its obligations under sanctions regimes in Australia. Where applicable, Netwealth considers sanctions laws in other jurisdictions.
- Netwealth will not undertake any new business that would breach Australian sanctions laws, including (but not limited to):
  - not entering a transaction or relationship that directly or indirectly involves a Sanctioned Party (except where a counterparty is owned or controlled by a Sanctioned Party and further checks, such as enhanced customer due diligence, have been undertaken which determines Netwealth can continue to transact with that counterparty or recipient); and
  - not entering transactions that directly or indirectly involve a counterparty or recipient that is established, formed, incorporated or registered in the list of Sanctioned Countries<sup>1</sup>.
- Netwealth will not undertake additional transactions in relation to existing business, that would knowingly or intentionally breach Australian sanctions laws, without the express written consent of the Chief Risk Officer.
- Netwealth may decide not to provide services, or engage in any business with, certain individuals or entities or in certain countries, even where it may be permitted to do so by law. Netwealth's decisions about its business and operations will be guided by its assessment of risk, corporate social responsibility, and any reputational matters.
- As part of its compliance obligations, Netwealth expects the information provided to it by its suppliers, shareholders, Employees, clients, investors and members of the NSMF to be reliable, honest and not misleading.
- Where the laws in a country in which Netwealth operates permit activities that are prohibited under any other sanctions regime that is applicable to Netwealth, the sanctions regime must be followed.
- Netwealth expects all individuals, agents and third parties acting for or on behalf of Netwealth to exercise due care in pursuing and undertaking business opportunities, and to implement processes to ensure that no business activity involves a contravention of applicable sanctions laws.
- Netwealth must not seek to adjust or modify business relationships or transactions to avoid compliance with this Policy, to circumvent compliance with sanctions laws, or to avoid detection of non-compliance with sanctions obligations. This includes but is not limited to:

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<sup>1</sup> The Sanctioned Countries list is maintained and updated from time to time by DFAT. The current list can be obtained from <https://www.dfat.gov.au/international-relations/security/sanctions/sanctions-regimes>.

- Advising suppliers, shareholders, Employees, clients, investors and members of the NSMF to amend details or information about themselves to avoid screening detection, or include details or information which may be false or misleading; or
- advising counterparties to amend or omit information, or include details or information which may be false or misleading.

## 4 Complying with sanctions obligations

Netwealth implements a number of processes and procedures which assist to identify, mitigate and manage sanctions risks. In particular, these processes and procedures include:

- Sanctions and related jurisdiction risk assessment processes;
- KYC procedures and associated screening and transaction monitoring;
- Requirements where screening or monitoring identifies a potential sanctions connection;
- Periodic review of Netwealth's related policies and procedures which assist to mitigate and manage sanctions risks, to ensure they remain tailored to Netwealth's risk profile; and
- Retaining and maintaining proper records of Netwealth's management of sanctions risk.

### 4.1 Requirements following screening or monitoring

Where screening or monitoring identifies a potential sanctions connection, Netwealth will not undertake any new business or undertake additional transactions relating to existing business that breaches Australian sanctions laws, without the express written consent of the Chief Risk Officer.

Where a transaction relates to existing business, the relevant Netwealth entity will consider the relevant options available to it and consistent with its legal duties<sup>2</sup>, implement what actions it considers necessary to give effect to sanctions laws. These options may include prohibiting new transactions; reviewing investment processes; freezing assets; developing implementation plans; divesting assets; monitoring compliance; and reviewing product disclosures. For the Chief Risk Officer to provide approval, further due diligence is necessary to mitigate potential breaches of sanctions, including an assessment of the types of services to be provided and applicable sanctions, and whether Netwealth risks a breach of sanctions laws by engaging with that counterparty or recipient.

Netwealth may impose any conditions on any transaction that it considers appropriate, including requiring:

- Further and ongoing due diligence consistent with the procedures in its the AML/CTF Program;
- Compliance with any legal restrictions or controls;
- The inclusion of sanctions warranties and clauses in counterparty contracts; and/or
- Obtaining regulatory approvals, such as permits or licenses prior to proceeding.

## 5 Reporting concerns

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<sup>2</sup> For example, Netwealth Superannuation Services Pty Ltd must act in the NSMF members' best financial interests.

## 5.1 Reporting channels

If you become aware of or suspect any conduct that you think is or may be improper, illegal or in breach or potentially in breach of this Policy, you must immediately report this to R&C. Alternatively, you can report matters through People & Culture, directly to the CEO & Managing Director, the Chief Risk Officer, directly to a Board Director, or in accordance with Netwealth's Whistleblowing Policy (which includes the ability for you to remain anonymous).

## 5.2 Whistleblower disclosures and protection

Netwealth is committed to not disadvantaging or discriminating against eligible whistleblowers for reporting unacceptable behaviour.

For full details, please see the Netwealth Whistleblowing Policy available on the Netwealth website. To submit a whistleblowing disclosure (including anonymous disclosures), please refer to our online disclosure page at <https://www.netwealth.com.au/web/about-netwealth/whistleblower/>.

## 5.3 Breaches of this Policy

Organisations involved in sanctions breaches may incur serious criminal penalties, along with reputational damage. As such, Netwealth takes its sanctions compliance obligations seriously. Breaches of this Policy may lead to investigations, temporary suspension, disciplinary action and dismissal in serious cases.

## 6 Training

Employees must complete compliance training on sanctions laws and the importance of this Policy on an annual basis.