

Principles of Internal Governance and Asset Stewardship



29 June 2018

Introduction

ClearView Wealth Limited (ClearView) is an Australian-owned company that started in 1976, as part of the NRMA group. Today, ClearView is a successful, diversified financial services company. ClearView's business segments are operated and managed by different ClearView subsidiaries. ClearView Financial Management Limited (CFML) and ClearView Life Nominees Pty Limited (CLN) are ClearView subsidiaries that provide asset management services.

This document provides information on aspects of our:

1. Organisational and investment approach;
2. Internal governance; and
3. Asset stewardship.

Organisational and Investment Approach

A description of the distinguishing features of the Asset Manager and how these features are directed towards achieving client objectives.

About CFML and CLN

CFML and CLN provide asset management services predominately to Australian based retail and wholesale clients. The asset management services set out below are performed under the direction of ClearView's Chief Investment Officer (CIO) and investment team.

ClearView entity	Asset management service
CFML	<ul style="list-style-type: none">• Responsible entity of:<ul style="list-style-type: none">• ClearView Managed Investments; and• CFML Managed Funds• Responsible entity and operator of ClearView WealthSolutions, an investor directed portfolio service (IDPS).• Investment manager for ClearView WealthSolutions Separately Managed Accounts.
CLN	<ul style="list-style-type: none">• Trustee of the ClearView Retirement Plan

Our purpose

Our primary purpose is to help our clients protect and grow their wealth, achieve their financial goals and secure a comfortable financial future. We strive to fulfil our purpose by providing excellent service to our valued clients and by providing them with:

- investment expertise and experience;
- solutions for every stage of their lives; and
- robust risk management.

Investment expertise and experience

We have gained investment expertise and experience through years of researching the best investment options, fund managers and managing clients' assets to minimise risk and maximise growth.

The investment team apply their investment expertise to build, design and actively manage a range of implemented model portfolios which are made up of strategically selected funds.

A range of solutions for every stage of life

Our wealth management products are designed to be straightforward, flexible and innovative. We offer a range of products and services which were created with our clients in mind. These include investments, investment portfolio management, superannuation and account based pensions (including transition to retirement). Within these products, clients have access to a diverse range of investment options including equities, fixed income, property, infrastructure and cash.

Robust risk management

We are focussed on actively managing risks to help protect clients' investments and maximise the probability of our clients being able to achieve their financial goals. We seek to actively manage risks in various ways by:

- Providing risk-adjusted investment options - Our investment options include investments in international and Australian markets to provide the best risk-adjusted investment exposure;
- Making the best investment decisions - We ensure that all of our investment decisions are made by the CIO and teams of experienced and skilled professionals using reliable data; and

In this document, references to 'ClearView' mean 'ClearView Wealth Limited', 'CFML and CLN' or 'ClearView and its subsidiaries' as the context requires.

Principles of Internal Governance and Asset Stewardship

29 June 2018

- A robust risk management framework - Our risk management extends beyond investments to include continual monitoring and training on our risk management framework.

An explanation of how the Asset Manager aligns its purpose and values with its duty to clients

We work hard to understand our clients' needs so that we can provide exceptional service, solutions and asset management services. We're committed to putting our clients' interests first and we draw on the following key strengths to do this:

- Experience – As a well-established diversified financial services company, we understand the financial services industry. Our CIO and investment team are experienced investment specialists who are focussed on exceeding investment and service expectations.

- Accessible, flexible and nimble – We are accessible and approachable and we listen to our clients. Our relationship-driven service means that our clients can access key decision-makers quickly and efficiently.
- Flexible product and investment choice – Our clients have access to a wide choice of investments and market leading technology which provides the flexibility to transact in many ways.

An overview of the ownership, management and governance structures of the organisation

Ownership

ClearView Wealth Limited is the ultimate parent company of CFML and CLN. ClearView Wealth Limited is ASX-listed. Some ClearView directors and employees of ClearView's subsidiaries own shares in ClearView. The table below shows the top 20 shareholders in ClearView as at 4 August 2017.

Rank	Investor	% of issued capital in ClearView
1.	HSBC Custody Nominees (Australia) Limited ¹	19.75
2.	Perpetual Corporate Trust Limited	7.37
3.	Citicorp Nominees Pty Limited	4.90
4.	CCP Trusco 4 Pty Limited	4.80
5.	CCP Bidco Pty Ltd ²	4.59
6.	CCP Bidco Pty Limited ²	3.72
7.	CCP Trusco 5 Pty Limited ²	3.40
8.	CCP Trusco 1 Pty Limited ²	3.13
9.	BNP Paribas Noms Pty Ltd	3.05
10.	Portfolio Services Pty Ltd	2.72
11.	Pacific Custodians Pty Limited	2.34
12.	Perpetual Corporate Trust Ltd	2.30
13.	J P Morgan Nominees Australia Limited	2.11
14.	RBC Investor Services Australia Nominees Pty Ltd	1.81
15.	CCP Trusco 3 Pty Limited ²	1.79
16.	Mr Simon Swanson	1.52
17.	UBS Nominees Pty Ltd	1.52
18.	CCP Trusco 4 Pty Limited ²	1.50
19.	CCP Trusco 2 Pty Limited ²	1.49
20.	Salamanca Group Trust (Switzerland) SA	1.25

As at 4 August 2017, 3.8% of ClearView shares were held by employees of ClearView and its subsidiaries.

¹Sony Life Insurance Co., Ltd's (Sony Life) 14.9% shareholding is held through its custodian, HSBC Custody Nominees (Australia) Limited

²Crescent Capital Partners Management Pty Limited represent the interests of 'CCP Bidco' and 'CCP Trusco' entities.

Principles of Internal Governance and Asset Stewardship

29 June 2018

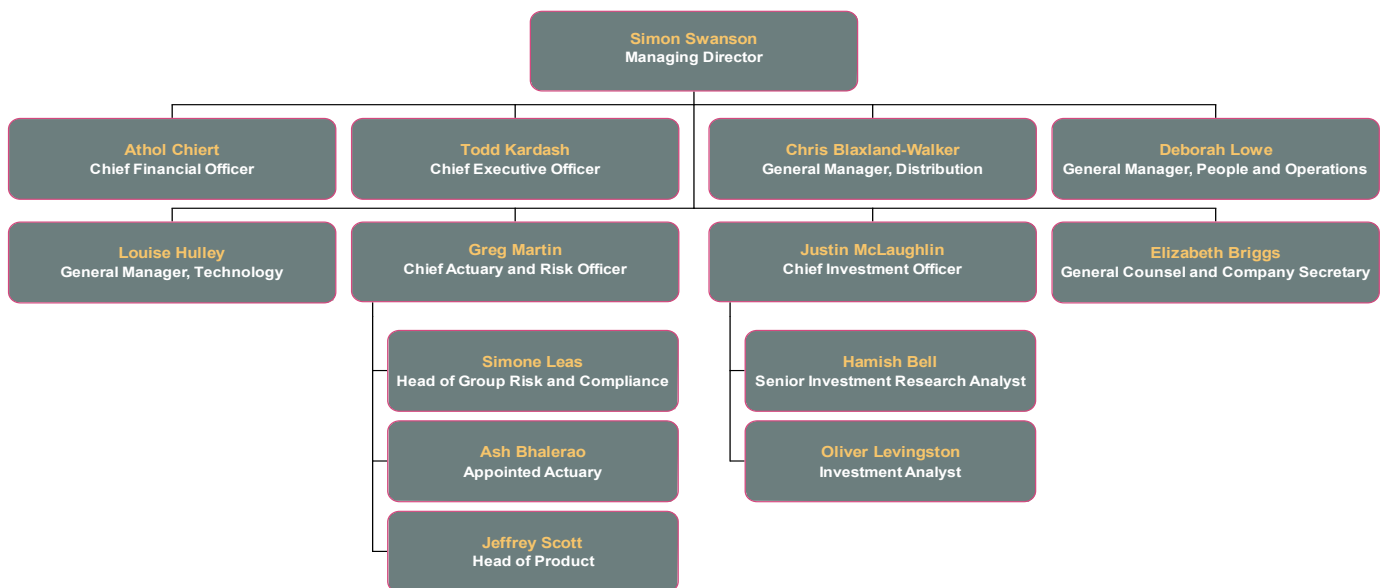
Management & Governance

The operation and management of various aspects of CFML and CLN is performed by the committees set out below:

- Board Audit Committee
- Board Risk & Compliance Committee
- ClearView Investment Committee
- Nomination & Remuneration Committee
- Product Due Diligence Committee
- Risk Management & Compliance Committee
- Unit Pricing Committee
- ClearView Life Risk & Compliance Committee (CLN only)
- Superannuation Benefit Payments & Claims Recommendation Committee (CLN only)

An overview of the key management and investment personnel within the organisation

The diagram below outlines ClearView’s senior management team and investment management personnel as at 29 June 2018.



Principles of Internal Governance and Asset Stewardship

29 June 2018

Explain how the Asset Manager ensures client assets are managed in accordance with their investment strategies and how conflicts of interest are managed

CFML and CLN ensure that client assets are managed in accordance with their investment strategies by regularly reviewing and monitoring the investment strategies and objectives of our fund managers. CFML and CLN are required to have appropriate policies and procedures in place to protect our clients' interests. Our policies and procedures enable CFML and CLN to identify, monitor and manage conflicts of interests. The management of conflicts of interest is discussed in more detail below.

Internal Governance

Ethical conduct and professional practice

ClearView directors and employees are required to conduct themselves in an ethical, professional and responsible way at all times. This means not only complying with the law but also acting honestly, fairly and with the highest regard for the safety and health of employees, customers, the wider community and the environment. All directors and employees are expected to observe ClearView's Code of Conduct which includes:

- acting honestly and with integrity, and striving to earn and maintain the respect and trust of colleagues, shareholders, service providers and the wider community;
- avoiding situations which involve or may involve a conflict between their personal interests and the interests of ClearView;
- having due regard for cultural diversity in the workplace;
- complying with laws and regulations that apply to ClearView; and
- not taking advantage of ClearView's property, information or customers for personal gain or to cause detriment to ClearView.

The Code of Conduct is reviewed annually and is available [here](#).

A breach of our Code of Conduct is treated as a serious incident. All breaches are investigated internally by a team

which may comprise members of Risk and Compliance, Legal or the People and Operations team. Certain breaches may also be investigated externally.

Personal Trading

The ClearView Securities Trading Policy applies to directors, officers, members of the senior management team, employees of ClearView, contractors (Employees) and their associates. The policy:

- sets out the requirements for Employees and associates for personal investing in ClearView; and
- reflects the rules regarding the prohibition on insider trading as set out in the Corporations Act 2001 (Cth).

The core personal investing requirements from the policy are set out below:

- All Employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between their individual personal interests and those of ClearView and its subsidiaries and clients.
- Employees and associates may only trade if all of the following requirements are met:
 - the Employee or associate intends to trade during a permitted period;
 - the Employee or associate does not have inside information (as defined in the Corporations Act 2001 (Cth));
 - the Employee or associate has followed the notice and authorisation procedure set out in the policy; and
 - the trade has been authorised by the appropriate officer.
- All investments must be held for a period of at least 90 calendar days (subject to certain exceptions).
- All Employees are required to maintain records of their personal investment activity.
- Members of the senior management team (and, where relevant, their direct reports) must complete training on the prohibition on insider trading and attest to their understanding of the prohibition on insider trading and their compliance with the policy.

Principles of Internal Governance and Asset Stewardship

29 June 2018

Breaches of the policy will be regarded as serious misconduct, which may lead to disciplinary action against the relevant Employee, up to and including termination of employment. ClearView may be required to notify regulatory authorities of any actions which breach the policy.

Management of conflicts of interest to ensure client interests take priority (including gifts and entertainment)

ClearView take conflicts of interests seriously. We recognise that unidentified or poorly managed conflicts of interests can affect our ability to:

- protect our clients' interests; and
- provide our products/services efficiently, honestly and fairly.

Accordingly, our Conflicts Management and Related Party Transaction Policy provides a framework for:

- the identification, assessment, avoidance and management of conflicts of interest; and
- directors and management in negotiating and entering transactions between ClearView or its subsidiaries and related parties.

The disclosure of giving and receiving benefits (including gifts and entertainment) in the course of doing business is important to managing conflicts of interest. ClearView has clear protocols in its Gift Policy which require the prompt disclosure, reporting and appropriate management of the giving and receiving of benefits.

Risk Management and Compliance

Risk Management and compliance are integral parts of ClearView's management, procedures, processes and culture. ClearView has a board approved Risk Management and Capital Strategy (RMCS) which incorporates Compliance Strategy documents to identify and mitigate risks, and to operate an effective compliance framework. The RMCS and the Compliance Strategy documents are critical business documents. Amongst other things, these documents:

- identify material risks that have the potential to

significantly impact ClearView and its subsidiaries' business operations, capital and shareholder or client entitlements. These material risks include operational risk, regulatory environmental risk and investment market risk (i.e. market sentiment risk, market volatility risk, credit risk and liquidity risk). The RMCS also sets out how ClearView and its subsidiaries can mitigate and control the identified material risks; and

- set out ClearView's approach to managing compliance in order to achieve our compliance requirements and objectives.

The Board Risk & Compliance Committee provides the ClearView board with an objective non-executive oversight of the implementation, maintenance and operations of ClearView's risk management and compliance framework.

Error correction policy

Breaches and incidents are reported, monitored and resolved in accordance with ClearView's Breach and Incident Reporting Policy. All employees have a responsibility to identify and record breaches and/or incidents. If an employee becomes aware of:

- a breach and/or an incident; or
- a potential breach and/or a potential incident,

he or she needs to report the matter immediately or within 24 hours of it being identified through ClearView's breach and incident reporting tool.

The reporting tool requires detailed information including the root cause of the breach or incident, any remediation actions that have been completed, actions taken to prevent a re-occurrence of the breach or incident, and calculation of any money payable. Significant breaches are reviewed by the Compliance and Legal teams and, if required, are reported to the regulator under the relevant breach reporting requirements.

The Compliance team monitor compliance with the Breach and Incident Policy and provide reporting, support, guidance and advice to ClearView to ensure that the policy is satisfactorily followed.

³Associates includes:

- a spouse, de facto partner of an Employee,
- children under 18 years old of Employees,
- companies, trusts and entities which are controlled by a director or member of the senior management team, their spouse, de facto partner or children under 18 years old.

Principles of Internal Governance and Asset Stewardship

29 June 2018

Brokerage and commissions

Not applicable.

Our implemented model portfolios are multi-manager funds. The fund manager charges CFML and CLN a fee to manage client funds (which includes brokerage and commissions).

Equitable asset valuation and pricing

ClearView's unit prices are calculated and published on a forward pricing basis once each business day, (except under extraordinary circumstances). This means that unit prices are calculated and published after applications for units have been received.

The assets and liabilities of the funds are determined on the basis of the principles incorporated in Financial Services Council Standard No.9 (as set out below).

Asset	Asset valuation
Listed equities	The asset value is determined by the last sale price at the close of the relevant market on the day the assets are valued. These kinds of assets are generally valued on a daily basis.
Fixed interest	
Money market assets	
Unitised investments	The asset value is determined by the most recently available mid-price for that investment. The mid-price is a single price used for both sales and purchases.

If the most recent asset values are not available when the assets need to be valued, then asset values will, where considered appropriate, be indexed to a current value estimate. Indexation will be available for up to 5 business days. Any extension of time beyond 5 business days must be approved by ClearView's Unit Pricing Committee.

The Unit Pricing Committee is authorised to implement approved unit pricing policies and to monitor the adherence and performance of internal and external service providers in administering our policies. The Unit Pricing Committee comprises representatives from Finance Operations, Actuarial, Product, Tax and Statutory Reporting, Compliance and Admin Operations.

Best execution and trade allocation

Not applicable.

Best execution and trade allocation does not apply. Our fund managers are responsible for ensuring that our clients' assets are invested in accordance with their best execution and trade allocation practices.

Remuneration policy

ClearView's remuneration policy is designed to ensure a structured and prudent approach to remuneration decisions. ClearView's Nomination & Remuneration Committee is responsible for overseeing ClearView's remuneration practices and the remuneration policy.

Our remuneration approach aims to:

- reward and recognise employees for strong performance;
- reward employees in a way that aligns remuneration with prudent risk-taking and the long-term financial soundness of the business, and with gains to ClearView's shareholders;
- maintain a competitive yet financially-viable salary structure; and
- clarify responsibilities and decision-making authority in relation to remuneration.

Our competitive remuneration package is comprised of fixed remuneration, variable incentive pay, recognition and benefits.

ClearView's key managers, senior management team and Managing Director are eligible to participate in a long-term incentive scheme. This is designed to recognise leaders and reward those decisions and actions which have a direct and positive impact on the results that ClearView delivers for shareholders, both now and in the future.

Principles of Internal Governance and Asset Stewardship

29 June 2018

Whistle-blower protection policy

ClearView's Whistleblower Policy reflects the whistleblower regime set out in the Corporations Act 2001 (Cth). The purpose of the policy is to:

- encourage whistleblowers to report instances of misconduct by ClearView or ClearView employees;
- outline how misconduct raised by whistleblowers will be investigated; and
- outline the protections in place for whistleblowers against victimisation from within ClearView or by external parties as a result of reporting instances of misconduct.

If whistleblowers have reasonable grounds to suspect that ClearView or ClearView employees are involved in misconduct, they are encouraged to report their concerns by following the policy (which includes the ability to make an anonymous report).

Behaviour that whistleblowers should report include any act of theft or fraud, intentional or negligent disregard for ClearView's policies and procedures, questionable accounting or auditing practices, any contravention of ClearView's statutory obligations and any attempt to conceal these activities.

Training and development

The professional development of all employees is an integral part of ClearView's culture and organisational strategy. We promote professional development through internal and external learning solutions to address identified technical and cultural skills gaps. Internally, we focus on supporting ClearView's cultural, leadership and client service development needs. Externally, we invest significantly in technical skillset solutions, ranging from Certification level to MBA programs.

Examples of professional training and development undertaken by ClearView employees include:

- RG 146 compliant courses and Diploma of Financial Planning – have been completed by employees from various parts of ClearView to enhance their own knowledge and prepare them for career progression.

- Life Code of Conduct training – ClearView's leadership, operational and technical teams completed this training to enhance employee knowledge and ensure compliance with regulatory requirements. This training was completed with the Australian and New Zealand Institute of Insurance and Finance (ANZIIF).

Complaints and dispute resolution

At ClearView, we're never satisfied when it comes to doing better and our clients are very important to us. Our objective is to resolve complaints in a timely and fair manner whilst ensuring that clients making complaints are treated with courtesy and respect.

Our Complaint Handling Policy sets out the essential elements for managing complaints received, from the point of receipt, to final outcome.

We are a member of the Australian Financial Complaints Authority (AFCA), an external dispute resolution body. In the event that we are unable to resolve a complaint internally, our clients may refer their complaint to AFCA for consideration.

The feedback provided by customers during the complaint process is viewed as an opportunity to improve. This process has a positive long-term impact on our business and maintains customers' confidence in ClearView's ability to deliver exceptional products and services.

Principles of Internal Governance and Asset Stewardship

29 June 2018

Asset Stewardship

Monitoring of company performance on financial and non-financial matters

Monitoring company performance is an important part of our investment approach. Reviews are designed to ensure our clients' assets are invested by fund managers in a manner most likely to outperform relative to relevant benchmarks over the medium- to long-term. We monitor and evaluate managers' portfolio performance, large company, sector or thematic exposures, as well as changes in managers' process and investment team. The CIO and investment team coordinates quarterly reviews with fund managers in our implemented model portfolios and reviews monthly holdings from fund managers. We review fund managers in unimplemented model portfolios on a bi-annual basis. We will review fund managers who are not rated Morningstar Silver and Gold before adding them to the ClearView Approved Product List. As part of the investment team's due diligence, we also visit fund manager offices and conduct in-depth reviews of managers' securities holdings on an ad-hoc basis to understand and appraise their investment process.

Engagement with company management and the board (as appropriate) and escalation of issues in instances where initial engagements have not been adequately responded to

Not applicable.

We rarely engage with company management or boards.

Approach to considering Environmental, Social and Governance factors (risks and opportunities) and whether these considerations influence investment decision-making and company engagement

As a manager of a multi-manager fund, our CIO and investment team expects our fund managers to adhere to the highest standards of environmental, social governance (ESG), and recognise that companies with high ESG performance often deliver superior risk-adjusted returns to investors. Our most recent fund manager, Stewart Investors Worldwide Sustainability Fund, is a world leader in ESG investing.

Proxy voting (see FSC Standard 13)

Not applicable.

Our implemented model portfolios are multi-manager funds. ClearView engages specialist fund managers for security selection, including to undertake proxy voting in the companies they invest in.

Collaborative engagement with other investors including involvement with industry groups and associations and policy advocacy

ClearView collaboratively engages with the Australian financial services industry as a member of the Financial Services Council (FSC) and the Association of Superannuation Funds of Australia (ASFA). In engaging with these industry groups and associations we always seek to advocate, or challenge, industry initiatives and government policy in a way that best suits the interests of our clients and our ability to provide them with exceptional asset management services.

The approach to client engagement, education and communication regarding asset stewardship

The investment team has developed three monthly newsletters for ClearView advisers to engage, educate and communicate to their clients about CFML's and CLN's asset stewardship. Market Review, Key Messages and Performance Reports provide monthly commentary on the performance of client funds against relevant benchmarks along with background information on the main drivers of market returns. We also host regular webinars for clients and present at practice development days for planners.