

# Audit Committee Charter

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## Company information table

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### References within this document

Within this document, a reference to Genworth Australia or 'the Company' refers to Genworth Mortgage Insurance Australia Limited and its subsidiary companies.

References to the Board are to the Boards of Directors of Genworth Australia and its subsidiary companies unless a specific Board is specified. All References to amounts are in Australian Dollars (AUD).

# Genworth Mortgage Insurance Australia Limited

## Audit Committee Charter

### 1 Introduction

This document is the Charter of the Audit Committee (**Committee**), a committee of the Board of Genworth Mortgage Insurance Australia Limited (**Company**).

The Company is an authorised non-operating holding company (**Authorised NOHC**) and the designated 'parent entity' of the Level 2 insurance group in Australia under APRA's Prudential Standards. Accordingly, this Charter applies to the activities that the Committee carries out in respect of the Company, and those activities carried out in respect of its wholly owned subsidiaries including:

- Genworth Financial Mortgage Insurance Pty Limited, an authorised insurer under the *Insurance Act 1973* (Cth) which conducts the Lenders Mortgage Insurance business of the Genworth Group in Australia and New Zealand; and
- Genworth Financial Mortgage Indemnity Ltd, which holds Lenders Mortgage Insurance policies in run-off.

On becoming effective, this Charter supersedes all previous Company charters relating to the operation and responsibilities of the audit function of the Board, as delegated to any Board committee.

### 2 Objectives

The objectives of the Committee are to assist the Board in providing an objective non-executive review of the effectiveness of the Genworth group's financial reporting and risk management framework and in:

- (a) safeguarding the integrity in financial reporting;
- (b) making timely and balanced disclosure; and
- (c) recognising and ensuring material financial risks are managed;

The ultimate responsibility for the integrity of financial reporting rests with the Board.

### 3 Operation

The Committee has the full authority of the Board to obtain all information or obtain any independent professional advice from external consultants or specialists it considers necessary or appropriate for the performance of its functions with any associated costs to be borne by the Company.

The Committee is entitled, at all times, to have free and unfettered access to the Company's senior management, internal auditor (Head of Internal Audit), and heads of all risk management functions. The Committee is also entitled to have free and unfettered access to the Appointed Auditor and the Appointed Actuary of the Company with or without executives or management of the Company being present. These persons are also entitled to have free and unfettered access to the Committee.

The Company's Head of Internal Audit will report and have unfettered access to the Committee, in addition to any other reporting line that may be in place.

The Committee may meet with the Company's Head of Internal Audit with or without management being present.

The Committee will also be available to meet with APRA as required.

## 4 Composition

The Committee must comprise:

- (a) at least three directors;
- (b) only non-executive directors;
- (c) a majority of independent directors; and
- (d) an independent chairperson, who is not the chairperson of the Board.

The Committee will be of sufficient size, independence and its members should have the technical expertise to discharge its mandate effectively (including financial and account expertise). Each member of the Committee will be able to read and understand financial statements and have a sufficient understanding of the industry in which the Company operates. At least one member will be a qualified accountant or other financial professional with experience of financial and accounting matters.

The Board will decide appointments, rotations and resignations within the Committee.

## 5 Responsibilities

The responsibilities of the Committee include the following:

### Financial

- Review and recommend to the Board accounting policies and principles and the effect of any changes to them on the financial statements of the Company
- Monitor and review compliance with related party disclosures required by the relevant Accounting Standards, the *Corporations Act 2001* (Cth) and other relevant legislations
- Assess information from, and the appropriateness of accounting judgments by, the internal and external auditors, which may affect the quality of financial reports
- Review financial statements and reports, including to determine whether the financial statements and reports reflect the understanding of the members of the Committee, and otherwise provide a true and fair view of, the financial position and performance of the Company, and recommend them for adoption by the Board.

### Regulatory

- Oversee all Australian Prudential Regulation Authority (APRA) statutory reporting requirements as relevant to financial reporting.

### Internal and External Audit

- Review and recommend to the Board the appointment and removal of the external auditor and the head of internal audit
- Review annually the external auditor's engagement, performance, appropriateness of fees and relationship and recommend to the Board the terms of engagement of the external auditor

- Ensure that the external Appointed Auditor's rotation policy meets the requirements of APRA Prudential Standards, ASX Principle 4 and any other applicable regulatory requirements
- Monitor and evaluate the independence of the external Appointed Auditor, with reference to the independence tests set out in *APES 110 Code of Ethics for Professional Accountants* and the requirements of APRA Prudential Standards
- Review the adequacy and independence of the internal audit function, including reviewing internal audit's scope, resourcing, level of standing within the Company and co-ordination with external auditors
- Review every three years, or more frequently if required, and recommend to the Board the Charter of Audit Independence and monitor compliance with the Charter
- Monitor and evaluate on a regular basis the performance of the head of internal audit
- Review all internal and external audit plans annually or more frequently if required, ensuring that they cover all material risks and financial reporting requirements
- Regularly review the findings and recommendations of internal and external audits and ensure that findings and recommendations are being managed and implemented within agreed timeframes.

### **Actuarial**

- Review and recommend to the Board the appointment and removal of the Appointed Actuary and the External Peer Review Actuary
- Review the reports of the Appointed Actuary and External Peer Review Actuary (Reviewing Actuary) and recommend to the Board the adoption of the insurance liabilities recommended by the Appointed Actuary.

## **6 Meetings**

The Committee will appoint a chairperson and a secretary.

The Committee will ensure that the Company's Head of Internal Audit, Appointed Auditor and Appointed Actuary are invited to all meetings of the Committee and may invite such other persons to attend Committee meetings as it regards appropriate.

All directors of the Company are invited to attend meetings of the Committee and are particularly encouraged to do so for those meetings that consider the annual financial report and the half yearly financial report.

The Committee will hold meetings at least four times annually to coincide with the production of financial statements and the assessment of internal and external audit reports. The Committee will meet more frequently as it considers necessary in order to fulfill its role.

A quorum will comprise two Committee members. A quorum shall not be present unless there is a majority of independent directors present at the meeting.

Any issues requiring resolution arising at any meeting of the Committee will be decided by a majority of votes.

Committee meetings may be held by Directors communicating with each other through any technological means through which they can participate in discussion even though they may not be physically present in the same place.

The Secretary of the Committee shall call a meeting of the Committee if so requested by any Director, the Chief Executive Officer, the Chief Financial Officer, the internal auditor, the external auditor or the Appointed Actuary.

The Secretary, in conjunction with the Chairperson, shall prepare an agenda for each meeting, which shall be circulated to all Directors with all relevant Committee papers prior to the meeting.

The Secretary shall keep minutes of each meeting of the Committee and provide a copy of the minutes to each Director, after preliminary approval by the Chairperson.

## **7 Reporting to the Board**

The Committee Chairperson will communicate the findings of the Committee to the Board after each Committee meeting. Copies of the minutes of each Committee meeting will be included in the papers for the next full Board meeting after each meeting of the Committee.

Minutes shall be distributed to all Committee members, after the preliminary approval has been given by the Committee Chairperson. Minutes, agendas and supporting papers shall be made available to any Director upon request to the Secretary, provided no conflict of interest exists.

## **8 Amending this Charter**

The Committee shall review its Charter triennially or otherwise, as it considers necessary.

This Charter may be amended by a resolution of the Committee at any time and from time to time subject to the approval of the Board of Directors of the Company.

**Charter approved by the Board on 13 March 2014, and is effective as of 20 May 2014.**

## Document information

<b>Version history</b>	
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