



Board Charter

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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

Board Charter

1. Introduction and purpose

This Board Charter sets out the role, structure, composition and responsibilities of the Board of Genworth Mortgage Insurance Australia Limited (**Company**) and becomes effective on completion of an initial public offering of securities by the 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 Board Charter applies to the activities that the Board 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.

The composition, structure and conduct of the Board is also governed by the Company's Constitution, the *Corporations Act 2001* (Cth), the Prudential Standards made by the Australian Prudential Regulatory Authority including Prudential Standard CPS 510 Governance (**CPS 510**), the Listing Rules of the Australian Securities Exchange, and the agreements entered into between the Company and Genworth Financial, Inc. (refer section 2 below).

The primary objective of the Board is the sound and prudent management of the Company. It does this by setting strategic objectives of the Company, and focusing on issues critical for its successful execution such as personnel, performance and the management of risk.

In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's stakeholders.

2. Board size and composition

Under the Company's Constitution, the Board must have a minimum of five directors and no more than nine at all times. A majority of directors must be independent non-executive directors (subject to the shareholders agreement discussed below). The Chairman must be an independent director.

At least two directors must ordinarily reside in Australia, and at least one resident director must be independent.

The Board may, subject to undertaking appropriate checks, from time to time determine to increase the maximum number of directors, but the maximum applying at any time cannot be reduced except by the Company in general meeting.

The Board may appoint a person to be a director at any time except during a general meeting. A director appointed in this way automatically retires at the next annual general meeting and is eligible for election by that general meeting.

A director must retire at the third annual general meeting after the director was elected or last re-elected, and is eligible for re-election. The company secretary of the Company will have a direct reporting line to the Chairman of the Board.

Under a shareholders agreement, Genworth Financial, Inc. or any of its subsidiaries (**Applicable Shareholder**), is entitled to designate a certain number of directors to the Board. If the Applicable Shareholder has a relevant interest in 50% or more of the shares of the Company, it is entitled to designate 5/9 of the Company's directors rounded to the nearest whole number. The Applicable Shareholder may remove any person who it has designated at any time and may propose a new person to replace a director it has designated as due to retire. Consistent with CPS 510, for so long as the Company is a subsidiary of a parent which is prudentially regulated in a foreign country, if the Company has more than 7 directors, at least 3 directors must be independent directors, in addition to an independent chairman.

A director designated by the Applicable Shareholder (**designee**) must retire from office and will be eligible for re-election at the next annual general meeting. If a designee is removed, retires, fails to be re-elected or ceases to hold office as a director for any other reason, the Applicable Shareholder may designate another designee in that person's place.

An alternate Director, approved by the Board, shall not be a citizen or resident of the United States, unless the appointment of such alternate Director who is a citizen or resident of the United States will not affect the Company's ability to maintain its status as a "foreign private issuer" as such term is defined in Rule 405 of the U.S. Securities Act of 1933, as amended, and Rule 3b-4 of the U.S. Securities Exchange Act of 1934, as amended.

Directors are appointed pursuant to formal letters setting out the key terms and conditions of the appointment.

3. Board accountabilities and responsibilities

The key accountabilities and responsibilities of the Board are to:

- Review, monitor and approve fundamental financial and business strategies;
- Review, monitor and approve major corporate actions in accordance with Board approved delegations;
- Oversee the Company's corporate governance and risk management frameworks and internal controls;
- Monitor the performance of the Company;
- Review and approve the Company's annual budget, financial statements and reports and major policies of the Company;
- Approve the appointment and remuneration of the Chief Executive Officer and the remuneration of certain executives of the Company in accordance with the Company's Remuneration Policy and applicable regulatory requirements;
- Oversee management's implementation of the Company's strategic objectives and its performance generally;
- Assess the performance and processes of the Board, individual Directors and senior management of the Company;
- Oversee executive succession planning;
- Ensure processes are in place for maintaining the integrity of the Company, including the integrity of:
 - (a) financial and accounting reporting systems and other documents produced by the Company;

- (b) compliance with law and appropriate standards of ethical behavior and social and environmental responsibility; and
 - (c) relationships with stakeholders.
- Oversee the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
 - Monitor compliance with the requirements of the *Corporations Act 2001* (Cth), the *Insurance Act 1973* (Cth) and other relevant legislation, as well as the conduct of the Company's relationship with key regulators;
 - Review significant audit and compliance issues and consider and approve action and remediation plans;
 - Establish and periodically review and monitor compliance with formal policies and/or procedures for board renewal, board performance assessment, remuneration and diversity.

4. Board Committees

The Board may from time to time establish committees to assist it in carrying out its responsibilities. The Board will decide appointments, rotations and resignations within each Committee. Each Committee shall adopt its own Charter to be approved by the Board, setting out matters relevant to its composition, authorities, tenure and responsibilities. The Charter will be reviewed periodically by the Committee for approval by the Board.

The Chairman of each Committee (or delegate of the Chairman) will report the outcome of the Committee meeting to the full Board following each meeting of the committee. The role of Chairman of each Board Committee will be exercised by a non-executive director.

The Board has established the following Committees:

- **Audit Committee**
The role of the Audit Committee is 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.
- **Risk Committee**
The role of the Risk Committee is to assist the Board in providing an objective non-executive review and oversight of the implementation and on-going operation of Genworth Australia's risk management framework to the extent that matters are not considered by other Board Committees.
- **Remuneration and Nomination Committee**
The role of the Remuneration and Nomination Committee is to assist and advise the Board on nomination and remuneration matters including composition and performance of the Board, succession planning and remuneration of non-executive directors and senior executives of the Company.
- **Capital and Investment Committee**
The role of the Capital and Investment Committee is to set and review the capital and investment strategies and associated risks of the Company and its regulated subsidiaries.

5. The Board and management

Responsibility for the day-to-day management and administration of the Company is delegated by the Board to the Chief Executive Officer, assisted by the executive team, being the direct reports of the Chief Executive Officer.

The Chief Executive Officer shall manage the Company in accordance with the strategies, plans and delegations reviewed and approved by the Board on an annual basis. The Chief Executive Officer shall also provide the Board with accurate, timely and clear information to enable the Board to monitor the exercise of delegated authority and to perform its responsibilities. The roles of Chairman of the Board and the Chief Executive Officer are and will be exercised by different people.

The Chief Executive Officer and Chief Financial Officer must, where the Board is required to approve the Company's financial statements, provide a declaration that the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards.

Each member of the Board, the executive team and each employee is required to comply with the Code of Conduct for the Company.

6. Access to information and independent advice

The Board may access such information and seek such independent advice as the directors individually or collectively consider necessary or appropriate to fulfil their responsibilities and permit independent judgment in decision-making.

The Board and individual directors will be entitled to:

- (a) Access any officer or employee of the Company at any time to request relevant and additional information or seek explanations;
- (b) Access internal and external auditors, the Chief Risk Officer and the Appointed Actuary without management present to seek explanations or additional information; and
- (c) Seek independent professional advice at the Company's expense subject, in the case of individual directors, to the Chairman's approval. Such approval will not be unreasonably withheld or postponed.

The Chief Risk Officer, Appointed Actuary, Internal Auditor and External Auditor shall be able to raise matters directly with the Board.

7. Review of Board, Director and senior management performance

The Board must establish a policy for assessing and disclosing annually the performance of the Board and its Committees against the requirements of this Charter and Committee Charters and for assessing the performance of individual Directors, including the Chairman. The Board must also establish a policy for assessing and disclosing periodically the performance of senior management of the Company.

8. Board renewal

The Board is responsible for ensuring that it has a mix of Directors with the necessary skills, experience and independence to meet its objectives and applicable regulatory requirements.

The Board recognises the need to renew itself and individual Directors in order to fulfill its responsibilities and to reflect the nature, size and complexity of the Company. In this context, renewal involves:

- Renewing and refreshing the Board's and Directors' thinking and approaches;
- Ensuring directors are provided with appropriate professional development opportunities. Ensuring the Board's size and composition continues to enhance renewal;
- Ensuring the review of the Board and Directors' performance takes into account renewal issues.

The Board annually considers the orderly succession for appointments to the Board, so as to maintain an appropriate balance of skills and experience.

9. Meetings

The Board shall generally meet at least eight times a year, with additional meetings as the Chairman shall consider appropriate. The Company Secretary shall call a meeting of the Board if so requested by any Director.

The Company Secretary, in conjunction with the Chairman, shall prepare an agenda for each meeting, which shall be circulated to all Directors prior to the meeting in sufficient time to enable Directors to read the papers and properly prepare for the meeting.

A majority of Directors present and eligible to vote at all meetings of the Board shall be non-executive Directors (as required by CPS 510). Directors' 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.

Draft minutes of each Board meeting shall be prepared by the Company Secretary promptly following the meeting for review by the Chairman. Thereafter, the draft minutes shall be tabled at the next Board meeting for final review and approval.

10. Reviewing and amending this Charter

The Board shall review its Charter every three years or more frequently, as it considers necessary.

This Charter may be amended by a resolution of the Board at any time and from time to time.

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

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