

Capital and Investment Committee Charter

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References within this document

References to the Board are to the Boards of Directors of Genworth Mortgage Insurance Australia Limited, Genworth Financial Mortgage Insurance Pty Limited and Genworth Financial Mortgage Indemnity Limited unless a specific Board is specified. All References to amounts are in Australian Dollars (AUD).

Genworth Mortgage Insurance Australia Limited

Capital and Investment Committee Charter

1. Introduction

This document is the Charter of the Capital and Investment Committee (Committee), a Committee of the Boards of Genworth Mortgage Insurance Australia Limited (GMA), Genworth Financial Mortgage Insurance Pty Limited (GFMI) and Genworth Financial Mortgage Indemnity Ltd (GFMIIL).

GMA is an authorised non-operating holding company (Authorised NOHC)) and is the 'parent entity' of the Level 2 insurance group in Australia under APRA's Prudential Standards.

The consolidation of the Authorised NOHC and its controlled entities is the Level 2 insurance group. The level 2 insurance group is comprised of GMA, GFMI, GFMIIL and Balmoral Insurance Company Limited (Balmoral).

This Charter applies to the activities that the Committee carries out in respect of GMA (including in its capacity as the Authorised NOHC and in respect of the Level 2 insurance group), and those activities carried out in respect of GMA's wholly owned insurance subsidiaries being:

- GFMI, an authorised insurer under the *Insurance Act 1973 (Cth)*, which conducts a lenders mortgage insurance business in Australia and New Zealand; and
- GFMIIL, an authorised general insurer under the *Insurance Act 1973 (Cth)*, which holds mortgage insurance policies in run-off.
- Balmoral, which is registered under the Segregated Account Companies Act 2000 (Bermuda) and registered as a Class 3A insurer under the laws of Bermuda, (Genworth).

This Charter supersedes the previous Charter relating to the operation and responsibilities of the Capital and Investment function of the Board.

2. Objectives

The objectives of the Committee are to assist the Boards in:

- (a) Setting and reviewing the capital strategy and investment strategy for Genworth;
- (b) Supervising the execution of that capital strategy and investment strategy; and
- (c) Monitoring compliance with the Risk and Capital Management Framework and Strategy as it relates to the Company's Internal Capital Adequacy Assessment Process (ICAAP) Summary Statement, Risk Management Statement and Risk Management Framework.

3. Composition

The Committee must comprise:

- (a) At least three directors of GMA, GFMI and GFMIIL;

- (b) Only non-executive directors of GMA, GFMI and GFMIIL;
- (c) A majority of independent directors of GMA, GFMI and GFMIIL;
- (d) An independent Chairman, who is not the Chairman of the Board.

The Committee must be of sufficient size, independence and technical expertise to discharge its mandate effectively.

The Board will decide appointments, rotations and resignations in relation to the Committee.

4. Responsibilities

The Responsibilities of the Committee include the following:

- (a) Set and review the capital and investment objectives and strategy (including the Investment Policy and Guidelines) in accordance with Genworth's strategies, Business Plan, and the Risk and Capital Management Framework and Strategy (RCMFS) in relation to the ICAAP Summary Statement, Reinsurance Management Strategy, Risk Management Statement, Risk Management Framework and other matters relevant to the Committee's responsibilities in respect of the RCMFS.
- (b) Together with the Risk Committee, recommend approval of the RCMFS and the Market and Liquidity Risk Policy to the Board.
- (c) In relation to Genworth's investments:
 - Review and determine the size, composition, objectives and responsibilities of the management investment committee ("Investment Committee");
 - Review the Quarterly Investment Portfolio Report produced by management, including information regarding the performance of Investment Managers, and any breaches of the investment mandate;
 - Consider proposals, decisions and recommendations of the investment team and/or Investment Committee;
 - Annually review the Investment Management Agreements and consider amendments as may be recommended by the Investment Committee;
 - Review the composition and performance of the investment portfolios and any deviations from mandates;
 - Consider the portfolios and any suggestions or concerns taking into account market conditions, any liquidity issues or other matters relevant to the portfolios;
 - Assist the Board in the effective oversight of market and liquidity risk practices within the context of the RCMFS;
 - Oversees the management of the Liquidity Buffer and any change to the buffer;
 - Approve:
 - Investment Policy;
 - investment strategy;
 - Strategic Asset Allocation;
 - asset-classes;
 - hedging programs including derivatives.

- the appointment or termination of an investment custodian;
- appointment or termination of an investment manager;
- the change of an investment manager mandate.

Note: In addition to the approval of the Committee, Genworth must also obtain the approval of the Genworth Mortgage Insurance Capital & Investment Committee (GMI CIC) and/or Genworth Financial, Inc. (GFI) Executive Council (or GFI Investment Committee) as necessary. (Note that the 2019 Consolidated Delegated Authorities (CDAs) in this respect require that the GMI CIC and GFI Executive Council or GFI Investment Committee must approve, in accordance with the CDAs, 'Investments' including all:

- *changes to investment strategy;*
- *Investment Policy;*
- *investment mandates;*
- *Strategic Asset Allocation;*
- *asset-classes;*
- *hedging programs including derivatives.*

(d) In relation to Genworth's capital position and strategy:

- Oversee and recommend to the Board the ICAAP and in doing so:
 - review the outcomes of enterprise wide stress testing;
 - recommend the target capital ranges for total capital having regard to ratings agency, regulatory and Genworth's Internal Economic Capital measures;
 - monitor and report to the Board on matters relating to regulatory and rating agency solvency requirements, capital initiatives, reinsurance and dividend policy; and
 - review and monitor capital levels for consistency with Genworth's agreed risk appetite.
- To note capital use greater than the Capital Plan;
- Review and recommend to the Board for approval any amendments to the target capital range and total capital position, including any buy backs, reductions in shares, borrowings or indebtedness, guarantees or new capital instruments. In addition to the approval of the Committee, the Shareholders Agreement sets out the approvals required from GFI with respect to these transactions.
- Review and recommend to the Board for approval any amendments to the Risk and Capital Management Framework and Strategy as they relate to the Risk Management Framework, Risk Management Strategy and Reinsurance Management Strategy.

(e) Approve reinsurance (being new, renewal or early cancellation of reinsurance arrangements) entered into by Genworth.

Note: In addition to the approval of the Committee, Genworth must also obtain the approval of the GMI CIC as necessary. (The CDAs in this respect require that the GMI CIC must approve, in accordance with the CDAs, 'Reinsurance (New, Renewal or Early Cancellation of Reinsurance Arrangements) both new reinsurance policies and reinsurance renewals. In addition, the GMI CFO, GMI CRO and GMI Chief

Actuary are to be informed by Genworth of new programs, and the GMI CRO risk assessment is to accompany GMI CIC approval.

- (f) Review and recommend to the Board for adoption, any new policies and procedures on capital, reinsurance and/or investment management.
- (g) Review any proposals and make recommendations in relation to new markets outside of Australia;
- (h) Approve any further matters delegated by the Board to the Committee for approval.

5. Act in accordance with all directions given to it by the Board. Meetings

The Committee will appoint a Chairman. The Company Secretary of GMA, GFMI and GFML will be the Secretary of the Committee, unless an alternative secretary is appointed by the Committee.

The Committee must hold meetings at least four times annually and may meet more frequently if it considers it necessary.

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

Committee meetings may be held by its members 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 Committee Chairman may invite senior managers, employees, executives or directors of Genworth or its related bodies corporate who are not members of the Committee, and external professionals, to attend meetings of the Committee. The Committee may request such persons to provide input or advice in relation to the capital and investment related matters being considered by the Committee.

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

If all the members entitled to receive notice of a Committee meeting and to vote on the resolution receive notice of a Committee meeting sign a document containing a statement that they are in favour of the resolution set out in a document, a Committee resolution in those terms is passed at the time when the last member signs.

6. Reporting to the Board

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

7. Amending this Charter

The Committee must review its Charter once every three years or, as it considers necessary, more frequently, or as otherwise directed by the Board.

This Charter may be amended by a resolution of the Committee subject to the approval of the Board.

8. Board approval of this Charter

This Charter was approved by the Board on 24 July 2019.

Document Information

| Version history | |
|-----------------|---------------|
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| 1.0 | 19 March 2012 |
| 2.0 | 23 May 2012 |
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