

# Risk 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

## Risk Committee Charter

### 1. Introduction

This document is the Charter of the Risk 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 Limited (**Indemnity**) (collectively GMA, GFMI and Indemnity are referred to as the **Company**).

GMA is the authorised non-operating holding company and the designated 'parent entity' of the Genworth 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 GMA, and those activities carried out in respect of its controlled entities including:

- GFMI, an authorised insurer under the *Insurance Act 1973* (Cth) which conducts lenders mortgage insurance business in Australia and New Zealand;
- Balmoral Insurance Company Limited which is registered under the Segregated Account Companies Act 2000 (Bermuda) and registered as a Class 3A insurer under the laws of Bermuda; and
- Indemnity, 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 risk 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 and oversight of the implementation and on-going operation of the Company's risk management framework. The Committee will work closely with other Board Committees that have oversight of some material risks to ensure that all risks are identified and adequately managed.

The ultimate responsibility for risk oversight and risk management 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 members of the Committee are entitled, at all times, to have free and unfettered access to the Company's senior management, and risk and financial control personnel. The Committee is also entitled to have free and unfettered access to other parties (internal or external), such as the Chief Risk Officer, the internal and external auditors, the Appointed Actuary of the Company, and any external advisors, 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 Chief Risk Officer will report and have unfettered access to the Committee, in addition to any other reporting line that may be in place. The Committee will be available to meet with the Australian Prudential Regulation Authority (APRA) as required.

#### 4. Composition

The Committee must comprise of:

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

The Committee will be of sufficient size, independence and technical expertise to discharge its mandate effectively. The Board will decide appointments, rotations and resignations within the Committee.

#### 5. Responsibilities

The responsibilities of the Committee include the following:

##### **Risk**

- Review at least annually the Company's risk management framework and strategy included in the Risk and Capital Management Framework and Strategy (**RCMFS**). The RCMFS is designed to establish an effective and efficient system for:
  - (a) articulating the Company's risk appetite statement and risk culture statement;
  - (b) identifying, assessing, monitoring and managing risk;
  - (c) overseeing accountability at a senior management level for risk oversight and management;
  - (d) allowing employees of the Company to raise with the Committee, on a confidential basis, any concern that employee may have in relation to accounting, internal control, compliance, audit and other relevant matters and to ensure that such policy is communicated to all employees; and
  - (e) overseeing the effectiveness of the Company's risk management and internal compliance and control systems.

In conducting the review, the Committee should consider whether it is satisfied that the RCMFS continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board.

- Together with the Capital and Investment Committee, oversee the RCMFS and recommend it to the Board for approval.
- Oversee senior management's implementation of the RCMFS and regularly review and monitor the Company's current and future risk position against the RCMFS, including whether the Company is operating within the risk appetite and risk culture set by the Board.
- Bring to the attention of the Board any circumstances in which the Company has operated outside the current risk appetite set by the Board.

- Recommend to the Board any changes to the RCMFS, including changes to the Company's risk appetite.
- Establish and maintain a formal policy and procedure allowing employees of the Company's corporate group to submit to the Committee, on a confidential basis, information about accounting, internal control, compliance, audit and other matters about which the employee has concerns, and to ensure that a process is in place for ensuring employees are aware of this policy and that there is a process for dealing with matters raised by the employee under this policy.
- Constructively challenge senior management's proposals and decisions on all aspects of risk management arising from the Company's activities.
- Review any material incident involving fraud or a break-down of the Company's risk controls and the 'lessons learned'.
- Receive and consider reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk.
- Receive and consider reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks
- Oversee the Company's corporate insurance program, having regard to the Company's business and the insurable risks associated with its business.

### ***Regulatory***

- Review annually and recommend to the Board the Risk Management Declaration.
- Oversee compliance with all statutory reporting requirements of APRA, the Reserve Bank of New Zealand and the Bermuda Monetary Authority as relevant to risk management.
- Review all findings from APRA prudential reviews and consultations and ensure that they are being managed and implemented within agreed timeframes.

### **Chief Risk Officer**

- Review and recommend to the Board the appointment and removal of the Chief Risk Officer.
- Review the performance and set the objectives of the Company's Chief Risk Officer, and ensure the Chief Risk Officer has unfettered access to the Board and the Committee.

## **6. Meetings**

The Committee will appoint a chairperson and a secretary.

The Committee will ensure that the Company's Chief Risk Officer, internal and external auditors, and Appointed Actuary are invited to all relevant sections of 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.

The Committee will hold meetings at least four times annually. The Committee will meet more frequently as it considers necessary to fulfill its role.

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

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 Chief Risk 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 prepare draft minutes of each meeting of the Committee promptly following the meeting for review by the Chairperson. Thereafter, the draft minutes shall be circulated to all Committee members for final review and approval at the next Committee meeting.

## **7. Reporting to the Board**

The Committee Chairperson will communicate the outcomes 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, 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 once every three years 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 24 July 2019.**

## Document Information

| Version history |                  |
|-----------------|------------------|
| Version number  | Approval date    |
| 1.0             | 4 December 2013  |
| 2.0             | 13 March 2014    |
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