

# Risk Committee 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

## Risk Committee Charter

### 1. Introduction

This document is the Charter of the Risk 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 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 and recommend to the Board the Company's risk management framework and strategy, so as to establish an effective and efficient system for:
  - (a) articulating the Company's risk appetite;
  - (b) identifying, assessing, monitoring and managing risk;
  - (c) ensuring 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) ensuring the effectiveness of the Company's risk management and internal compliance and control systems.
- Oversee senior management's implementation of the risk management strategy
- Regularly review and monitor the Company's current and future risk position relative to its risk appetite and capital strength
- 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.

### Regulatory

- Review annually and recommend to the Board the Risk Management Declaration
- Oversee all APRA statutory reporting requirements as relevant to risk management
- Review all findings relevant to risk management 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.

## **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 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.

The Committee will receive reports from Management that will put it in a position to gauge the extent to which risk is being managed, and managed within the agreed Board Risk Appetite Statement.

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, is effective as of 20 May 2014.**

## Document information

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