



Board Performance & Renewal Policy

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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).

1. Policy Overview

1.1. Introduction & Objectives

This Policy applies to Genworth Mortgage Insurance Australia Limited (Company) and its subsidiaries. Board effectiveness is maintained through a number of principles and initiatives. The objectives of this Policy are to detail:

- a) the process through which the Board periodically evaluates the performance of the Board, Committees and individual Directors;
- b) the requirement that an Board skills matrix be maintained and disclosed;
- c) how the Board intends to renew itself in order to ensure it remains open to new ideas and independent thinking whilst retaining adequate expertise; and
- d) how Directors are provided with appropriate professional development opportunities, and how new Directors are inducted.

The Chairman of the Remuneration & Nominations Committee, a Committee of the Board of the Company (the Board), is responsible for the Board Performance & Renewal Policy and processes.

This Policy has been established taking into account the Company's obligations under its Constitution, ASX Listing Rules, ASX Corporate Governance Principles and Recommendations and APRA Prudential Standards relating to Governance and Fit & Proper requirements (collectively, **Rules**).

This Policy supports the roles and responsibilities of the Board set out in the Board Charter and of the Remuneration and Nomination Committee, as set out in the Remuneration and Nomination Committee Charter.

1.2. Policy review

A triennial review of this Policy will be undertaken by the Remuneration & Nominations Committee.

2. Board Performance Evaluation

2.1. Annual performance evaluation

Once a year, the Board shall critically review and discuss the performance of:

- (a) the Board as a whole;
- (b) its Committees and the Chairmen of the Committees; and
- (c) individual Directors, including the Board Chairman.

If it is apparent that there are problems which cannot be satisfactorily considered by the Board itself, the Board may engage an independent adviser to undertake this review.

2.2. Board performance evaluation

A review and evaluation of the Board will take place annually and will include consideration of at least the following:

- (a) comparison of the performance of the Board against the Board Charter;
- (b) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans, the annual budget and any other objectives set by the Board;
- (c) review of the Board's interaction with management;
- (d) identification of any particular goals and objectives of the Board for the next year;
- (e) review of the type and timing of information provided to the Directors;
- (f) identification of any necessary or desirable improvements to Board or Committee Charters; and
- (g) each Director performing his or her duties and responsibilities as required by relevant laws and regulations.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director.

2.3. Committee performance evaluation

Each Committee of the Board and the Chairman of each Committee are reviewed and evaluated annually. The annual review will include considerations similar to those applied to the review of the Board and will include an assessment of the performance of each Committee against each Committee Charter in order to identify areas where improvements can be made.

2.4. Individual Director evaluation

The Board Chairman will have primary responsibility for providing performance feedback to Directors, having particular regard to the following factors (as applicable):

- (a) contribution to Board discussion and function;
- (b) degree of independence including relevance of any conflicts of interest;
- (c) availability for and attendance at Board meetings and other relevant events;
- (d) contribution to Company strategy;
- (e) membership of and contribution to any Board Committees;
- (f) whether the Director has served a tenure which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interest of the company;
- (g) suitability to Board structure and composition; and
- (h) with respect to the Chief Executive Officer, any other factors the Board Chairman considers appropriate to evaluate the performance of the Chief Executive Officer.

Where the Chairman, following a performance appraisal, considers that action must be taken in relation to a Director's performance, the Chairman must consult with the remainder of the Board regarding whether a Director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a Director be put to shareholders.

Where action in respect of the CEO & Managing Director is considered, the Chairman will consult with the Directors designated by Genworth Financial, Inc. (GFI) (other than the CEO & Managing Director where they have been designated by GFI), as GFI has the right to determine the appointment and removal of the CEO & Managing Director under the Shareholder Agreement with the Company whilst it has a majority shareholding in the Company.

The Remuneration & Nominations Committee Chairman and one other non-executive Director will have responsibility for providing performance feedback to the Board Chairman.

2.5. Board skills assessment

A Board skills assessment will be conducted annually and may be conducted in conjunction with the annual Board performance evaluation. Each individual Director is required to complete a self-assessment of competency levels in the core skills and experience that have been identified by the Remuneration & Nominations Committee as essential qualifications. The results of this assessment are reviewed and used to assess the composition of the Board, assist in identifying professional development areas, and in determining the skills required when recruiting new Board members. Following this review, the Board will disclose the mix of skills and diversity that the Board currently has or is looking to achieve in its membership, which will take into account skills, diversity and composition requirements set out in the Rules.

2.6. External evaluation

An external Board & Committee evaluation process will be undertaken on a triennial basis. The frequency of any external evaluation may be changed as deemed appropriate by the Remuneration & Nominations Committee. The Remuneration & Nominations Committee will be responsible for recommending to the Board the external consultants to be retained to complete this process.

3. Board Renewal & Tenure

3.1. Renewal

It is a requirement under the ASX Listing Rules (LR 14.5) and the Company's Constitution (Rule 3.6(c)) for an election of Directors to be held at each Annual General Meeting of shareholders (**AGM**), where at least one Director must retire. Either a new Director can be elected or the retiring Director re-elected.

The election and re-election requirements can be satisfied through a number of ways, including:

- (a) nomination of eligible candidates as new Directors to the Board, either to fill an existing vacancy or a new appointment provided that the number of Directors does not exceed the maximum number set out in the Constitution¹; and
- (b) retirement and re-election of existing Directors. Retirement can be due to automatic retirement at the third AGM from last re-election, automatic retirement for Board appointed Directors² or a Director electing to retire³.

Each Director elected by shareholders will automatically retire at the third AGM following the AGM at which they were last elected / re-elected (as applicable), unless they retire earlier.

If all Directors' tenure commences at the same AGM, then at least one Director will be required to retire and be re-elected at each of the two following AGMs, rather than at the third AGM – to meet the requirements that there be an election at each AGM at which at least one Director retires. In this situation, it is a requirement under the Constitution that the Director with the longest tenure retires.

Directors who have been elected by the Board to fill a vacancy must retire at the next AGM and, if they choose, stand for election.

While it has a majority shareholding of the Company, GFI has the right under the Shareholder Agreement to designate 5/9ths of the total number of Directors of the Company (rounded up to the nearest whole number). GFI also has the right by notice to the Company to remove and/or replace those designated Directors at any time.

If GFI gives the Company a notice that a GFI designated Director who is due to retire by rotation at the next AGM will not stand for re-election, then the Company must ensure the GFI designated Director retires at that AGM and does not stand for re-election, and that instead a person named in the notice by GFI be nominated for election at the next AGM.

In each other case that GFI replaces a designated Director by notice to the Company, the Directors must appoint that person as an additional Director to fill a casual vacancy and that person must then retire (and will be eligible for re-election) at the next AGM.

3.2. Tenure

The maximum tenure of Directors is 9 years from the date of first election by shareholders.

¹ Constitution rule 3.1. Maximum number of directors is nine.

² Constitution rule 3.3. The Board may appoint a person to be a director at any time except during a general meeting. Any director so appointed, automatically retires at the next AGM and is then eligible for election at the AGM.

³ Constitution rule 3.6(b), noting that at least 45 Business Days' notice to the Board must be given, unless the Board otherwise directs.

The Board, on its initiative and on an exceptions basis, may exercise its discretion to extend the maximum terms specified above where it considers that such an extension would benefit the company. Such discretion will be exercised on an annual basis and the Director concerned will be required to stand for re-election annually.

The Board will at all times comply with the Rules when managing Board renewal. Recommendations to shareholders to re-elect Directors will be made with reference to recent Board performance evaluations.

Board renewal and tenure conditions as detailed above do not apply to the appointment or removal of the Chief Executive Officer & Managing Director, which rights GFI has to determine whilst it holds a majority shareholding.

4. Professional Development & Induction

Board members are required to maintain and develop the skills and knowledge required to perform their role effectively. Directors are encouraged to nominate relevant professional development programs individually or collectively.

The Chairman is responsible for inducting new Directors, ensuring they have appropriate access to the business and fellow Directors (as appropriate). The Company will operate an induction and education program for new Directors to ensure Directors are aware of the expectations of their role and are familiar with the Genworth business, strategy and current issues before the Board. The program may include meetings with the Chairman, Board Committee chairmen, Chief Executive Officer & Managing Director and other members of the Senior Leadership Team.

5. Document information

Version history

Version no	Approved date
1.0	12/03/2014
2.0	13/03/2014
3.0	30/04/2015

Reference documents

The following documents have been referenced in the preparation of this policy.

Ref.	Document name	Business owner
1.	Genworth Financial Inc. Privacy Policy (Integrity First)	Human Resources
2.	Genworth Australia Privacy Policy	General Counsel & Company Secretary
3.	Genworth Australia Credit Reporting Policy	General Counsel & Company Secretary
4.	GMA Board of Directors Charter	General Counsel & Company Secretary
5.	Remuneration and Nomination Committee Charter	Chief Human Resources Officer