



# Fit and Proper Policy

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### **References within this document**

Within this document, a reference to Genworth refers to Genworth Mortgage Insurance Australia Limited and its subsidiary companies.

References to the Board are to the Boards of Directors of Genworth and its subsidiary companies unless a specific Board is specified. All References to amounts are in Australian Dollars (AUD).

# 1. Policy overview

## 1.1. Policy Statement

This Policy outlines the standards which Genworth apply to ensure Regulated Persons are:

- sufficiently competent;
- of good character and integrity;
- not disqualified by law; and
- not materially conflicted to properly perform key regulatory roles.

## 1.2. Purpose

This Policy is applicable to Genworth Mortgage Insurance Australia Limited (GMA) and all its subsidiaries including :

- Genworth Financial Mortgage Insurance Pty Limited (GFMI)
- Genworth Financial Mortgage Indemnity Limited (Indemnity)
- Balmoral Insurance Company Limited (Balmoral)

Genworth is regulated by the Australian Prudential Regulation Authority (APRA) under the Insurance Act 1973.

This Policy is also applicable to GFMI in its capacity as:

- A credit licensee regulated by the Australian Securities & Investments Commission (ASIC) under the National Consumer Credit Protection Act 2009 (NCCP);
- A licensed insurer carrying on business in New Zealand under the Insurance (Prudential Supervision) Act 2010 (IPSA); and
- A financial service provider in New Zealand under the Financial Service Providers (Registration & Dispute Resolution) Act 2008 (FSPA).

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

GFMI conducts a Lenders Mortgage Insurance business in Australia and New Zealand. In Australia, GFMI is an authorised insurer under the Insurance Act 1973 and (in respect of its borrower recovery activities) holds a credit licence under the NCCP. In New Zealand, GFMI holds a licence to carry on insurance business in New Zealand under IPSA. GFMI has also registered on the Financial Service Providers Register (operated by the New Zealand Companies Office) as an insurer carrying on business in New Zealand.

Indemnity is an insurer authorised under the Insurance Act 1973 to conduct run-off business only.

Balmoral is regulated by the Bermuda Monetary Authority (BMA). Balmoral is registered under the Companies Act 1981 (Bermuda) and Segregated Accounts Companies Act 2000 (Bermuda) and registered as a Class 3A insurer under the Insurance Act 1978 (Bermuda).

This Policy forms part of Genworth's Risk Management Strategy as required by *GPS 220 Risk Management*, and part of the Risk Management Programme for the purposes of New Zealand insurance regulations.

### 1.3. Scope

This Policy sets out the manner in which Genworth complies with the regulatory requirements described above. It provides information on:

- The Genworth positions which constitute Regulated Roles;
- The minimum standards which apply to such roles;
- How Genworth assesses the fitness and propriety of candidates for such roles, including the relevant criteria;
- The requirements for notifying regulators in relation to Regulated Persons; and
- How Genworth complies with the ongoing and regular assessment requirements in relation to Regulated Persons.

### 1.4. Regulatory Requirements

#### APRA CPS 520

APRA's Prudential Standard CPS 520 *Fit and Proper* requires persons who are responsible for the management and oversight of a general insurer (Responsible Persons) to have appropriate skills, experience and knowledge and to act with honesty and integrity. CPS 520 sets out the minimum requirements for insurers and authorised NOHCs in determining the fitness and propriety of individuals to hold positions of responsibility. CPS 520 also requires that Genworth maintain a Board approved, written policy relating to the fitness and propriety of its Responsible Persons, dealing with various prescribed matters set out in the Standard.

#### NCCP

Under section 47 of the NCCP, GFMI is responsible for ensuring that it maintains the competence to engage in the credit activities authorised by its credit licence. ASIC refers to this obligation as the "organisational competence" obligation and assesses Genworth's compliance with the obligation by looking at the qualifications and experience of the people who manage Genworth's credit activities, namely those people who are required to meet a fit and proper test. ASIC's Regulatory Guides 204 and 206 provide guidance on how to meet the organisational competence requirements. Genworth must have measures in place to ensure that it maintains its organisational competence at all times, including by conducting regular reviews, for example when completing the annual compliance certificate, which is due to ASIC within 45 days of the anniversary of the licence date.

#### IPSA (New Zealand)

Section 34 of IPSA requires licensed insurers in New Zealand (NZ) to have a fit and proper policy applicable to its "directors and relevant officers". "Relevant officers" means the NZ CEO, NZ CFO<sup>1</sup> and NZ Appointed Actuary. The RBNZ has issued Guidelines applicable to licensed insurers and a Fit & Proper standard, the latter of which sets out the particular factors that an insurer must take into consideration when determining a person's fitness and propriety for a defined position.

#### FPSA (New Zealand)

As an entity registered on the FSPA, GFMI is required to make various declarations in relation to the fitness and propriety of the company's directors and "senior managers", which is defined as a person, other than a director, who occupies a position which allows them to exercise significant influence

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<sup>1</sup> RBNZ has granted GFMI a waiver of the requirement for there to be a NZ resident CEO and CFO in relation to the NZ branch, so that the Australian CEO and CFO are instead recognised as the relevant officers for the purposes of IPSA.

over the management or administration of the financial service provider. Section 14 of the FSPA sets out the various circumstances in which a director or senior manager would be disqualified from registration (e.g. criminal background, bankruptcy).

## **ASX**

Under the ASX Listing Rules, GMA was required to ensure each of its directors was of “good fame and character” at the date of listing. The ASX Listing Rules do not impose any equivalent “good fame and character” requirement in relation to directors appointed following admission. ASX has stated that this is on the basis that those directors must submit to an election by security holders and the listed entity has an obligation, in that context, to put all material information about the director in its possession in the notice of meeting proposing his or her election. Security holders therefore get an opportunity to express their opinion on whether the director is of good fame and character and someone to whom they wish to entrust the management of the listed entity.

ASX has also stated that it would expect the board of a listed entity to be undertaking appropriate background checks on any person it proposes to appoint as a director in its own right or to put forward at a meeting of security holders for election as a director.

The ASX Corporate Governance Principles and Recommendations require GMA, as a listed entity, to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.<sup>2</sup> These checks should include checks as to the person’s character, experience, education, criminal record and bankruptcy history.

GMA is required to disclose in a corporate governance statement forming part of its Annual Report the extent to which GMA has followed the ASX Corporate Governance recommendations during the relevant reporting period.<sup>3</sup>

## **BMA**

Paragraph 10 of the BMA Insurance Code of Conduct requires the Board of Balmoral to ensure that processes to assess and document the fitness and propriety of board members, controllers, officers and third-party service providers are in place.

## **1.5. Penalties and Consequences**

Non-compliance with this Policy exposes Genworth to regulatory sanctions including fines and undertakings. Regulators also typically have powers to remove an individual from a Regulated Role, or prescribe that a certain role is a Regulated Role requiring a fit and proper check be carried out.

Instances of non-compliance must be reported and managed in accordance with the Genworth Incident Management Procedure.

## **1.6. Amendments to this Policy**

The Fit & Proper Committee<sup>4</sup> (Committee) will consider updates to this Fit and Proper Policy and submit the Policy to Genworth’s Board of Directors for approval every three years or more frequently if required (for example where organisational, legislative or regulatory change requires

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<sup>2</sup> ASX Corporate Governance Council, *ASX Corporate Governance Principles and Recommendations*, Recommendation 1.2. The Corporate Governance Principles and Recommendations requires certain information regarding these checks to be provided to security holders in electing directors of GMA.

<sup>3</sup> ASX Listing Rules 4.10.3, 4.7.3 and 4.7.4 and ASX Listing Rules Appendix 4G.

<sup>4</sup> Refer to the Fit & Proper Charter for the Committee’s Terms of Reference.

that the Policy be updated). Any material amendments to this Policy require the prior approval of the RBNZ.

## **1.7. Exceptions**

It is not expected that any exceptions to this Policy will occur. In the unlikely event that exceptions are required these must be approved by the Committee.

## 2. GENWORTH REGULATED PERSONS

Individuals who are appointed to Regulated Roles are usually employees of Genworth, but in some instances may be employees of other organisations. This Policy applies to all individuals who hold positions of responsibility, regardless of whether they are an employee or engaged in another capacity.

As above, each Regulator has different requirements under which Regulated Persons are required to be appointed. Certain individuals are Regulated Persons pursuant to the APRA Prudential Standard CPS 520, ASIC Regulatory Guide 206, BMA Insurance Code of Conduct, IPSA, and /or the FSPA. This Policy has been designed to minimise any unnecessary duplication of effort in relation to both the initial and ongoing assessment of Regulated Roles, and the general management of the fit and proper process.

Genworth's register of Regulated Persons is maintained by Legal and Compliance. It contains the roles which are considered to be positions of responsibility under each of the applicable regulatory regimes. The register can be made available upon request.

## 3. CRITERIA

### 3.1. Position descriptions

The role, responsibilities and competencies of each Regulated Role are defined and documented in the relevant position description for Genworth employees or terms of appointment for all other Regulated Persons.

### 3.2. Criteria applicable to all covered persons

The following minimum requirements apply to all Regulated Roles at Genworth:

- The person must possess the competence, character, diligence, honesty, integrity and judgment to properly perform the duties of the position;
- The person must not be disqualified by law from holding the relevant position; and
- The person must have no conflict of interest in performing the duties of the position (or in the event that a conflict does exist, the conflict will not create a material risk that the person will fail to properly perform the duties of the position).

When considering the above, the Committee takes into account information relevant to the person's character, competence, qualifications and experience (pertinent to the duties involved), including the person's reputation in any relevant business or financial community or market. In doing so, the Committee has particular regard to the information and responses received from, and in relation to, the candidate.

In relation to the appointment of new directors, Genworth's Board Charter and the Constitution of the relevant Genworth entity applies in addition to this Policy. The Board is responsible for ensuring that it has a mix of directors with the necessary skills, experience and independence to meet its objectives.

All Regulated Persons who are employed by Genworth must also satisfactorily complete all general pre-employment screening checks involving police / criminal record checks and the verification of education, professional qualifications and experience, and comply with Genworth's policies and procedures, including but not limited to:

- Genworth Code of Ethics (Integrity First); and
- Genworth Conflict of Interest Procedure.

In addition, Regulated Persons and proposed new Directors are required to provide a bankruptcy check as part of the assessment process.

Further information on Genworth's general pre-employment screening checks is set out in the Employment Background Checking Policy.

### 3.3. Additional requirements: Responsible Managers

The sub-set of Regulated Persons who have direct involvement in overseeing credit activities are referred to as Responsible Managers. Where relevant, Responsible Managers should be formally appointed by the Fit & Proper Committee.

ASIC has provided guidance<sup>5</sup> that requires Genworth to provide certain information to ASIC in relation to any “significant non-compliance issues” involving the Responsible Manager in the last 10 years, for example any refusals or restrictions that have been applied in relation to carrying on a trade, business or profession for which an authorisation is required, or any disciplinary action in relation to such authorisation. Genworth’s Statement of Personal Information, which is required to be completed by candidates, covers these matters and the candidate’s responses must be taken into consideration by the Committee when assessing fitness and propriety. The Committee will, with advice from the General Counsel as appropriate, ensure that any significant non-compliance issues are reported to ASIC in accordance with Regulatory Guide 206.

Where Responsible Managers have also been identified by ASIC as being ‘key persons’, the Credit Licence should be reviewed for additional requirements.

### **3.4. Additional Requirements – Fit and Proper Criteria**

#### **Actuary & Auditors – APRA requirements**

Additional criteria are prescribed by CPS 520 in relation to the Responsible Auditor (if any), the Appointed Auditor, Appointed Actuary and Reviewing Actuary.

#### **3.4.1. Appointed Auditor & Responsible Auditor**

The following criteria apply in addition to the general criteria described in section 3.2. The person appointed must:

- be a registered company auditor under the Corporations Act;
- be someone other than:
  - the Appointed Actuary of the insurer (or for a Responsible Auditor of a NOHC, the Appointed Actuary of a general insurer which is a subsidiary of the NOHC);
  - an employee or director of an entity of which the Appointed Actuary is an employee or director; or
  - a partner of the Appointed Actuary;
- have a minimum of 5 years relevant experience in the audit of insurers and have experience relating to insurers that has been sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the audit of insurers;
- be a member of a recognised professional body;
- be ordinarily resident in Australia; and
- meet the independence requirements set out in CPS 510 (the Committee will consult with Legal & Compliance in this regard).

#### **3.4.2. Appointed Actuaries and Reviewing Actuaries**

The following criteria apply in addition to the general criteria. The person appointed must:

- have appropriate formal qualifications;

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<sup>5</sup> ASIC Regulatory Guide 206 at [206.61].

- not be the Chief Executive nor a director of the insurer, or of a related body corporate (except when that related body corporate is a subsidiary of the insurer);
- not be:
  - the Appointed Auditor;
  - for an Appointed Actuary, an employee or director of an entity of which the Appointed Auditor is an employee or director; or
  - for an Appointed Actuary, partner of the Appointed Auditor;
- have a minimum of 5 years relevant experience in the provision of actuarial services to entities carrying on insurance business and have experience relating to general insurers that is sufficiently relevant and recent to provide reasonable assurance that the person is familiar with current issues in the provision of actuarial services to such entities;
- be a Fellow or Accredited Member of the Institute of Actuaries Australia;
- be ordinarily resident in Australia;
- for Reviewing Actuaries, not be an employee of the insurer; and
- for Reviewing Actuaries where the Appointed Actuary is not an employee of the insurer, not a partner of, or an employee or director of the same firm or company as the Appointed Actuary, or from a related firm or related company.

The Reviewing Actuary may be from the same firm or company as the insurer's Appointed Auditor or from a related firm or related company.

### **3.4.3. IPSA “directors and relevant officers”**

The Fit & Proper Standard issued by the RBNZ requires that Genworth take into consideration various prescribed matters, which are captured in the Statement of Personal Information questionnaire which candidates for Regulated Roles are required to complete.

The candidate's responses in the questionnaire must be taken into consideration by the Committee when assessing fitness and propriety

In accordance with Guidelines issued by RBNZ the Appointed Actuary (NZ) must:

- be a Fellow of the New Zealand Society of Actuaries Incorporated (or the holder of an equivalent qualification approved by the RBNZ);
- be in a position to exercise independent professional judgment; and
- have sufficient skills and background to ensure they are appropriate for the position.

### **3.4.4. FSPA “directors and senior managers”**

Section 14 of the FSPA sets out the various circumstances in which a director or senior manager would be disqualified from registration as follows:

- an un-discharged bankrupt;
- a person prohibited from being a director or promoter of, or concerned in the management of, an incorporated or unincorporated body under the Companies Act 1993, the Securities Act 1978, the Securities Markets Act 1988, or the Takeovers Act 1993;
- a person subject to a management banning order under the Securities Act 1978, the Securities Markets Act 1988, the Takeovers Act 1993, or subject to an order under section 108 of the Credit Contracts and Consumer Finance Act 2003;

- a person who has been convicted of an offence against section 11, 12, or 41 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 within the past 5 years;
- a person who has been convicted of an offence under sections 217 to 266 of the Crimes Act 1961 within the past 5 years;
- a person who has been convicted of a money laundering offence or an offence relating to the financing of terrorism;
- a person who is subject to a confiscation order under the Proceeds of Crime Act 1991.

These matters are captured in the Statement of Personal Information questionnaire which candidates for Regulated Roles are required to complete. As noted above, the candidate's responses must be taken into consideration by the Committee when assessing fitness and propriety

### **3.4.5. Qualification, Experience and CPD Requirements – Responsible Managers**

Specific qualification and experience requirements are set out in ASIC Regulatory Guide 206 in relation to the above listed ASIC Responsible Managers, who are directly involved in the management of credit activities.

All Responsible Managers:

- are required to hold a qualification which is appropriate for the particular role and which is either a credit industry qualification to at least a Certificate IV level, or another general higher level qualification (e.g. a diploma or university degree) in a relevant discipline; and
- must also have at least two years of relevant experience that is not marred by significant non-compliance issues (e.g. where ASIC or a state regulator has taken action against the person).

Responsible Managers are required to keep up to date with credit industry and regulatory developments in order to provide sound leadership. Accordingly, a minimum of 20 hours of continuing professional development (CPD) is required as set out in ASIC Regulatory Guide 206. The Committee will enquire into, and take into consideration, a Responsible Manager's completion of CPD hours when conducting their ongoing and annual re-assessment as described in this Policy.

### **3.5. Additional Matters that may be Considered**

In addition to the general and specific criteria described above, the Committee may also consider any other information that it considers relevant in relation to the candidate for appointment, for example information obtained through annual performance development reviews, annual global leadership reviews, and the annual acknowledgement of integrity.

## 4. ASSESSMENT PROCESS

### 4.1. Timing

A fit and proper assessment must be carried out:

- Prior to appointment of an individual to a Regulated Role;
- Annually (refer below for further details regarding the reassessment process); and
- In the event that Genworth becomes aware of any information that may result in a person in a Regulated Role being assessed as not fit and proper; and after gathering further information, the Committee concludes that a material fitness and propriety concern does exist.

### 4.2. Who is responsible?

Fit and Proper assessments are carried out by the Fit and Proper Committee in accordance with this Policy and the Committee's Terms of Reference, which are set out in the Fit & Proper Committee Charter.

Legal and Compliance administer the day to day functions described in this Policy, and to ensure the associated regulatory lodgements are successfully completed. The General Counsel retains ultimate responsibility for overseeing this process.

Human Resources staff are engaged as required where their input is necessary to complete fit & proper processes, particularly, completing background checks.

### 4.3. Initial assessment

The following steps should be undertaken prior to the appointment of a candidate to a Regulated Role including at the nomination of all candidates to the Board of Directors:

- Providing a copy of this Policy to the candidate prior to the fit and proper assessment taking place;
- Reviewing any information and documentation already held in relation to the candidate to determine if it may be used in the fit and proper assessment;
- Obtaining any necessary consents from the candidate to conduct the checks as required by the Background Checking Policy;
- Obtaining the initial fit and proper statements and declarations from the candidate (as outlined under compulsory information);
- Gathering the supporting documents and information required for the fit and proper assessment;
- Providing a summary report to the Committee, including a recommendation, in relation to the fitness and propriety of the candidate, to enable the Committee to undertake an appropriate assessment of the candidate against the relevant criteria listed in this Policy;
- Maintaining all records relating to the fit and proper assessment process as described in this Policy, including keeping copies of all documents and information gathered during the assessment and re-assessment processes.

## Compulsory Information

In order to be considered for a Regulated Role, the candidate must provide:

- Consent for Genworth to obtain the necessary police and other background checks (including bankruptcy check) and to release this information to the relevant regulatory authorities if required;
- Completed Statement of Personal Information;
- Completed Conflict of Interest Questionnaire;
- Evidence of qualifications and experience (if requested); and
- Any other information relevant to the fit and proper assessment as may be requested by the Committee or by a relevant regulator.

Templates for the information outlined above are maintained by Legal and Compliance.

## Compulsory Checks

The following compulsory checks are carried out in relation to all Regulated Roles:

- Police / criminal record check;
- A search of APRA's online Disqualification Register;
- A search of ASIC's online Register of Banned and Disqualified Persons; and
- A search of NZ Companies House Register of Disqualified Directors.

## Additional Checks

Where considered appropriate by the Committee (or as required by this Policy), the following additional checks may also be carried out:

- Police / criminal record checks in overseas jurisdictions where the candidate has resided in the last 10 years;
- Obtaining business references (within Genworth and externally);
- Searches of other regulatory or professional registers to confirm that the candidate has not been disqualified or banned;
- Obtaining evidence of eligibility to work in Australia (or NZ, as applicable);
- Confirming professional memberships;
- Academic checks;
- Confirming employment history (including a review of the personnel file where the individual is existing Genworth staff member);
- Media checks; and
- Investigation of any other matter that a member of the Committee or the Compliance Manager deems material in the circumstances.

The information obtained as part of the fit and proper assessment process may include "sensitive information" as defined in the *Privacy Act 1988* (Cth). Under the Privacy Act, information collected previously by Genworth in respect of a candidate may be used in making any fit and proper assessments carried out at a later date. However, information that is unlikely to be material need not be collected, and information regarding "spent convictions" as defined in the *Crimes Act 1914*

(Cth)<sup>6</sup> will not be obtained (or if obtained inadvertently, no consideration will be given to such information).

#### 4.4. Re-assessments

Genworth will conduct a re-assessment of all relevant persons on an annual basis<sup>7</sup>. The results of the re-assessment are reported to the Fit & Proper Committee and the Board of Directors.

When conducting an annual fit and proper re-assessment, the following steps are completed:

- A copy of this Policy is provided or otherwise made available to the person subject to the assessment;
- The person completes an updated Conflict of Interest Questionnaire relating to the period since the most recent Conflict of Interest Questionnaire was provided;
- A Fit and Proper Statement of Information reaffirming the initial declarations and statements made by the person is attained;
- Any supporting documents and information required for the assessment are obtained and reviewed;
- A summary report is provided to the Committee, including a recommendation, in relation to the fitness and propriety of the person; and
- All records relating to the fit and proper re-assessment process are retained, including keeping copies of documents and information gathered.

#### 4.5. Outcome of assessments

Subject to section 4.6 of this Policy, a person cannot be appointed to a Regulated Role until a satisfactory fit and proper assessment has been completed.

There is also an exception under CPS 520, in that an individual may be appointed to a Responsible Person role, notwithstanding that a satisfactory fit and proper assessment has not been completed, if

- They hold the position because of a resolution of members (shareholders) of Genworth; or
  - APRA has determined that the person is a Responsible Person;
- provided that the assessment is complete within 28 days of the person becoming the holder of a Regulated Role.

In the case of re-assessments, where a person was previously assessed as fit and proper but Genworth subsequently becomes aware of information that may result in the person being assessed as not fit and proper, then the Committee must take all reasonable steps to ensure that it can prudently conclude that no material fitness and propriety concerns exist. Where a concern does exist, then a full fit and proper assessment must be conducted.

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<sup>6</sup> Section 85ZM of the *Crimes Act 1914* (Cth) provides that a person's conviction is spent if:

(a) the person has been granted a pardon; or

(b) the person was not sentenced to imprisonment, or was not sentenced to imprisonment for more than 30 months, and the waiting period has ended (10 years from the date of conviction, or 5 years if convicted as a minor).

<sup>7</sup> CPS 520 requires that the reassessment be carried out annually, or as close to annually as is practicable.

## **4.6. Interim appointments**

Subject to the approval of the Fit & Proper Committee, Genworth may make interim appointments to Regulated Role position without a full fit and proper assessment for a period of up to 90 days (or longer with APRA's written agreement in the case of Responsible Person roles) including any prior period of interim appointment.

It is envisaged that such interim appointments will generally only be appropriate in the case of internal candidates appointed to a Regulated Role (for example, in an 'acting' capacity or otherwise where an urgent need arises). However, prior to making any such interim appointment the Committee will make such enquiries as it considers appropriate to determine whether the person is suitable to take up the role on an interim basis, including for example conducting a search of the ASIC, APRA and NZ Companies Office disqualification registers and obtaining satisfactory business references (external or internal).

Special requirements apply in relation to any changes of Responsible Manager (i.e. it is a condition of Genworth's credit licence that the company inform and consult with ASIC within 5 business days). As such the Committee will take advice from Legal and Compliance in relation to changes of Responsible Manager.

A full fit and proper assessment must be completed prior to appointing the person to the Regulated Role on a permanent basis.

## **4.7. Actions to be taken by Genworth if it is determined that a person is not Fit and Proper for a position**

In the event that, after obtaining appropriate evidence and advice, the Committee assesses that a particular person is not fit and proper for a Regulated Role, the person has the right to discuss with the Committee the information obtained as part of the assessment and to make submissions to the Committee.

Where a person is found to be not fit and proper due to matters relating to character, honesty or integrity, that person would not normally be suitable for any position at Genworth.

However, it is possible that due to lack of relevant experience or a conflict of interest, a particular person could be assessed as not fit and proper for a particular Regulated Role, but is still suitable for another position in the company. In this instance, the person's responsibilities could be redefined pending further enquiries or until the person receives further training or experience.

In the event that, after considering all relevant information and submissions, the Committee determines that the person is not fit and proper for the role:

- The Committee will take all prudent steps to ensure that the person is not appointed to the position, or is removed from the position as soon as practicable, and to notify the relevant regulator(s) as required under section 5 of this Policy. The Committee shall inform the Board of these matters, prior to notifying a regulator. Action taken may entail a formal request from the Committee (or the Board) to Human Resources to implement measures, in accordance with standard Genworth Human Resources practices, to address the concerns raised (which may ultimately include termination of the individual's employment in more serious circumstances). APRA and RBNZ also have powers to require removal or disqualification of a person from certain positions;

- In respect of directors, the Committee will notify the Chairman of the Board of any findings that a director is not fit and proper. In respect of all other personnel, the Committee will notify the Chairman of the Board and the CEO<sup>8</sup>;
- If the person is a director, regard must be had for the constitution of the relevant entity and other regulatory requirements when removing any director in these circumstances;
- The Secretary of the Committee must notify the relevant regulator(s) as required; and
- A suitable replacement person must be sought and appointed in accordance with the procedures set out in this Policy.

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<sup>8</sup> Should the Chairman have a conflict of interest or be unavailable, the second most senior director on the Board should be notified. Similarly, should the CEO have a conflict of interest or be unavailable, the second most senior member of Genworth's management should be notified

## 5. REPORTING TO REGULATORS

The Secretary of the Committee is responsible for notifying the regulators of changes to appointments as set out below.

Event	Notification required (timeframe)			
	APRA	ASIC (re Credit Licence)	RBNZ (re IPSA)	NZ Companies Office (re FSPR)
New appointment	Yes (within 28 days of date of appointment)	Non-Responsible Manager roles: Yes (in Annual Compliance Certificate only)	Directors: No (pursuant to exemption granted by RBNZ, there is no ongoing requirement to report new directors' appointments)	Yes (required to update FSPR whenever changes to directors/senior managers made. Also, submission of annual confirmation required in February of each year.)
		Responsible Manager: Yes (it is a condition of Genworth's credit licence that the company inform and consult with ASIC within 5 business days of change).	Relevant officers: Yes (copy of fit and proper certificate to be provided within 20 "working days" of new appointment)	
Resignation, retirement or removal	Yes (within 28 days of the person's resignation, retirement or removal)	Non-Responsible Manager roles: Yes (in Annual Compliance Certificate only)	Not specified	Yes (required to update FSPR whenever changes to directors/senior managers made. Also, submission of annual confirmation required in February of each year.)
		Responsible Manager: Yes (it is a condition of Genworth's credit licence that the company inform and consult with ASIC within 5 business days of change).		

Event	Notification required (timeframe)			
	APRA	ASIC (re Credit Licence)	RBNZ (re IPSA)	NZ Companies Office (re FSPR)
Any other changes to information previously provided to regulator (e.g. change of name, change of role).	Yes (within 28 days of the change)	Yes (in Annual Compliance Certificate only)	Not specified	Yes (required to update FSPR whenever changes to directors/senior managers made. Also, submission of annual confirmation required in February of each year.)
Assessment that a person is not fit & proper	Yes (within 10 days of the assessment date) including reasons for person remaining in role, if relevant.	Not specified, but refer above re resignations, retirements & removals	Not specified, but refer above re resignations, retirements & removals	Not specified, but refer above re resignations, retirements & removals
Ad hoc requests from a regulator for information relating to fitness and propriety of a person	As required by APRA	As required by ASIC	As required by RBNZ	As required by Companies Office

## 5.1. Bermudan Regulatory Reporting

The Balmoral Board has adopted the Genworth Fit and Proper Policy. The Board considers and approves the fitness and propriety of all Regulated Persons. Balmoral has appointed a third party to perform and monitor the regulatory notifications in Bermuda. The performance of this function is monitored as part of the annual BMA Code of Conduct review.

## 6. WHISTLEBLOWING

All Genworth staff are encouraged to advise the Committee, via Human Resources and/or Legal & Compliance, of any information that they reasonably believe may be material to the assessment (initial or ongoing) of an individual in a Regulated Role. For details of the relevant communication channels, staff should refer to the procedures for raising integrity concerns in “Integrity First”, Genworth’s Code of Ethics or in Genworth’s Whistleblower Policy.

Concerns may also be raised anonymously via the Genworth Ombudsperson, whose details are also noted in the Code of Ethics and on Genworth’s intranet.

Any staff member who believes that Genworth has not considered information relevant to the fitness or propriety of a Regulated Person, or that Genworth has not complied with its obligations under this Policy, has the right to notify the relevant regulatory body of that belief and the reasons for it. Genworth encourages staff to have recourse to the appropriate channels within Genworth in the first instance. Any disclosure made in good faith will not have any detrimental effect on the disclosing individual’s employment or tenure with Genworth.

As required by CPS 520, Genworth consents to:

- Any person notifying Human Resources and/or Legal & Compliance and/or APRA if they believe that a Responsible Person does not meet Genworth’s fit and proper criteria as set out in this policy, and the reasons for that belief; and
- Any person that was a Responsible Person disclosing information or providing documents to APRA relating to their reasons for resignation, retirement or removal.

The General Counsel is required to communicate to directors and employees of Genworth the provisions of this Policy that deal with whistleblowing.

## 7. GLOSSARY

<b>APRA</b>	The Australian Prudential Regulation Authority.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>Balmoral</b>	Balmoral Insurance Company Limited
<b>BMA</b>	Bermuda Monetary Authority
<b>Board</b>	The Boards of Genworth.
<b>Committee</b>	The Fit and Proper Committee of Genworth.
<b>CPD</b>	Continuing Professional Development.
<b>FSPA</b>	The <i>Financial Service Providers (Registration and Dispute Resolution) Act 2008</i> (NZ).
<b>Genworth</b>	Means Genworth Mortgage Insurance Australia Limited and its subsidiaries, including: <ul style="list-style-type: none"><li>- Genworth Financial Mortgage Insurance Pty Limited;</li><li>- Genworth Financial Mortgage Indemnity Limited; and</li><li>- Balmoral Insurance Company Limited.</li></ul>
<b>GFMI</b>	Genworth Financial Mortgage Insurance Pty Limited
<b>GMA</b>	Genworth Mortgage Insurance Australia Limited
<b>Indemnity</b>	Genworth Financial Mortgage Indemnity Limited
<b>NCCP</b>	The <i>National Consumer Credit Protection Act 2009</i> (Cth).
<b>NOHC</b>	An authorised non-operating holding company.
<b>Regulated Roles</b>	The Genworth positions which meet the definitions of the regulations outlined in section 1.4 of this Policy and which are required to be held by individuals or entities which meet fit and proper standards.
<b>Regulated Persons</b>	An individual or entity holding a Regulated Position.
<b>Responsible Manager</b>	The sub-set of Regulated Persons who have direct involvement in overseeing credit activities.
<b>Responsible Persons</b>	

Under CPS 520, means a person who is responsible for the management and oversight of a general insurer

**Senior Manager**

Under CPS 520, means a person (other than a director) who:

- (a) makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the institution;
- (b) has the capacity to affect significantly the institution's financial standing;
- (c) may materially affect the whole, or a substantial part, of the business of the institution or its financial standing through their responsibility for:
  - (i) enforcing policies and implementing strategies approved by the Board of the APRA-regulated institution;
  - (ii) the development and implementation of systems used to identify, assess, manage or monitor risks in relation to the business of the institution; or
  - (iii) monitoring the appropriateness, adequacy and effectiveness of risk management systems.

## 8. Document information

### Version history

Version	Approved date
1.0	4 September 2008
2.0	17 September 2010
3.0	20 June 2011
4.0	20 September 2011
5.0	16 April 2012
6.0	22 June 2012
7.0	26 July 2013
8.0	31 January 2014
9.0	13 March 2014
10.0	18 February 2015
11.0	9 December 2015
12.0	24 July 2019

### Reference documents

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

Ref.	Document name	Business owner
1.	Board Charter	Board
2.	Remuneration & Nominations Committee Charter	Board
3.	Fit & Proper Committee Charter	Board
4.	Risk Management Strategy	Chief Risk Officer
5.	Whistleblower Policy	General Counsel & Company Secretary
6.	Employment Background Check Policy	Chief Human Resources Officer
7.	Conflict of Interest Procedure	General Counsel & Company Secretary