

Risk Committee Charter

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References within this document

Within this document, a reference to Helia or 'the Company' refers to Helia Group Limited and its subsidiary companies.

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

Helia Group Limited

Risk Committee Charter

1. Introduction

This document is the Charter of the Risk Committee (**Committee**), a committee of the Boards of Helia Group Limited (**Helia**), Helia Insurance Pty Limited (**Helia Insurance**) and Helia Indemnity Limited (**Indemnity**) (collectively Helia, Helia Insurance and Indemnity are referred to as the **Company**).

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

- Helia Insurance, an authorised insurer under the *Insurance Act 1973*(Cth) which conducts lenders mortgage insurance business in Australia and New Zealand;
- Balmoral Insurance Company Limited (**BICL**) 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 execution of the Company's investment strategy;
- the monitoring of the Company's compliance with the:
 - Risk Management Framework
 - Risk Management Strategy;
 - Risk Appetite Statement.
- Reinsurance monitoring;
- the effectiveness of the Company's information technology strategy, the health of and associated risks of the Company's key technology platforms, projects and operations (including matters of cybersecurity and information technology security).

The ultimate responsibility for risk oversight and risk management rests with the Board.

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.

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 Management Framework

- The Company's Risk Management Framework (RMF) includes the frameworks, policies, people, processes and systems to identify, measure, evaluate, monitor, report and control or mitigate material risk to Helia, including both current and emerging material risks, in order to support a sound risk culture. The responsibilities of the Committee in relation to the RMF include:
 - monitoring the application of the RMF by receiving regular reporting on the status of material risks as well as actions management are taking in relation to material risks within but nearing, or those which have exceeded, the defined risk capacity;
 - undertaking a review of the RMF at least every three years or as required;
 - overseeing the RMF and recommending any changes to the RMF to Board for approval.

Risk Management Strategy

- The Company's Risk Management Strategy (RMS) describes the strategy for managing Helia's material risks and the key elements of the RMF that give effect to the RMS. The responsibilities of the Committee in relation to the RMS include:

- challenging management's reporting of risk including recommending the covering risks or opportunities not presented in reporting as well as bringing to management's attention where the defined risk capacity needs to change;
- forming a view of the risk culture in the Company, and the extent to which that risk culture supports the ability of the Company to operate consistently within its risk appetite, identify any desirable changes;
- oversee senior management's implementation of the RMS and regularly review and monitor the Company's current and future risk position against the RMS.
- undertaking a review of the RMS at least every year;
- overseeing the RMS and recommending any changes to the RMS to Board for approval.

Risk Appetite Statement

- This Risk Appetite Statement outlines the degree of risk that the Company is prepared to accept or pursue. The responsibilities of the Committee in relation to the Risk Appetite Statement include:
 - monitoring the application of the Risk Appetite Statement by receiving regular reporting on the status of each risk appetite statement as well as actions management is taking in relation to risks within but nearing appetite and those exceeding appetite;
 - bringing to the attention of the Board any circumstances in which the Company has operated outside the current Risk Appetite Statement set by the Board;
 - undertaking a review of the Risk Appetite Statement at least every year;
 - overseeing the Risk Appetite Statement and recommending any changes to the to Board for approval.

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.

Investment, Market and Liquidity

- Review the quarterly investment portfolio and other related reporting 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 external consultants;
- Annually review the investment managers performance and consider amendments as may be proposed by management to the investment instructions;
- 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 investment, market and liquidity risk practices within the context of the Capital Management Framework & Strategy;
- Oversee the management of the Liquidity Buffer and any change to the buffer.
- Recommend to the Board the Market Risk Policy and Liquidity Risk Policy
- Approve:
 - hedging programs including derivatives.
 - the appointment or termination of an investment custodian;
 - the appointment or termination of an investment manager; and
 - the change of an investment manager mandate.

Technology & Cybersecurity

- Oversee technology governance and operations including the Information Technology Risk Management Framework, Data Management Framework and key accountabilities for technology risks.
- Review and report to the Board on:
 - the effectiveness of disaster recovery/business continuity plans and disaster recovery/business continuity testing;
 - key technology cybersecurity strategies and policies;
 - key technology risks and technology risk mitigation strategies, including the overall technology risk profile of the Company; and
 - the overall profile of technology audit issues for the Company (noting that the Audit Committee will be responsible for individual internal audit reports).

Reinsurance Monitoring

- Monitoring reinsurance counterparty risk in respect of outwards reinsurance contracts entered into by the Company.

Additional Risk Responsibilities

- Review and consider the outcomes of enterprise wide stress testing;
- Establish and maintain a Whistleblower Policy allowing reports to be made by individuals, on a confidential basis, about accounting, internal control, compliance, audit and other matters about which the individual has concerns, and to ensure that a process is in place for ensuring individuals who are entitled to make such a report are aware of that policy and that there is a process for dealing with matters raised by an individual under that policy.
- 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
- Consider management reviews of material outsourcing arrangements;
- Oversee the Company's corporate insurance program, having regard to the Company's business and the insurable risks associated with that business.

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, Chief Financial Officer, internal and external auditors, and Appointed Actuary are invited to all 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 a majority of the 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.

Version history	
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1.0	4 December 2013
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