

Board Charter

Helia Group Limited

Approved Version: 8.0 | Date: 07/09/2023

Current Version: 8.0 | Date: 07/09/2023

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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 (Helia)

Board Charter

1. Introduction and Purpose

This Board Charter sets out the role, structure, composition and responsibilities of the Board of Helia Group Limited ('HLI' or 'the Company').

HLI 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 Board Charter applies to the activities that the Board carries out in respect of HLI, and those activities carried out in respect of its controlled entities including:

- Helia Insurance Pty Limited, 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
- Helia Indemnity Ltd, which holds mortgage insurance policies in run-off,

(HLI and the controlled entities are collectively the Group).

The composition, structure and conduct of the Board is also governed by the Company's Constitution, the *Corporations Act 2001* (Cth), the Prudential Standards made by the Australian Prudential Regulation Authority and the Listing Rules of the Australian Securities Exchange.

The primary objective of the Board is the sound and prudent management of the Group. It does this by setting strategic objectives of the Group, and focusing on issues critical for its successful execution such as personnel, performance and the management of risk.

In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Group's stakeholders.

2. Board Size and Composition

Under the Company's Constitution, the Board must have a minimum of three directors and no more than nine at all times. A majority of directors must be independent non-executive directors (subject to this section of the Board Charter). The Chairman must be an independent director.

At least two directors must ordinarily reside in Australia, and at least one resident director must be independent.

The Board may from time to time determine to increase the maximum number of directors, but the maximum applying at any time cannot be reduced except by the Company in general meeting.

The Board may appoint a person to be a director at any time except during a general meeting. A director appointed in this way (other than the Managing Director) automatically retires at the next annual general meeting and is eligible for election by that general meeting.

A director (other than the Managing Director) must retire at the third annual general meeting after the director was elected or last re-elected, and is eligible for re-election.

The Company Secretary will have a direct reporting line to the Chairman of the Board and is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Directors are appointed pursuant to formal letters setting out the key terms and conditions of the appointment.

3. Board Accountabilities and Responsibilities

The key accountabilities and responsibilities of the Board are to:

- Demonstrate leadership, define the Company's purpose and set its strategic objectives, and approve the Company's statement of values and code of conduct to underpin the desired culture.
- Review, monitor and approve fundamental financial and business strategies of the Group including the annual reinsurance strategy, the annual technology plan and strategic asset allocation strategy.
- Review, monitor and approve major corporate actions in accordance with Board approved delegations.
- Satisfy itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks) as well as set and oversee the risk appetite and risk culture within which the Board expects management to operate.
- Monitor the performance of the Company and the Group.
- Review and approve the Company's annual budget, financial statements and reports and major policies of the Company.
- Approve the appointment and remuneration of the Chief Executive Officer and the remuneration of certain executives of the Company in accordance with the Company's Remuneration Policy and applicable regulatory requirements.
- Approve the appointment and replacement of the Company Secretary.
- Oversee management's implementation of the Company's strategic objectives, instilling of the Company's values and its performance generally.
- Assess the performance and processes of the Board, individual Directors and senior management of the Company including by undertaking an annual evaluation of the Board, Committees, and individual directors with respect to effectiveness and to ensure that they are fulfilling their respective responsibilities.
- Review and approve appropriate performance scorecard measures, and review and monitor the progress of performance metrics and hurdles under Short Term Incentive (STI), Short Term Incentive Deferral (STI Deferral) and Long-Term Incentive (LTI) arrangements.
- Approve and monitor the Company's capital management objectives and strategy including:
 - approve the Company's Capital Management Framework & Strategy (CMFS) and monitor capital for consistency with risk appetite, the CMFS, ratings agency requirements and regulatory measures;
 - approve any amendments to target capital ranges;
 - monitor the Internal Capital Adequacy Assessment Process (ICAAP) and approve the annual ICAAP Summary Statement;
 - monitor matters relating to regulatory and rating agency solvency requirements, capital initiatives, reinsurance and Dividend Policy;
 - approve borrowings or indebtedness, guarantees or new capital instruments;
- Approve the Company's reinsurance strategy (including new, renewal or early cancellation of reinsurance arrangements) and new reinsurance policies;

- Approve any proposals in relation to new markets;
- Approve the Company's Risk Management Strategy (RMS), Risk Management Framework (RMF) and Risk Appetite Statement (RAS);
- Approve Investment Policy, Derivative Policy, Market Risk Policy, Liquidity Risk Policy and Strategic Asset Allocation;
- Oversee executive succession planning.
- Oversee the integrity of the Company's accounting and corporate reporting systems, including the external audit.
- Oversee the Company's process for making timely and balanced disclosure of all material information concerning HLI that a reasonable person would expect to have a material effect on the price or value of HLI's securities.
- Satisfy itself that an appropriate framework exists for relevant information to be reported by management to the Board, and whenever required, challenge management and hold management to account.
- Satisfy itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite.
- Monitor compliance with the requirements of the *Corporations Act 2001* (Cth), the *Insurance Act 1973* (Cth) and other relevant legislation, as well as the conduct of the Company's relationship with key regulators.
- Review significant audit and compliance issues and consider and approve action and remediation plans.
- Review regularly the matters delegated to management and those matters reserved for the Board.
- Monitor the effectiveness of the Company's governance practices and internal control environment.

4. Board Committees

The Board may from time to time establish committees to assist it in carrying out its responsibilities. The Board will decide appointments, rotations and resignations within each Committee. Each Committee shall adopt its own Charter to be approved by the Board, setting out matters relevant to its composition, authorities, tenure and responsibilities. Each Committee Charter will be reviewed periodically by the Committee for approval by the Board.

The Chairman of each Committee (or delegate of the Chairman) will report the outcome of the Committee meeting to the full Board following each meeting of the committee. The role of Chairman of each Board Committee will be exercised by a non-executive director.

The Board has established the following Committees:

- *Audit Committee*
The role of the Audit Committee is to assist the Board in providing an objective non-executive review of the effectiveness of the Group's corporate reporting and internal control framework.
- *Risk Committee*
The role of the Risk Committee is to assist the Board in providing an objective non-executive review and oversight of the implementation and on-going operation of the Group's risk management framework, investment and information technology strategy.
- *Remuneration and Nominations Committee*
The role of the Remuneration and Nominations Committee is to assist and advise the Board on nomination and remuneration matters including composition and performance of the Board, succession planning and remuneration of non-executive directors and senior executives of the Group.

The Board has also established the following Board-designated Committees which report directly to the Board:

- *Fit and Proper Committee*
The role of the Fit and Proper Committee is to undertake assessments of persons in regulated roles for the Group in accordance with the Fit and Proper Policy.
- *Disclosure Committee*
The role of the Disclosure Committee is to oversee Helia's disclosure controls, procedures and practices, and to make disclosure decisions, in accordance with the Disclosure Policy.

5. The Board and Management

Responsibility for the day-to-day management and administration of the Group is delegated by the Board to the Chief Executive Officer, assisted by the executive team, being the direct reports of the Chief Executive Officer.

The Chief Executive Officer shall manage the Group in accordance with the strategies, plans and delegations reviewed and approved by the Board on an annual basis. The Chief Executive Officer and the executive team are responsible for instilling and reinforcing the Group's values, operating within the values, code of conduct, budget and risk appetite set by the Board.

The Chief Executive Officer shall provide the Board with accurate, timely and clear information to enable the Board to monitor the exercise of delegated authority and to perform its responsibilities. Such reporting will include information about financial performance as well as compliance with material legal and regulatory requirements and conduct that is materially inconsistent with the values or code of conduct.

The roles of Chairman of the Board and the Chief Executive Officer are and will be exercised by different people.

The Chief Executive Officer and Chief Financial Officer must, where the Board is required to approve the Company's financial statements, provide a declaration that the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards.

Each member of the Board, the executive team and each employee is required to comply with the Code of Conduct for the Group.

6. Access to Information and Independent Advice

The Board may access such information and seek such independent advice as the directors individually or collectively consider necessary or appropriate to fulfil their responsibilities and permit independent judgment in decision-making.

The Board and individual directors will be entitled to:

- (a) Access any officer or employee of the Group at any time to request relevant and additional information or seek explanations
- (b) Access internal and external auditors, the Chief Risk Officer and the Appointed Actuary without management present to seek explanations or additional information; and
- (c) Seek independent professional advice at the Company's expense subject, in the case of individual directors, to the Chairman's approval. Such approval will not be unreasonably withheld or postponed.

The Chief Risk Officer, Appointed Actuary, Internal Audit Director and External Auditor shall be able to raise matters directly with the Board.

7. Review of Board, Director and Senior Management Performance

The Board must establish and disclose a policy for assessing annually the performance of the Board, its Committees and individual Directors, including the Chairman. The Board must also establish and disclose a policy for assessing the performance of senior management of the Company.

8. Board Renewal

The Board is responsible for ensuring that it has a mix of Directors with the necessary skills, experience and independence to meet its objectives and applicable regulatory requirements.

The Board recognises the need to renew itself and individual Directors in order to fulfill its responsibilities and to reflect the nature, size and complexity of the Company. In this context, renewal involves:

- Renewing and refreshing the Board's and Directors' thinking and approaches.
- Ensuring directors are provided with appropriate professional development opportunities. Ensuring the Board's size and composition continues to enhance renewal.
- Ensuring the review of the Board and Directors' performance takes into account renewal issues.

The Board annually considers the orderly succession for appointments to the Board, so as to maintain an appropriate balance of skills and experience.

9. Meetings

The Board shall generally meet at least six times a year, with additional meetings as the Chairman shall consider appropriate. The Company Secretary shall call a meeting of the Board if so requested by any Director.

The Company Secretary, in conjunction with the Chairman, shall prepare an agenda for each meeting, which shall be circulated to all Directors prior to the meeting in sufficient time to enable Directors to read the papers and properly prepare for the meeting.

A quorum will comprise two Directors. Notwithstanding the foregoing, a quorum shall not be present unless a majority of Directors present and eligible to vote are non-executive Directors.

Board 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.

Draft minutes of each Board meeting shall be prepared by the Company Secretary promptly following the meeting for review by the Chairman. Thereafter, the draft minutes shall be tabled at the next Board meeting for final review and approval.

10. Reviewing and Amending this Charter

The Board shall review its Charter every three years or more frequently, as it considers necessary.

This Charter may be amended by a resolution of the Board from time to time.

Version history	
Version number	Approval date
1.0	19 March 2012
2.0	23 May 2012
3.0	28 October 2013
4.0	13 March 2014
5.0	5 December 2019
6.0	21 April 2021
7.0	7 December 2022
8.0	7 September 2023