

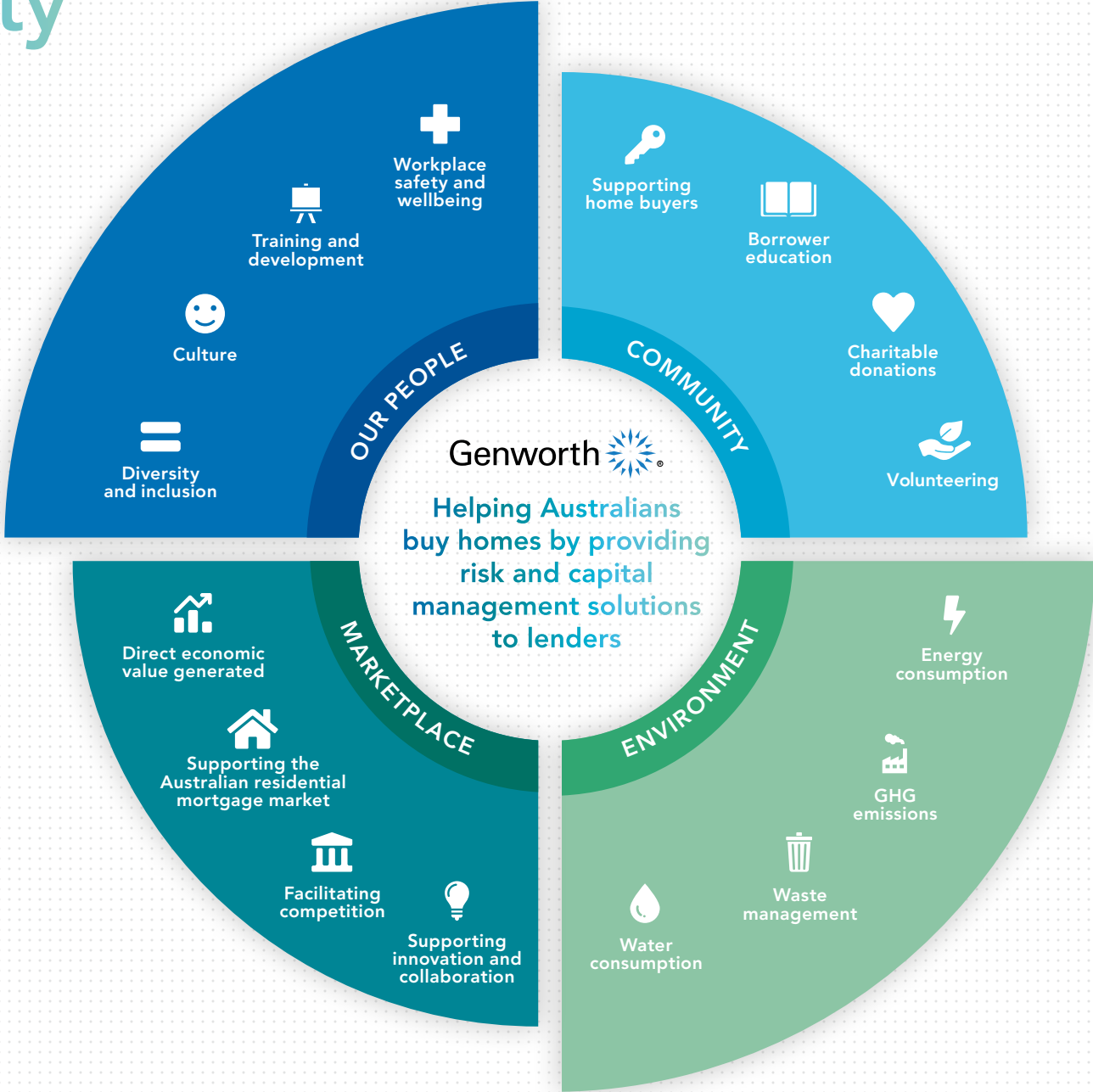


2017
SUSTAINABILITY
REPORT

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Our sustainability framework



2017 highlights

ENVIRONMENT



NABERS energy rating for our head office



Head office located in a Green Star rated building



NABERS water rating for our head office



PEOPLE



Awarded HRD magazine Innovative HR Team



Awarded HRD magazine Employer of Choice 'leadership'



Awarded WGEA Employer of Choice for Gender Equality



COMMUNITY



Assisted

9,621
of borrower hardship cases



Borrower education: published free first home buyer magazine



\$150,000
in charitable donations addressing homelessness



50+%
of Genworth employees volunteered

MARKETPLACE



Facilitated

69,149
home loans valued at
\$23.9b



1.4m
policies in place



Stone & Chalk corporate partnership



1. CEO and MD's message

I am pleased to present the 2017 Sustainability Report (Report) for Genworth Mortgage Insurance Australia Limited (Genworth or the Company).

This is our first Sustainability Report following our listing on the Australian Securities Exchange (ASX) in 2014.

Genworth has a proud history of being a lenders mortgage insurer in Australia for more than 50 years. In 2017, we commenced a strategic program of work designed to position our Company as the leading provider of customer-focused risk and capital management solutions in the Australian residential mortgage market.

Our strategic program of work reflects the importance we place on sustainability and on making a positive contribution to the social, economic and environmental wellbeing of the communities that we are part of.

We have a broad range of stakeholders and believe we have a role to play in facilitating the Australian dream of home ownership and supporting the strength and stability of the Australian financial system. Our sustainability priorities in 2017 were:

- to continue working with our lender customers, regulators and policy leaders to promote a stronger and more sustainable housing market in Australia;
- the development and adoption of a group-wide Sustainability Policy;
- the creation of a Sustainability Working Group;
- the development of a detailed stakeholder engagement program;
- the implementation of initiatives to improve our sustainability reporting including obtaining third party assurance of our environmental data; and
- the establishment of our sustainability framework across four key pillars: environment, our people, community and marketplace.

Our performance in 2017 against each of these pillars is set out in this Report. We will use this Report as the basis against which we will develop our future sustainability targets.

Going forward, we will report annually on progress we are making in achieving our targets and implementing our sustainability strategy.

We appreciate that many of our stakeholders are interested in our sustainability performance and I hope you find this report informative.

We look forward to updating you on our progress and welcome your feedback on this Report which can be provided by emailing us at: investorrelations@genworth.com



Georgette Nicholas
**Chief Executive Officer
and Managing Director**
Genworth Mortgage Insurance
Australia Limited



2. About this Report

Reporting period

This Report covers the period 1 January 2017 to 31 December 2017 and is aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

Scope

This Report sets out the first full 12-month period for which we have reported our sustainability data following the listing of Genworth on the ASX in 2014. The data in this Report should be regarded as the base year against which we will track and report on progress in future years.

The assets covered in this Report are those that Genworth has had operational control of during 2017. This Report does not extend to those assets which Genworth has a financial interest but is not responsible for managing on a day-to-day basis.

All amounts in this report are in Australian dollars unless otherwise specified.

Third party assurance

The environmental data set out in this Report has been subject to independent and external assurance by Nova Consulting Group, Inc.

Additional information and questions

For additional sustainability information including detailed environmental data, please refer to section 7 of this Report. This section includes our reporting definitions, boundaries and information on the GRI Index.

3. Who we are

Genworth is an Australian public company listed on the ASX (code: GMA).

We have been a leading provider of lenders mortgage insurance (LMI) in Australia for over 50 years, having been established as the Housing Loans Insurance Corporation (HLIC) in 1965 by the Australian Government.

LMI facilitates residential mortgage lending by transferring risk from lenders to LMI providers, predominantly for high loan-to-value ratio (LVR) loans where the loan amount exceeds 80% of the property value.

We believe that the provision of LMI to lenders has contributed to comparatively high levels of home ownership in Australia by facilitating residential mortgage loan accessibility and supporting the strength and stability of the Australian financial system.

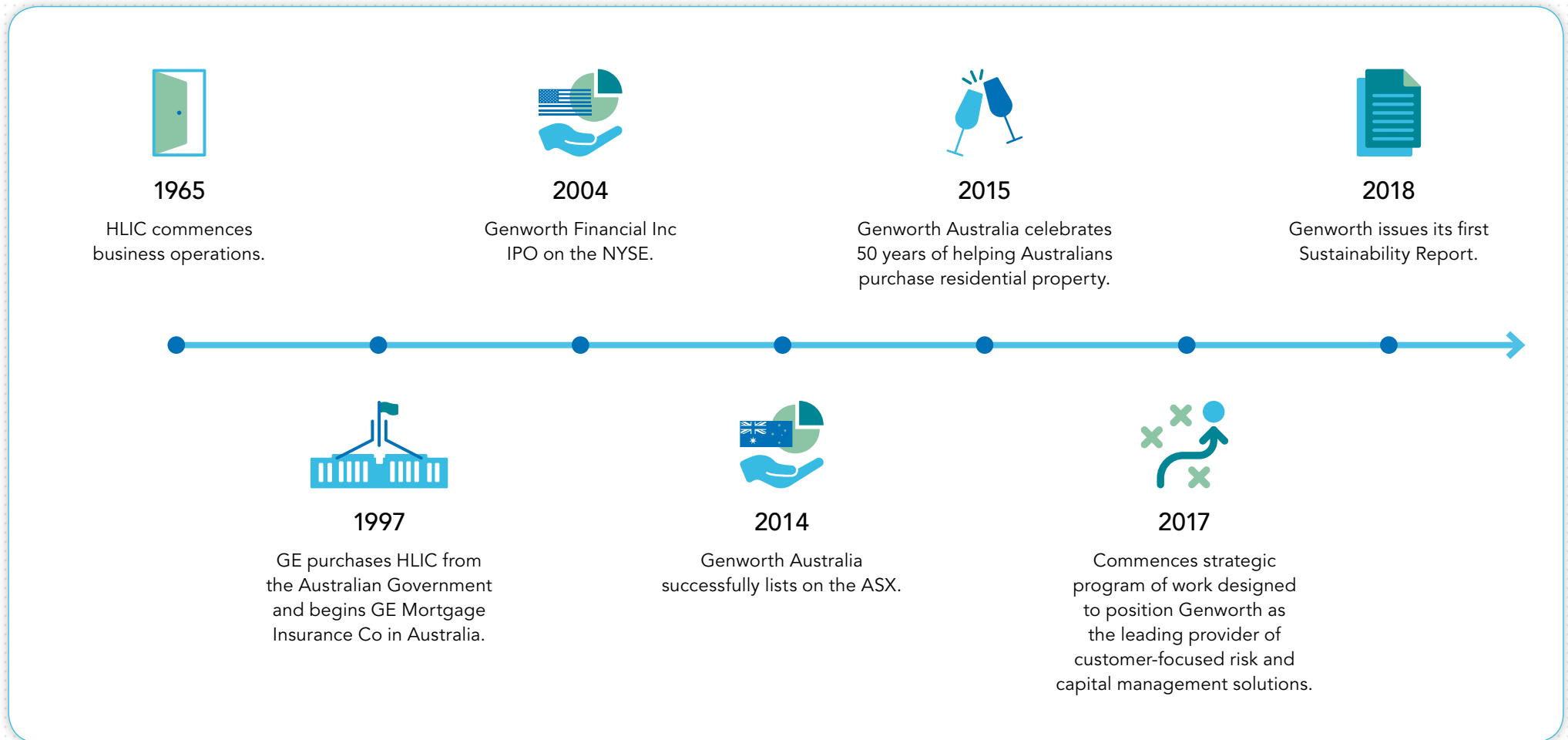
Since early 2017, we have been implementing a strategic program of work designed to address evolving lender and borrower expectations due to technological and regulatory change. This has involved us broadening our product offering, in ways that are complementary to LMI, to include a suite of risk and capital management solutions for lenders operating in the Australian residential mortgage market.

Genworth employs 237 people and operates out of three offices across Australia (Sydney, Melbourne and Brisbane). We have commercial relationships with over 100 lenders, including three of the five major banks.

In 2017 our New Insurance Written was \$23.9 billion and our Gross Written Premium totalled \$369 million. Our Cash and Investments portfolio totalled \$3.4 billion, with 86% in Australian denominated cash, cash equivalents and fixed income securities rated A- or higher.



3. Who we are (continued)



Further information

For more about Genworth visit:

[About Genworth and LMI](#)

[Board](#)

[Senior Leadership Team](#)

[Financial performance \(2017 Annual Report\)](#)

[Corporate Governance and policies](#)

[Board and Committees](#)

4. Materiality and stakeholder engagement

4.1 Materiality

The GRI Sustainability Reporting Standards place materiality at the forefront of the reporting process. For the purposes of developing a strategic approach to managing sustainability and aligning with the GRI Sustainability Reporting Standards, we have determined our material issues by adopting the following four step process:



1. Identification

We engaged with our major stakeholders to identify the issues that are of greatest concern to them. This included engaging with and obtaining feedback from our employees, senior executive teams, board members, shareholders, industry bodies, ratings agencies, government bodies and regulators.



2. Assessment

We assessed the issues identified by taking into account independent third-party guidelines such as the GRI Sustainability Reporting Standards, peer benchmarking and our own analysis of the wider environmental, social and economic impact of the issues raised.



3. Materiality verification

We determined which issues raised by our stakeholders were material by further discussing the outcomes of our stakeholder engagement with relevant internal and external stakeholders.



4. Prioritisation

Finally, we prioritised the sustainability issues based on their importance to our business and our stakeholder expectations.

4.2 Stakeholder engagement

Stakeholder engagement is key to the ongoing success of our business and our approach to sustainability. We have many different stakeholders who we engage with in various ways:



Shareholders

Our Disclosure Policy outlines how we comply with our continuous disclosure obligations in a timely and transparent manner. We provide half year and full year financial results updates in August and February each year.

We also issue an Annual Report and Corporate Governance Statement.

Our [Disclosure Policy](#) and a summary of our [Media and Public Relations Policy](#) is available on our corporate website.

Retail shareholders

We have dedicated staff in our corporate head office that are responsible for responding to retail shareholder questions and feedback. We also communicate regularly with our retail shareholders via our website, email, mail-outs and at our Annual General Meeting, which provides retail shareholders with the opportunity to ask questions and provide feedback directly to the Chairman, Board and CEO.

Institutional shareholders

Our Head of Corporate Affairs and Investor Relations, CEO and CFO are available to answer questions or receive feedback from institutional investors. We meet with our institutional investors on a regular basis as part of our:

- post-results domestic and international roadshows;
- broker hosted investor briefing sessions; and
- regular meetings on an 'as requested' basis throughout the year.

Investment analysts

Investment analysts are invited to attend our half and full year results briefings in person or participate via webcast during which they are able to ask questions of our CEO and CFO. These briefings are available to all shareholders to listen to live or on replay via a webcast.



Lender customers

Our Commercial Partnerships team manages the relationships and engagement programs with our lender customers. They obtain feedback in face-to-face meetings, phone calls and via email. This is complemented by feedback generated from our:

- annual customer engagement surveys; and
- underwriting pulse surveys that track and monitor real-time feedback on all origination-based experiences.

We also engage with our lender customers via workshops, training sessions, our website, online portal, social media platforms (Facebook and LinkedIn) and our originations call centre.

4.2 Stakeholder engagement (continued)



Employees

We place great importance on engaging with our people via a range of means including:

- employee engagement surveys;
- quarterly Town Halls and fortnightly Soapbox gatherings (information sharing forums);
- our internal corporate communication and collaboration tool, Workplace by Facebook;
- regular touchpoint conversations between managers and their team members;
- regular professional and development reviews;
- email; and
- social and community events.



Home buyers

We engage with this large stakeholder group through our website and Facebook. As part of our ongoing commitment to educating this group about the home buying process and role of LMI, we produce numerous online tools such as our LMI fact sheet, our buy or rent calculator, and our annual magazine, *It's My Home*, produced in both digital and hard copy.



Industry bodies

We are members of the following industry bodies. Through our memberships, we participate in discussions regarding issues facing the industry and related lobbying activity. Increasingly, we will look to ensure we are engaging these bodies in discussions regarding sustainability:

Insurance Council of Australia

The Insurance Council of Australia (ICA) is the peak national body of the general insurance industry in Australia. The ICA represents approximately 95% of total premium income written by private sector general insurers. The industry employs approximately 60,000 people and on average pays out about \$118.7 million in claims each working day. Our CEO and Managing Director, Georgette Nicholas, was appointed to the ICA Board of Directors in 2018.

Australian Securitisation Forum

The Australian Securitisation Forum (ASF) promotes the development of securitisation in Australia. It is the peak industry body representing participants in the securitisation market, which include banks, non-bank issuers, fixed income investors and service providers to the sector. The ASF promotes the industry to government, regulators, the public, investors and others who have an interest or potential interest both in Australia and overseas, regarding the benefits of securitisation in Australia and aspects of the securitisation industry.

Mortgage and Finance Association of Australia

The Mortgage and Finance Association of Australia (MFAA) is a national body for professional mortgage and finance brokers, mortgage managers and aggregators. The MFAA was established in 1980 and contributes to a healthy, competitive mortgage and finance industry through advocacy, education and business-building support.

4.2 Stakeholder engagement (continued)



Government

Genworth is authorised under the *Insurance Act 1973* as a general insurer in Australia to provide LMI. In this capacity, we engage regularly throughout the year with the Commonwealth and State Treasuries, as well as other government departments and agencies.



Landlords

We formally meet with our Sydney landlord on a quarterly basis and speak on a weekly basis. In Melbourne and Brisbane, we speak to our landlords' agent regularly and also engage via email.



Reinsurers

As at 31 December 2017, Genworth had \$950 million of excess of loss cover placed with a well-diversified panel of over 20 different reinsurers. We engage with these reinsurers regularly throughout the year in face-to-face meetings including a reinsurers' update held in Sydney in April and a roadshow in September covering Paris, London, Bermuda and New York.



Community partners

Our community plan focuses on three key areas: homelessness; education; and basic needs. We engage with a number of community partners focused on each of these areas at both a corporate level and at an employee level via volunteering programs.



Ratings agencies

Both Standard & Poor's Ratings Services and Fitch Ratings provide credit ratings on Genworth Financial Mortgage Insurance Pty Ltd. We meet in person with representatives from both agencies each year for an annual management meeting and liaise regularly with them via conference calls and email correspondence including at the time of announcement of our financial results.



Regulators

Like other locally based companies in the Australian financial services sector, Genworth falls under the auspices of the Australian Prudential Regulation Authority (APRA). APRA is an independent statutory authority that supervises financial institutions across banking, insurance and superannuation and promotes financial system stability in Australia. We regularly meet with APRA supervisory teams like all Australian-authorized general insurers.



Suppliers

Due to the nature of our business, the majority of our suppliers provide services as opposed to products. Our suppliers are generally engaged on the basis of a competitive bidding process during which we assess their ability to perform a defined scope of work and their approach to sustainability. Once engaged, we undertake risk assessments and reference checks as well as regular business reviews for suppliers identified as higher risk. We are committed to ensuring that all necessary laws, regulations, rules and agreements are complied with when engaging suppliers.



Investment managers

As at 31 December 2017, Genworth had \$3.3 billion of investment assets on its balance sheet. These assets are predominantly managed by external specialist fund managers. In 2017, Genworth's external managers were Colonial First State Global Asset Management and NablInvest Partners. We engage with our fund managers regularly throughout the year in face-to-face meetings. In addition, we receive regular reports and undertake regular and ad hoc conference calls.

5. Our sustainability pillars

Based on our stakeholder engagement and our four-step materiality assessment, we have identified the following sustainability areas to be of greatest relevance to our business and stakeholders:

Environment



Energy consumption



GHG emissions



Water consumption



Waste management

Our people



Workplace safety and wellbeing



Training and development



Culture



Diversity and inclusion

Community



Supporting home buyers



Borrower education



Charitable donations



Volunteering

Marketplace



Direct economic value generated



Supporting the Australian residential mortgage market



Facilitating competition



Supporting innovation and collaboration



5.1

Environment

Genworth recognises the importance of minimising the environmental impact of our operations and business.

We believe that this not only reduces our environmental footprint but also makes our business more cost efficient.

For the purposes of this Report we have identified the following environmental matters as significant to our business:

- Energy consumption;
- Greenhouse gas emissions;
- Water consumption; and
- Waste management.

We track our environmental footprint across these areas as an ongoing part of our business and look for opportunities to improve our performance. This is evidenced by the fact that we have developed our first greenhouse gas (GHG) emissions inventory for the 2017 calendar year operations. This is a first step in an ongoing process to better understand our environmental impacts and find new ways to operate effectively while minimising resource consumption and GHG emissions generation.

5.1.1 Energy consumption

Due to the fact that all of our offices are leased, we have not been able to obtain empirical data from our landlords for direct and indirect energy consumption. These services and resources are included in the lease conditions for each tenant and are difficult to disaggregate for each individual office.

We have therefore, used the Council of Australian Governments (COAG) National Strategy on Energy Efficiency's *Baseline Energy Consumption and Greenhouse Gas Emissions in Commercial Buildings in Australia* (Australia Commercial Building Study) to determine energy consumption intensity rates (i.e. consumption per square metre) for natural gas, liquefied petroleum gas (LPG), diesel/oil, and electricity in commercial buildings. We have also used the Australia Commercial Building Study's intensity rates to estimate annual direct and indirect energy consumption for our offices based on the gross leased area (GLA).

We note however that a consideration in deciding to retain the lease for our head office in its current location at 101 Miller Street, North Sydney, was that the building has achieved a 5 Star Green Star – Office Design v2 certified rating.

This rating represents Australian excellence. In addition, our head office building was also awarded a NABERS energy 5 star rating which was validated twice in 2017.



Head office located in a Green Star rated building



NABERS energy rating for our head office



NABERS

ENERGY



Different classifications of energy and emissions

As part of our first year of quantifying and evaluating GHG emissions, this Report focuses on Scope 1 and Scope 2 emissions that are under our operational control. We have identified this as a starting point based on our ability to implement changes to minimise these emissions. We have also started to evaluate Scope 3 business travel emissions, with the data readily available to start tracking. We hope to continue tracking Scope 1 and Scope 2 emissions more accurately in the future and increase our understanding of our other relevant Scope 3 emission sources.

Energy type

Direct

Energy consumed as a consequence of the activities of the organisation, in facilities/equipment owned or controlled by the organisation.

Indirect

Energy consumed from purchased electricity, heating, cooling and steam.

Other indirect

Other indirect energy is the energy consumed as a consequence of the activities of the organisation, in equipment/facilities that are not owned or controlled by the organisation. It excludes the energy sources reported in 'indirect energy' (electricity, heating, cooling and steam).

Emissions

Scope 1

Emissions resulting from the consumption of direct energy.

Scope 2

Emissions resulting from the consumption of indirect energy.

Scope 3

Emissions resulting from the consumption of other indirect energy.

5.1.1 Energy consumption (continued)

Direct energy consumption (Scope 1)

Direct energy represents the smaller share of our total energy use, comprising approximately 28% of our total direct and indirect energy consumption. It represents energy consumed directly by Genworth offices, predominantly from sources such as natural gas, liquefied petroleum gas (LPG), and diesel/oil. At this stage, the consumption of these resources is primarily operated by the landlord at our offices, however we will be consulting with our three landlords to better understand how we can make changes to our heating and cooling patterns for more efficient use.

As shown in table 1, 100% of our direct energy consumption is a result of natural gas for water and space heating. In 2017, we did not use any renewable direct energy sources. However, we will explore those options with our various landlords in the future.

Table 1: 2017 Direct energy consumption

	Type	2017 (GJ)	% contribution (2017)
Non-renewable sources	Natural gas	920.18	100.0%
	LPG	N/A	N/A
	Diesel/oil	N/A	N/A
Renewable sources	N/A	N/A	N/A
Total		920.18	100.0%

Indirect energy consumption (Scope 2)

Indirect energy (Scope 2) usage is the largest portion of our total energy utilisation, comprising approximately 72% of our total direct and indirect energy consumption. It will be the major focus of our energy efficiency activities going forward.

As shown in table 2, all of our indirect energy consumption is attributed to electricity consumption from the utility grid. In the future, we will begin to look at different options for purchasing renewable electricity, renewable energy credits, or on-site renewable as feasible for our operations. In addition to electricity sourcing, we will also be looking to various energy efficiency operational changes, fixtures, and appliances that can also reduce energy consumption.

We have started to implement energy savings initiatives, including, through the refit of our offices and upgrade of our office equipment, taking the opportunity to ensure we minimise unnecessary consumption of electricity, considering factors like air conditioning, lighting and technology.

Table 2: 2017 Indirect energy consumption

	Type	2017 (GJ)	% contribution (2017)
Non-renewable sources	Electricity	2,380.79	100.0%
Renewable sources	N/A	N/A	N/A
Total		2,380.79	100.0%



5.1.2 Greenhouse gas (GHG) emissions

As mentioned in section 5.1.1 Energy consumption, we were not able to obtain empirical data on our energy consumption. As such, GHG emissions are based upon the Council of Australian Governments (COAG) National Strategy on Energy Efficiency's *Baseline Energy Consumption and Greenhouse Gas Emissions in Commercial Buildings in Australia* (Australia Commercial Building Study).

GHG emissions are categorised as direct (Scope 1) and indirect (Scope 2), and other indirect (Scope 3) emissions. As discussed above, the focus of this initial GHG inventory and Sustainability Report is to understand our Scope 1 and Scope 2 emissions. For future efforts, we will continue to obtain more accurate tracking and monitoring of our Scope 1 and Scope 2 emissions, and better understand the data sources for our Scope 3 emission sources.

Our initial emissions inventory has identified the following Scope 1 and Scope 2 emissions shown in table 3.

Table 3: 2017 Direct and indirect annual GHG emissions

Emissions source	Sum of direct and indirect emissions (tonnes CO₂-e)	% contribution of direct and indirect emissions (Scope 1 and 2)
Purchased electricity	551.79	92.1%
Natural gas	47.42	7.9%
LPG	N/A	N/A
Diesel oil	N/A	N/A
Total emissions (direct and indirect)	599.21	100.0%



5.1.2 Greenhouse gas (GHG) emissions (continued)

Direct emissions (Scope 1)

Direct emissions relate to activities that directly generate greenhouse gases, such as the combustion of natural gas, transport and non-transport fuels, as well as through the use of synthetic gases in air conditioning. As this was our first year of reporting and given that all of our offices are leased, we were not able to obtain refrigerant data for air conditioning. For the sources that we could quantify (see table 3), our total direct emissions were approximately 47 tonnes of CO₂-e in 2017. In future years, we will look at ways to reduce GHG emissions through emission reduction initiatives, such as more efficient operation of heating/cooling systems for the offices and new technology for building infrastructure, when possible.

Indirect emissions (Scope 2)

Indirect emissions are the largest component of our Scope 1 and 2 emissions. These emissions occur when our suppliers of electricity, central heating, or steam, combust fossil fuels to generate energy sources. Our total indirect emissions are all from purchased electricity and were approximately 552 tonnes of CO₂-e in 2017. Given that these indirect emissions are approximately 92% of our Scope 1 and 2 direct and indirect emissions, we will focus our efforts on our electricity consumption and strategies that can minimise use and increase efficiency. We will look at ways to reduce GHG emissions through emission reduction initiatives, such as upgrading light fixtures with LEDs, more efficient use of lighting controls, and renewable opportunities for electricity sources.

Other indirect emissions (Scope 3)

Other indirect emissions are emissions resulting from an organisation's activities, which arise from sources owned or controlled by third parties. We have identified our material 'other indirect emissions' sources as emissions from:

- office energy consumption (electricity, steam, heating and cooling, and natural gas);
- mixed waste generated in operations;
- employee air travel; and
- employee commute to and from work.

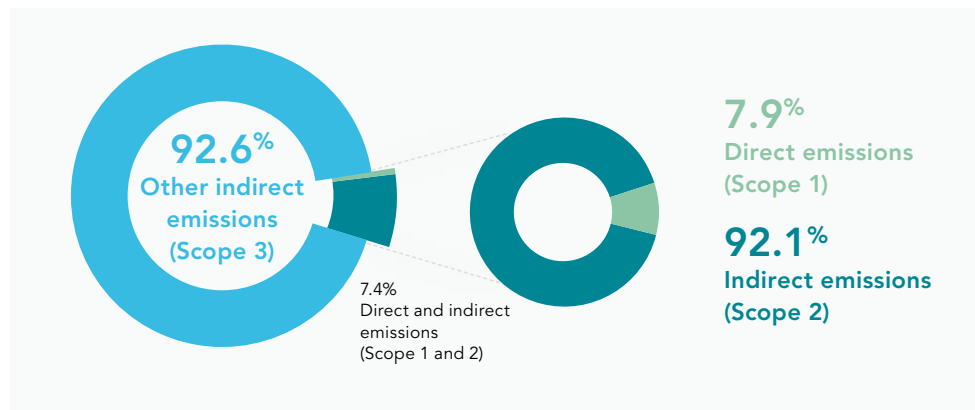
This category of emissions is the largest component of our emissions profile and comprised 92.6% of our total GHG emissions in 2017. At the time of this Report, only data for business travel (i.e. flights and hotels) were readily available. We understand that this will likely be the main Scope 3 emission source, however will continue to increase the data and knowledge of the other three Scope 3 sources listed above, to capture our full Scope 3 emissions. A full breakdown of our Scope 3 emissions is provided in section 7.1 of this Report.

In 2017 we introduced the following initiatives to improve our Scope 3 emissions, including:

- flexible working arrangements to reduce employee commute and regional congestion;
- 'print on demand' and duplex pre-sets for printing;
- recycling practices, reducing the amount of waste we send to landfill;
- installation of audio-visual systems, allowing for a decrease in business travel;
- implementation of an education and communication strategy to create awareness and improve environmental practices; and
- improved end of travel facilities to encourage cycling to work.

We will continue to monitor and seek to improve our Scope 3 emissions by implementing initiatives such as encouraging our offices to go paperless and reducing our office footprint by adopting activity-based working.

Figure 1: 2017 Greenhouse gas emissions



5.1.3 Water consumption

Due to the nature of our business, water consumption is not a material concern. However, we are cognisant of the need to minimise our water consumption.

Our head office at 101 Miller Street, North Sydney was awarded a NABERS water rating of 3.5 stars in 2017 and our landlord is committed to, among other things, minimising water consumption.

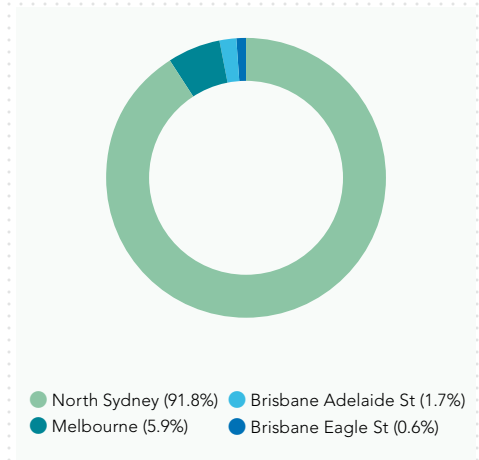
At the time of this Report, it is not possible to obtain empirical water consumption data from our office buildings. Therefore, our 2017 water consumption was estimated using applicable office water consumption rates. In future years, we aim to work with our landlords to better understand our water consumption and monitor water minimising actions we take.

Our estimated water consumption by office is shown in table 4.

Table 4:
2017 Water consumption by office

Genworth office	Total water consumption (m ³ /year)	% contribution
North Sydney	2,787	91.8%
Melbourne	180	5.9%
Brisbane (Adelaide St)	51	1.7%
Brisbane (Eagle St)	17.26	0.6%
Total	3,035	100%

Figure 2:
2017 Water consumption by office



5.1.4 Waste management

We aim to reduce the waste we generate from our business activity wherever possible, through waste management initiatives and policies which require the recycling, reuse and careful selection of materials and products. We are also moving towards a paperless work environment.

Like water consumption, waste management is provided by the landlords for the entire building in each of our offices. For this reason, it is difficult to isolate our waste generation. Nevertheless, until we are able to obtain this data on a consistent basis, we have estimated our waste and recycling generation based on applicable waste/recycling generation rates for office buildings.

Our estimated waste generation by office is shown below in table 5.

Table 5: 2017 Solid waste and recycling generation by office

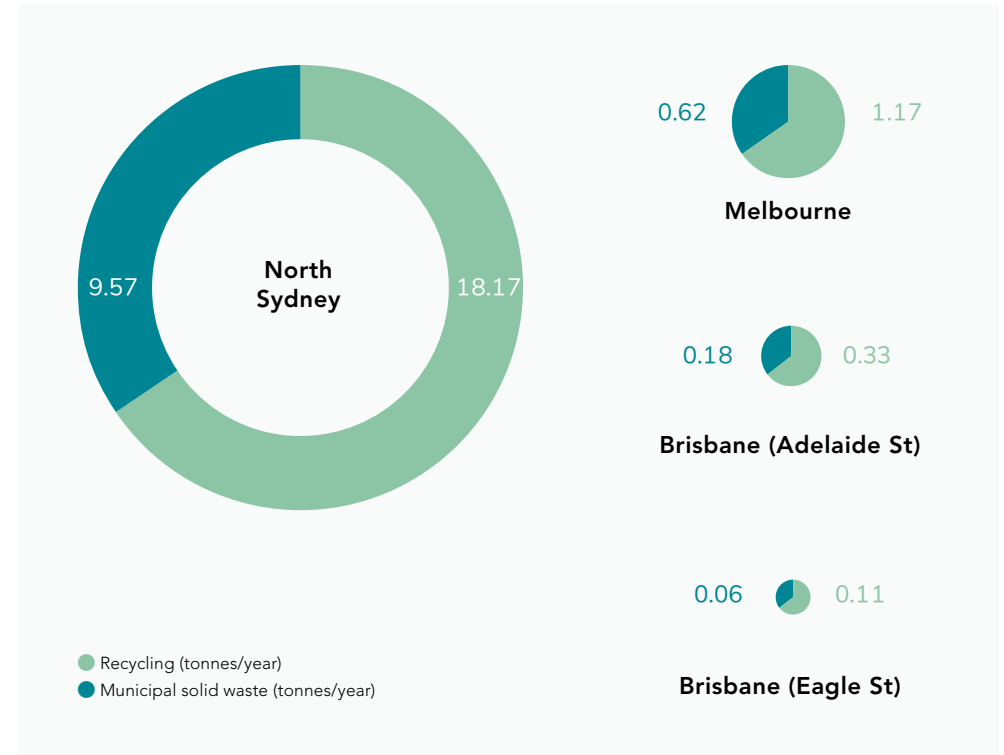
Genworth office	Municipal solid waste (tonnes/year)	Recycling (tonnes/year)
North Sydney	9.57	18.17
Melbourne	0.62	1.17
Brisbane (Adelaide St)	0.18	0.33
Brisbane (Eagle St)	0.06	0.11
Total	10.43	19.78

Numbers in this table have been rounded so may vary from the actual numbers in Appendix 7.1

Further information

For more about our commitment to the environment at Genworth visit [environmental sustainability](#) on our website.

Figure 3: 2017 Solid waste and recycling generation by office



5.2 Our people

Our people are central to the success of our business.

As at 31 December 2017, Genworth employed 237 people directly, all of whom were covered by a collective bargaining agreement. Set out in table 6 and table 7 is a breakdown of our employees by employment type.

Table 6: Total number of permanent employees by employment contract type and gender

Employment contract		#	% of total
Permanent	Male	126	53%
	Female	95	40%
Maximum-term contract	Male	2	1%
	Female	5	2%
Casual	Male	3	1%
	Female	6	3%
Total		237	100%

Table 7: Total number of permanent employees by employment type and gender

Employment type		#	% of total
Permanent full-time	Male	129	54%
	Female	81	34%
Permanent part-time	Male	2	1%
	Female	25	11%
Total		237	100%



5.2.1 Workplace safety and wellbeing

The safety of our employees is integral to our business. Genworth has implemented a risk management based approach to reducing the likelihood of injury or harm in the workplace.

We have a Workplace Health and Safety (WHS) Committee which implements and monitors policies, programs and practices to address health and safety issues. The WHS Committee routinely reports to our Risk Committee.

Our WHS system is designed to ensure compliance with Australian workplace health and safety legislation and includes procedures to ensure hazards and risks are identified, assessed and resolved in a timely manner. Office inspections are conducted on a quarterly basis, and when changes are made in the workplace. If a potential hazard is identified outside this routine, or an incident takes place, there is a procedure for addressing the hazard or risk and addressing it using the hierarchy of controls.

During the period 1 January 2017 to 31 December 2017, two WHS incidents occurred that resulted in injury.

There were no incidents that required notification to WorkCover during the period under Australian legislation.

Notifiable incidents are:

- The death of a person – whether an employee, contractor or member of the public;
- A serious injury or illness; and
- A dangerous incident that exposes any person to a serious risk, even if no one is injured.

As part of providing a safe and healthy work environment, Genworth also has a set of Workplace Standards in place that provide a code of conduct designed to create a work environment free from discrimination and harassment.

Our Workplace Standards set out:

- what is 'unlawful discrimination', 'unlawful harassment' and 'workplace bullying';
- the procedures in place to deal with workplace complaints regarding discrimination, harassment and workplace bullying; and
- Genworth's commitment to providing a work environment that is free from unlawful behaviours, including discrimination, harassment and bullying, and where everyone is given an equal chance to use their talents and abilities.

Our people are familiarised with our code of conduct, Integrity First, and our Workplace Standards Policy through annual online training and an acknowledgement that they have read and understood the Company's expectations regarding the required standard of workplace behaviour.

In addition to the safety of our people we are also committed to implementing initiatives that improve their overall health and wellbeing.

We have introduced a suite of health and wellbeing benefits and initiatives that we regularly review and build on.

In 2017, some of the health and wellbeing benefits we offered our employees included:

- salary continuance insurance and life insurance (death and total permanent disability);
- an annual cash rebate for health and wellbeing programs;
- access to a confidential Employee Assistance Program for employees and their immediate family members;
- free annual flu vaccinations;

- free access to a financial planner (superannuation and insurance expert);
- fresh fruit deliveries to each of our offices; and
- flexible working in the form of a variety of work arrangements including:
 - working from home/remotely
 - job share
 - part-time work
 - compressed working week
 - flexibility of working hours.



5.2.2 Training and development

Genworth is committed to supporting our people to build the capabilities they need for success in their current role and their future career. This includes providing all of our employees with access to a range of development opportunities including:

- higher education assistance (financial support and study leave);
- formal courses and workshops;
- online learning;
- mentoring; and
- peer and manager coaching.

In 2017 Genworth launched a new leadership development program 'Leading into the Future' designed to support culture change.

The program's purpose was to help our leaders to be more effective in their roles by identifying how they contribute to Genworth's culture through their leadership and enabling them to positively influence that impact.

Our focus on training and developing our people during the year was recognised by HRD magazine which in early 2018 nominated Genworth (based on initiatives implemented in 2017) as:

- having an innovative HR team; and
- an Employer of Choice in the category of 'leadership'.



Awarded HRD magazine

**Innovative
HR Team**



Awarded HRD magazine

**Employer
of Choice
'leadership'**



5.2.3 Culture

In February 2017, Genworth launched the following set of values designed to develop and enhance our corporate culture:

- Act with integrity – have courage; do what’s right
- Rethink the everyday – experiment; embrace change; adapt
- One team – work together to deliver on our commitments
- Own it – be accountable; plan; get it done
- Focus on your customer – listen; be relevant; be flexible.

Living these values forms a key part of individual performance assessments and is weighted equally to delivery against performance objectives.

Throughout 2017, Genworth also implemented a culture enhancement initiative to support the execution of its business strategy. The objective of this initiative was to empower our people to achieve outcomes and work inclusively and collaboratively on complex business challenges.



CASE STUDY:
Marvel Awards

In 2017, Genworth rebranded and relaunched its employee awards program to align it to its updated values and to help build the culture of the organisation. The resulting Marvel Awards program is available to all employees and enables our people to nominate an individual or team they believe have demonstrated the Genworth values for recognition and a monetary award.



5.2.4 Diversity and inclusion

Genworth has a strong commitment to diversity and inclusion. We believe diversity is a strength for effective teams and drives value for our shareholders, customers and employees.

We believe that:

- an inclusive culture helps us to attract and retain talented people and encourages employees to fulfil their potential; and
- diversity in the workplace offers a competitive advantage and is a key contributor to our success as a business.

While gender-based diversity continues to be a focus, our diversity and inclusion policies extend beyond gender to ensure that our workplace reflects the communities in which we operate.

Our commitment to diversity and inclusion is evidenced through our employment practices including recruitment, training, development, remuneration, talent identification, succession planning and flexible work arrangements.

Each year we conduct an extensive pay equity analysis. In 2017, this analysis confirmed that for like-for-like roles, there were no systemic gender pay gaps. During the year, Genworth also participated in the Diversity Council of Australia's inaugural Diversity & Inclusion survey. The aim of

the survey was to provide participating companies with the opportunity to measure their employees' experience around workplace inclusion and compare their results with national benchmarks. The survey results concluded that Genworth is an inclusive organisation and provides a work environment that enables our people to feel respected at work, have a sense of belonging and equitable access to opportunities in the workplace.



In 2017, our progress in supporting diversity and inclusion was recognised by Workplace Gender Equality Agency (WGEA) which awarded us 'Employer of Choice for Gender Equality 2016–17.' This was the second year that Genworth received this recognition.

In addition, our CEO, Georgette Nicholas, continued in her role as a WGEA Pay Equity Ambassador.

CASE STUDY: Commitment to female representation in management

In 2015, Genworth's Board committed to achieving a target of 30% female representation by the end of 2018. By 2016, Genworth's Board surpassed this target achieving 33% female representation, two years before the target date. In recognition of this achievement Genworth's Chair, Ian MacDonald, was invited to join the 30% Club, a global campaign designed to accelerate progress towards better gender balance at all levels of organisations. As a member of the 30% Club, our Chairman has made a public commitment to gender diversity as a business imperative.



Measurable targets set for 2018

Each year, our Board commits to measurable diversity and inclusion targets against which progress is reviewed at the end of the year. In 2018, we will continue to build on our diversity and inclusion efforts with a focus on the following targets:



Culture

OBJECTIVES:

Create an inclusive culture where differences are valued, and diversity of thought and experience are effectively leveraged.

Provide visible leadership on diversity and inclusion, both internally and externally.

TARGETS:

Achieve $\geq 3\%$ improvement in engagement, alignment and agility in 2018 engagement survey results (from October 2017 pulse survey results).



Flexible work practices/pay equity

OBJECTIVES:

Continue our focus on external benchmarking and target setting to ensure pay equity objectives are met.

Support and role model flexible working to make our business more agile and enable our people to better balance work/life commitments.

TARGETS:

Maintain parity in pay competitiveness by gender i.e. no gender pay gap on a like-for-like basis.



Recruitment and development

OBJECTIVES:

Job openings at all levels will be advertised internally unless of a sensitive nature.

Succession planning will continue to identify key female talent and plan to promote them through the organisation to leadership roles.

TARGETS:

Minimum 25% female target for shortlists for all leadership roles.



Senior leadership

OBJECTIVES:

Achieve and sustain gender diversity within the leadership of Genworth.

TARGETS:

Maintain 30% female representation on the Board by 2018 (achieved in 2016).

Minimum 40% female representation in other management roles.

Continued strong female representation (minimum 30%) on the Senior Leadership Team (achieved, current female representation 38%).



Table 8: Total workforce by gender and region

Region		#	% of total
New South Wales	Male	119	50%
	Female	94	40%
Victoria	Male	5	2%
	Female	5	2%
Queensland	Male	6	3%
	Female	5	2%
South Australia and Western Australia	Male	1	0%
	Female	2	1%
Total		237	100%

Table 9: Total number of permanent employees by employment contract type and gender

Employment contract		#	% of total
Permanent	Male	126	53%
	Female	95	40%
Maximum-term contract	Male	2	1%
	Female	5	2%
Casual	Male	3	1%
	Female	6	3%
Total		237	100%

Table 10: Total number of permanent employees by employment type and gender

Employment type		#	% of total
Permanent full-time	Male	129	54%
	Female	81	34%
Permanent part-time	Male	2	1%
	Female	25	11%
Total		237	100%

Table 11: Employee totals, new hires and departures by age, gender and region

Category	Employee headcount	% total employees	Total # of new hires	Rate of new hires	Total # of employees who left employment	Rate of employees who left employment
<30 years	17	7%	3	1%	15	6%
30–50 years	173	73%	13	6%	23	10%
>50 years	47	20%	6	3%	4	2%
Total	237	100%	22	10%	42	18%
Male	130	55%	11	5%	25	11%
Female	107	45%	11	5%	17	7%
Total	237	100%	22	10%	42	18%
New South Wales	213	90%	19	9%	41	17%
Queensland	11	5%	1	0%	1	1%
Victoria	10	4%	2	1%	0	0%
South Australia	1	0%	0	0%	0	0%
Western Australia	2	1%	0	0%	0	0%
Total	237	100%	22	10%	42	18%

On a rolling 12-month basis Genworth's voluntary turnover as at 31 December 2017 was 7.7%. This is less than the benchmark voluntary turnover rate of 12.3% set by the General Insurance Remuneration Group (Nov 2016). The 2017 overall absenteeism rate for sick leave was 1.51%. The absenteeism rate for both sick leave and carers leave for the year was 2.04%.

5.2.4 Diversity and inclusion (continued)

Table 12: Return from parental leave

Gender	# of employees on parental leave during 2017	% of employees who were on parental leave during 2017 still employed by the company on 31 December 2017
Male	5	100%
Female	21	95%

Table 13: Composition of senior leadership team by gender, age group and region

Category	Employee headcount	% total employees
<30 years	0	0%
30–50 years	5	62%
>50 years	3	38%
Total	8	100%
Male	5	62%
Female	3	38%
Total	8	100%
New South Wales	7	88%
Victoria	1	12%
Queensland	0	0%
Total	8	100%

Table 14: Composition of Board by gender, age group and region

Category	Employee headcount	% total employees
<30 years	0	0%
30–50 years	0	0%
>50 years	9	100%
Total	9	100%
Male	6	67%
Female	3	33%
Total	9	100%
New South Wales	4	45%
Queensland	1	11%
Victoria	1	11%
United States	3	33%
Total	9	100%



5.3 Community

Genworth is committed to making a positive contribution to the communities that we are part of.

Whilst our customers are other businesses, we recognise that our product offerings, by facilitating home ownership, have an impact on the social fabric on the community. Our vision is to support the dream of home ownership by helping Australians get into their home sooner and keeping them there.

Our approach to community contribution is to integrate it into our business strategy. In particular, our focus is on:

- helping Australians obtain loans to buy homes, by providing risk and capital management solutions to lender customers;
- assisting borrowers during times of financial stress to stay in their homes via our loss mitigation services and Hardship Program;
- supporting home buyers through borrower education; and
- contributing to causes that address homelessness, education and basic needs through our charitable donations and volunteering initiatives.



5.3.1 Supporting home buyers

Our goal as a business is to help Australians buy a home by facilitating their ability to obtain a loan through the risk and capital management solutions we provide to our lender customers. This is particularly the case for:

- first home buyers; and
- the self-employed,

who are credit worthy but may not have saved the 20% deposit typically required by many lenders or do not have a long credit history.

By providing risk and capital management solutions to our lender customers we improve access to home ownership by making it possible for home buyers to obtain a loan and purchase a home sooner.

Once a home has been purchased we are committed to helping borrowers stay in their homes in times of unexpected financial stress. Our Loss Mitigation team of specialists proactively work with our lender customers to provide assistance to borrowers, if they are facing difficulty in meeting loan repayments due to unforeseen circumstances or an unexpected life event. Every case is assessed individually to give the borrower the best chance of staying in their home. Our Loss Mitigation team plays an active role in working with our lender customers

to mitigate losses by rehabilitating defaults and providing collateral insights.

Common types of assistance we support our lender customers to provide to borrowers include:

- repayment breaks for short periods of time to allow borrowers to get back on their feet;
- state government mortgage assistance schemes;
- time extensions to allow the borrower to seek financial counselling advice;
- time extensions to allow the borrower to sell their home; and
- access to our Hardship Program which in conjunction with our lender customers may provide degrees of financial assistance or forbearance to borrowers.



Independent studies show that neighbourhoods with a high level of home ownership have a stronger sense of community and wellbeing than those with high rates of population turnover.¹

¹'Neighbourhoods, People and Community' Roger S. Ahlbrandt, Plenum Press New York and London (Originally published: 1984)



CASE STUDY:
Helping Australians during challenging times



Compassion in a crisis

Home owners in Victoria took extended time off work to care for their seriously ill child; with both borrowers unable to work, they quickly fell behind in their loan repayments. Genworth was able to assist by agreeing to the lenders deferring their home loan repayments for 12 months to allow them to spend valuable time with their child. Once the child was back to full health, the borrowers were able to recommence their repayments and the arrears were absorbed back into the loan.



Flexibility for a new family

A home owner in Queensland had his work hours reduced due to his employer going through a period of financial difficulty. This occurred while his wife was on maternity leave after the birth of their first child, so the borrower was in a distressed state when he contacted his lender. Genworth was able to assist by approving the lender giving the borrower a reduction in loan repayments down to an affordable level. Once his hours returned to normal levels, the arrears amount was absorbed back into the loan allowing the borrower and his family to return to normal repayments and remain in their home.



Support when you most need it

A home owner in New South Wales lost her husband after a long period of illness. As it can take some time for the deceased estate to be finalised, the home owner was unable to meet the full loan repayment amount. Genworth was able to assist the borrower by agreeing to the lender offering the borrower an affordable repayment arrangement. Once the estate was finalised, the loan was paid out and the surviving borrower was able to keep her home.

5.3.2 Borrower education

Another area that we focus on is borrower education.

We believe that it is important to assist our lender customers in providing information to borrowers that promotes transparency around LMI and enables borrowers to make informed and responsible home ownership decisions.

In 2017, we launched the following educational tools for home buyers:

E-learning modules

Three e-learning modules for our lender customers to educate them about LMI and help them explain it to their borrower customers.

For more, please visit [online learning](#) on our website.

Buy or rent calculator

An [online tool](#) that assists home buyers to gauge the financial implications of renting versus buying a property by quantifying the benefits of:

1. buying a property now using LMI; versus
2. delaying the purchase and continuing to rent and save for a 20% deposit; versus
3. renting and saving indefinitely.



Buy or rent - which option is better?

Try our calculator to see how the numbers stack up for you.

[Read more](#)

Genworth 

It's My Home magazine

The third edition of our free first home buyer magazine was published in digital and print versions. This publication is designed to help navigate the home buying process. In 2017 we provided 20,000 hard copies to lenders and brokers for distribution to their borrower customers.

All of these initiatives complement our [LMI premium estimator](#) (an online tool that assists home buyers to estimate the cost of LMI on their home loan) and our [LMI fact sheet](#) (which outlines frequently asked questions and case studies to educate borrowers about LMI).



5.3.3 Charitable donations

Genworth has a well-established charitable donation policy. The overarching theme of this policy is to help address homelessness, education and basic needs in the community.

In 2017, Genworth donated \$150,000 to its three community partners:

- St Vincent de Paul Society;
- Forsight Australia; and
- Habitat for Humanity Australia.

In addition to our corporate donations we continued our 'Milestone Anniversary Donation' program, pursuant to which we make a \$1,000 donation to a registered charity selected by an employee who is celebrating a 10, 15 or 20-year work-anniversary with Genworth.

Genworth also has established a number of staff donation programs. These include:

- workplace giving;
- make-a-difference day; and
- a new addition in 2017, 'employee sponsored donations' which provides our employees with the opportunity to apply for a donation of \$200–\$3,000 to be given to a charity of their choice.


\$150,000
in charitable donations
addressing homelessness



CASE STUDY: Vinnies CEO Sleepout

In June 2017, seven members of our Senior Leadership Team (SLT) joined hundreds of other executives in the Vinnies CEO Sleepout. In addition, 14 of our staff volunteered on the night. Spending the night sleeping outside on cardboard our SLT team members raised \$43,000 and helped increase awareness about homelessness in Australia.



5.3.4 Volunteering

In addition to charitable donations, Genworth has a comprehensive volunteering program.

Our employees are granted paid time annually (in addition to their annual leave entitlements) to volunteer and participate in charitable programs that benefit the community.

Not-for-profit organisations that we partner with as part of our volunteering program include Habitat for Humanity's 'Brush with Kindness', Forsight Australia's 'Backyard Blitz' and St Vincent de Paul's 'Skilled Volunteering'.

In 2017 we had 24 volunteer events in our corporate calendar. 60% of these volunteering events were dedicated to addressing housing, shelter and homelessness. The remaining events related to youth education and development. More than 50% of our employees participated in these volunteering events contributing in excess of 780 paid work hours.



24

Genworth sponsored volunteer events in 2017

50+%

of Genworth employees volunteered

780+

paid work hours committed to volunteering

CASE STUDY: Our partnerships



Habitat for Humanity: Brush with kindness

In 2017, 10% of our employees participated in Habitat for Humanity's 'Brush for Kindness' day. This involved them undertaking home maintenance work for victims of domestic violence and repair and enhancement work at facilities providing shelter to the homeless.



Forsight Australia: Backyard blitz

During the year, almost a quarter of our employees volunteered in a series of 'Backyard Blitzes' for Forsight Australia. This involved them making upgrades and improvements to Forsight group homes to ensure they are compatible for the deaf, blind and wheelchair bound.



St Vincent de Paul: Skilled Volunteering

Genworth's Data Management team dedicated time throughout 2017 to assist St Vincent de Paul's marketing department in analysing and managing data. The Genworth's team expertise in this area was utilised by the St Vincent de Paul team to more effectively target their fundraising efforts.

Further information

For more about our community impact at Genworth, visit [volunteering programs](#) on our website

5.4 Marketplace

Genworth contributes to the marketplace by:

- generating economic value;
- supporting the Australian residential mortgage market;
- facilitating competition in the sector; and
- supporting innovation and collaboration with other market participants.



5.4.1 Direct economic value generated

Table 15: Direct economic value generated by Genworth in 2017 (\$'000) ¹

Revenue		541,547
Direct economic value distributed ¹		
Operating costs	(9,568)	
Employee wages and benefits	(48,894)	
Payments direct to Government:		
AU entities	(69,731)	
Payments to providers of capital	(153,050)	
Total economic value distributed	(281,511)	
Direct economic value retained ¹		260,036

¹ GRI methodology applied: figures differ materially from International Financial Reporting Standards and cannot be compared to or provide any accurate indication of Genworth's profitability as reported in its statutory accounts as at 31 December.



5.4.2 Supporting the Australian residential mortgage market

Genworth has been operating in the Australian residential mortgage market for more than 50 years. Our business model is designed to provide capital support, reduce risk exposures and deliver underwriting and loss mitigation services that help our lender customers maintain quality residential lending standards. We work with our lender customers, regulators and policy leaders to promote a stronger and more sustainable housing market in Australia.

Our insurance policies protect our lender customers against the risk of financial loss in the event of default by a borrower/home buyer. Our LMI offering is typically taken out by lender customers to cover 100% of the risk of loss on high LVR loans. Our policies therefore assist our lender customers to manage the risk of significant losses, including from catastrophic economic events or scenarios. By facilitating a greater spread of risk and diversification of lenders exposures we help support the financial stability of the Australian market.

In 2017, Genworth had provided insurance covering a total of \$322 billion of Australian home loans. Of this amount, \$23.9 billion represented new home loans that we provided insurance cover for in 2017.

We also had more than 1.4 million policies in force and facilitated 69,149 home loans through policies written during the year. Of the Insurance-in-Force we had in place, 74% related to owner-occupied home loans and 26% related to investment property loans.

As at 31 December 2017, we maintained a regulatory capital base of \$2.1 billion and our Cash and Investment portfolio had a market value of \$3.4 billion (of which more than 86% was held in cash and highly rated fixed income securities). We also had \$950 million of reinsurance in place giving us claims paying ability in excess of \$4.3 billion.

On 19 March 2017 Standard & Poor's Ratings Services reaffirmed Genworth Financial Mortgage Insurance Pty Limited's financial strength rating at 'A+' and on 13 September 2017, Fitch Ratings reaffirmed Genworth Financial Mortgage Insurance Pty Limited's financial strength rating at 'A+'.



Genworth has insured

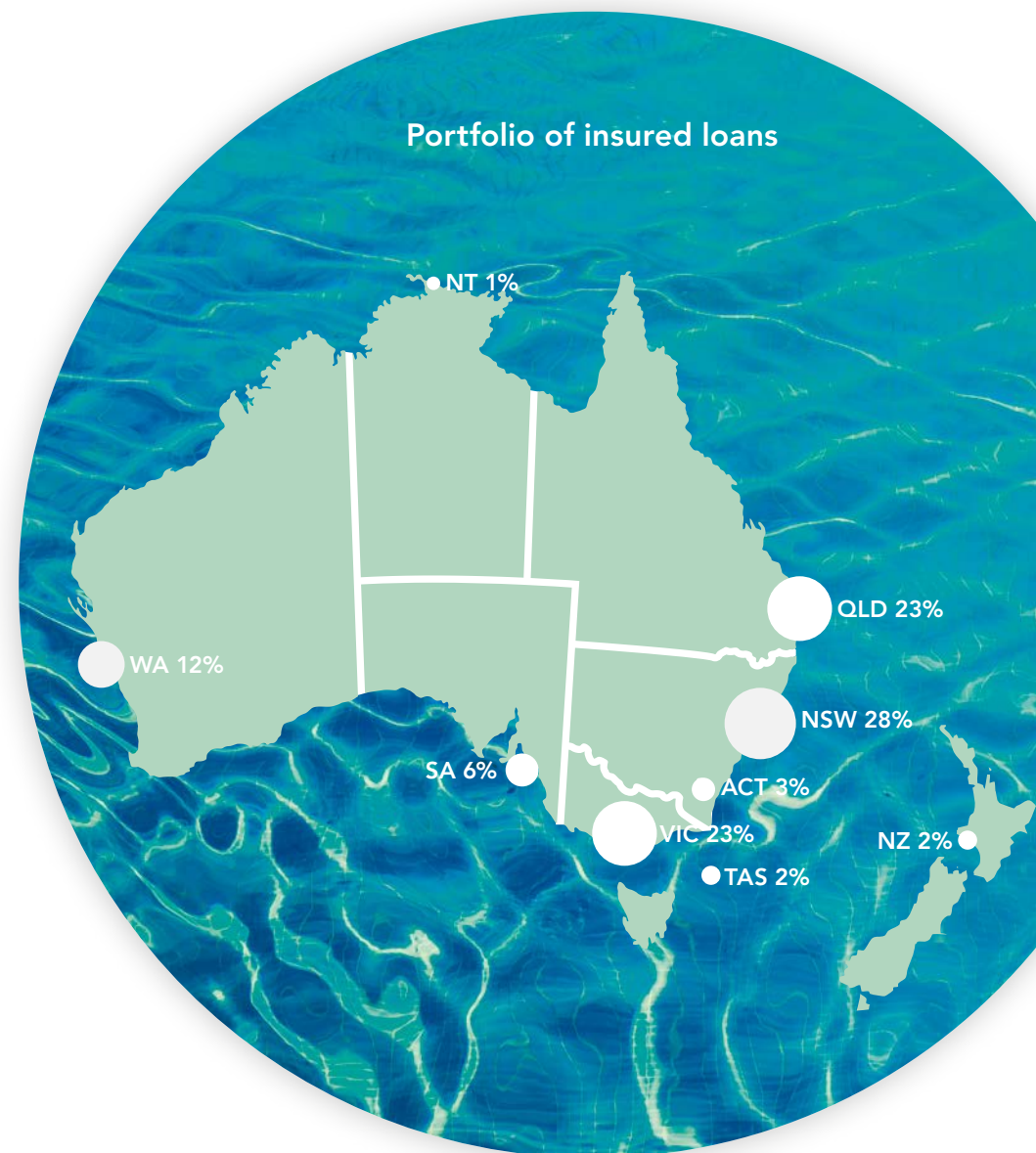
\$322b

of Australian home loans.

In 2017 Genworth facilitated

69,149

Australian home loans.



5.4.3 Facilitating competition

Competition between lenders provides choice and innovation for borrowers and assists affordability. Genworth supports a broad range of more than 100 lenders in the Australian market including banks, mutuals, building societies, credit unions and many smaller and regional based lenders as well as fintechs and non-authorised deposit taking institutions.

Our risk and capital management solutions enable smaller lenders and regional lenders to reduce the amount of risk they carry on their balance sheets and lowers the level of capital they are required to hold against their home loans.

By helping a greater range of lenders to operate in the Australian residential mortgage market, Genworth helps promote competition and assists in a greater choice of lenders being available to home buyers.



5.4.4 Supporting innovation and collaboration

In December 2016, Genworth announced its appointment as a Stone & Chalk corporate partner. Stone & Chalk is the largest fintech hub in Australasia with two locations across Sydney and Melbourne. It is home to 680 residents in over 140 start-ups. As a not-for-profit organisation, Stone & Chalk does not take an equity stake in its start-ups.

During 2017, Genworth worked with Stone & Chalk to deliver a series of programs and training courses designed to expose senior leaders, product owners and other key stakeholders to start-up methodologies and to help accelerate the development of a number of fintech start-ups.

The Genworth corporate partnership provides Stone & Chalk with a new spectrum of opportunities for the commercialisation of innovation by Australian fintech startups that are seeking flagship customers to help scale their business. From Genworth's perspective, the partnership provides the opportunity to innovate from the outside-in by utilising technology to better interact with customers and enhance our service delivery.



Stone & Chalk
corporate partnership



6. Governance and risk management

Genworth recognises the need to establish and maintain corporate governance policies and practices which reflect the requirements of the market regulators and the expectations of stakeholders that deal with us.

Our governance practices are underpinned by our responsibilities as an APRA regulated and ASX listed entity. Our corporate governance policies and practices remain under constant review as both regulation and good practice evolve.

Corporate Governance

Our corporate governance materials including key policies, codes of conduct and board committee charters can be found in the corporate governance section of our [website](#).

We embed sustainability into our operations and culture. For the financial year ended 31 December 2017, we issued a [Corporate Governance Statement](#), which sets out our main corporate governance practices for the year including an explanation of practices which demonstrate compliance with the

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Code of conduct

Genworth acknowledges the need for high standards of corporate governance practice and ethical conduct by all its directors and employees.

We have adopted a code of conduct, Integrity First, which sets out Genworth's commitment to maintaining high levels of integrity and ethical standards in its business practices. The code of conduct sets out for all directors, management and employees, the standards of behaviour expected of them. It contains the key information our people must understand in order to comply with applicable laws, employ a consistent approach to key integrity issues and conduct ourselves appropriately.

The [code of conduct](#) sets out Genworth's policies on various matters, including conflicts of interest, public and media comment, use of Genworth's resources, security of information, intellectual property/copyright, discrimination and harassment, corrupt conduct, occupational health and safety and insider trading.

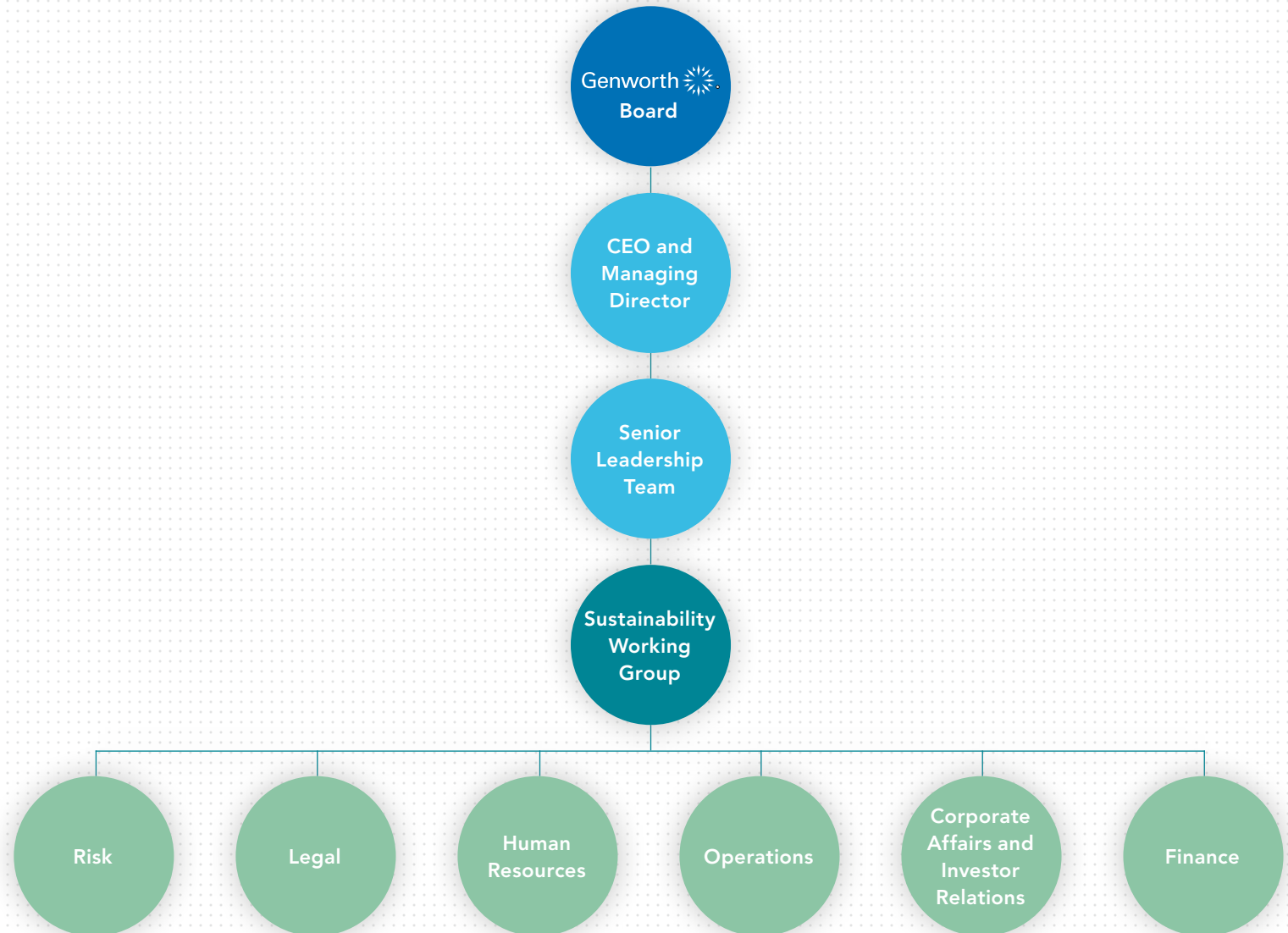
In addition to their obligations under the Corporations Act in relation to inside information, all directors, employees and consultants have a duty of confidentiality to Genworth in relation to confidential information they possess.



6. Governance and risk management (continued)

Sustainability governance

In terms of sustainability governance, we have established a Sustainability Working Group with representatives from various functions across our business such as Risk, Legal, Human Resources, Operations, Corporate Affairs and Finance. The Sustainability Working Group reports to the Senior Leadership Team which is headed by the CEO and Managing Director. The CEO and Managing Director is a Director on the Genworth Board. This structure ensures that sustainability matters are reported through to the most senior executives in our organisation and to the Genworth Board.



6. Governance and risk management (continued)

Risk management

The Board has established five Board committees that assist it to oversee and develop Genworth's corporate governance policies and risk management framework: the Audit Committee, the Risk Committee, the Capital and Investment Committee, the Remuneration and Nominations Committee and the Technology Committee. Each play an important role in ensuring effective governance structures remain in place.

Genworth is committed to the identification, assessment, monitoring and management of all enterprise risks associated with its business activities and has put in place a Risk Management Framework and Risk Management Strategy in accordance with APRA requirements to ensure effective control systems and risk treatment plans are in place.

Our Risk Management Framework comprises the Risk Management Strategy, frameworks, systems, processes, structures, policies, and people to identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk.

The Board is responsible for overseeing and approving the Risk Management Framework. The Enterprise-Risk Committee has responsibility for identifying material risk areas, implementing risk management systems and remediation plans, and reporting on these areas to the Board and its Risk Committee. The Board works collaboratively with management in relation to all material risk areas.

Annual reviews consider various matters such as the framework's effectiveness

in managing risk, the alignment of Genworth's strategy and risk appetite, the risk culture of the organisation, the appropriateness of policies that identify risks and controls, risk-related reporting and how remediation recommendations are actioned. Each of these components were covered as part of the 2017 review process.

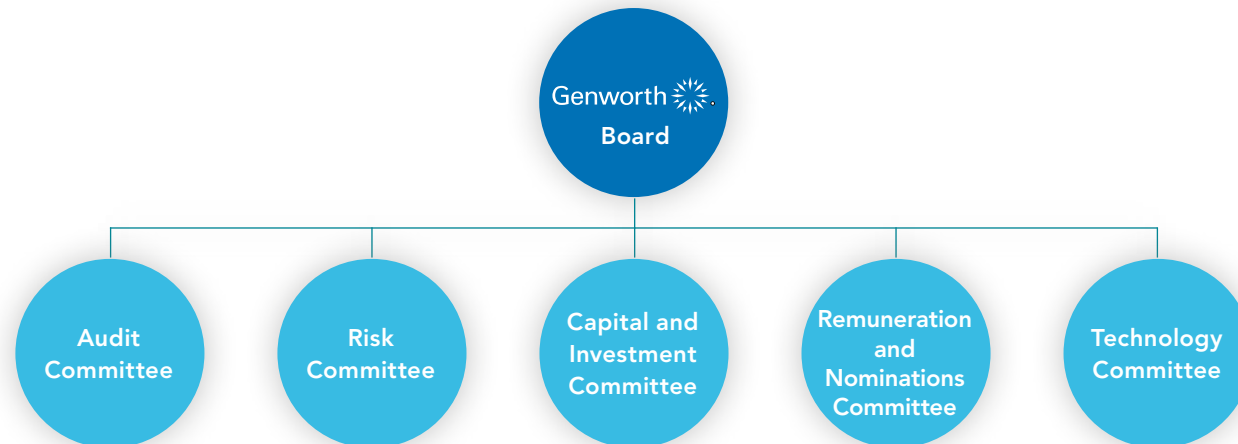
Economic, environmental and social sustainability risk

Management of macroeconomic risks and responses to changes in the economic environment are integral to our risk management practices.

In line with ASX Corporate Governance Principles and Recommendations (Recommendation 7.4) during 2017 Genworth conducted a review to identify

any material economic, environmental and social sustainability risks that could impact the business.

Social sustainability risk and environmental risk are considered as part of our overall risk management practices. While Genworth does not have material exposures to these risks as part of its business model, the Board and senior management are committed to undertaking and evaluating Genworth's impact on the communities in which it operates and the environment. Regular consideration of potential risks enables risk mitigation activities to be devised where required.



7. Appendices



7.1 Environmental performance data and greenhouse gas data

Emissions inventory methodology

As mentioned in section 5.1 and at the time of this Report, because all of its offices are leased, Genworth is not able to obtain empirical data from its landlords for direct and indirect energy consumption. Rather, these services and resources are included in the lease conditions for each tenant and will be difficult to disaggregate for each individual office. Therefore, we used the Council of Australian Governments (COAG) National Strategy on Energy Efficiency's *Baseline Energy Consumption and Greenhouse Gas Emissions in Commercial Buildings in Australia* (Australia Commercial Building Study) that determined energy consumption intensity rates (i.e. consumption per square metre) for natural gas, liquefied petroleum gas (LPG), diesel/oil, and electricity in commercial buildings. We used the Australia Commercial Building Study's intensity rates to estimate annual direct and indirect energy consumption for our offices based on the gross leased area (GLA).

Once the annual direct and indirect energy consumption were estimated, we used emission factors from the Australian Government Department of Environment and Energy's *National*

Greenhouse Accounts Factors to estimate total greenhouse gas (GHG) emissions associated with the direct and indirect energy consumption.

For water consumption and waste generation at Genworth offices, the landlord provides these services as part of the lease terms. Therefore, the actual consumption or generation rates for all of our offices cannot be determined at the time of this Report. In order to provide estimates of our water consumption and waste generation, applicable office-specific rates were used. Water consumption rates and waste generation rates based on office area (i.e., square meters) specific to Australia were obtained from various sources. Because territory-specific studies for water and waste are not readily available, this report uses current factors to estimate resource use for all offices. We anticipate working with our landlords in future years to understand how to isolate our water consumption and waste generation.

For Scope 3 business travel emissions, we used the GHG Corporate Protocol's Scope 3 Evaluator, Quantis SUITE 2.0. Quantis provides acceptable estimates

of Scope 3 GHG emissions using a spend-based method. Our 2017 records of flight and hotel accommodations costs were entered into the model to estimate our 2017 Scope 3 business travel emissions.

Sources:

[Australian Government Department of Environment and Energy. 2016. National Greenhouse Accounts Factors.](#) Accessed August 1, 2018.

City of Melbourne. 2015. Waste Generation Rates. Accessed August 24, 2018.

Council of Australian Governments (COAG) National Strategy on Energy Efficiency. 2012. *Baseline Energy Consumption and Greenhouse Gas Emissions in Commercial Buildings in Australia (Part 1 – Report)*.

[HFM Asset Management for the Water Corporation. 2017. Water Efficiency Benchmarks.](#) Accessed August 24, 2018.



Emissions tables

Table 16: 2017 Direct and indirect energy consumption

	Total GJ	% contribution
Direct energy consumption	920.18	27.9%
Indirect energy consumption	2,380.79	72.1%
Total	3,300.97	100.0%

Table 17: 2017 Direct energy consumption by primary source

	Type	2017 GJ	% contribution (2017)
Non-renewable sources	Natural gas	920.18	100.0%
	LPG	N/A	N/A
	Diesel/oil	N/A	N/A
Renewable sources	N/A	N/A	N/A
Total		920.18	100.0%

Note: No renewable direct energy sources used in 2017.

Table 18: 2017 Indirect energy consumption by primary source

	Type	2017 GJ	% contribution (2017)
Non-renewable sources	Electricity	2,380.79	100.0%
Renewable sources	N/A	N/A	N/A
Total		2,380.79	100.0%

Note: No renewable indirect energy sources use in 2017.

Table 19: 2017 Direct and indirect emissions (Scope 1 and 2) by source

Emissions source	Sum of direct and indirect emissions tonnes CO ₂ -e	% Contribution of direct and indirect emissions (Scope 1 and 2) of GHG tonnes CO ₂ -e
Purchased electricity	551.79	92.1%
Natural gas	47.42	7.9%
LPG	–	0.0%
Diesel/oil	–	0.0%
Total emissions (direct and Indirect)	599.21	100.0%

Table 20: 2017 GHG emissions by scope and Australian state

	Direct emissions (Scope 1) tonnes CO ₂ -e	Indirect emissions (Scope 2) tonnes CO ₂ -e	Other indirect emissions (Scope 3) tonnes CO ₂ -e
New South Wales	43.54	497.94	–
Victoria	2.81	41.93	–
Queensland	1.07	11.92	–
Total	47.42	551.79	–

7.1 Environmental performance data and greenhouse gas data (continued)

Table 21: 2017 Breakdown of non-hazardous waste disposal

Genworth office	Municipal solid waste (tonnes/year)	Recycling (tonnes/year)
North Sydney	9.57	18.17
Melbourne	0.62	1.17
Brisbane (Adelaide St)	0.18	0.33
Brisbane (Eagle St)	0.06	0.11
Total	10.43	19.78

This table includes actual figures rather than the rounded figures used in table 5 of this Report.

Table 22: 2017 Water withdrawn

Genworth office	Total water consumption (m ³ /year)	% contribution
North Sydney	2,787	91.8%
Melbourne	180	5.9%
Brisbane (Adelaide St)	51	1.7%
Brisbane (Eagle St)	17.26	0.6%
Total	3,035	100%

Table 23: 2017 Water withdrawn

Scope 3 emission source	Total emissions (tonnes CO ₂ -e/year)
Business travel (hotels and flights)	7,534
Total	7,534

Table 24: 2017 Water withdrawn

Scope/emission source	Total emissions (tonnes CO ₂ -e/year)	% contribution
Scope 1		
Natural gas	47.42	0.6%
Scope 2		
Purchased electricity	551.79	6.8%
Scope 3		
Business travel	7,533.59	92.6%
Total 2017 emissions	8,132.80	100.0%

7.2 GRI Index

GRI standard number	GRI standard title	Disclosure number	Standard disclosure title	2017 Genworth Australia Sustainability Report (Reference or response)	Section
Strategy and analysis					
GRI 102	General disclosures	102-14	Statement from senior decision-maker about relevance of sustainability and strategy for addressing sustainability	CEO and MD's message	Section 1
Organisational profile					
GRI 102	General disclosures	102-1	Name of the organisation	CEO and MD's message	Section 1
GRI 102	General disclosures	102-2	Activities, brands, products, and services	Who we are	Section 3
GRI 102	General disclosures	102-3	Location of headquarters	Corporate directory	Section 8
GRI 102	General disclosures	102-4	Location of operations	Who we are	Section 3
GRI 102	General disclosures	102-5	Ownership and legal form	Who we are	Section 3
GRI 102	General disclosures	102-6	Markets served	Who we are	Section 3
GRI 102	General disclosures	102-7	Scale of the organisation a. Total number of employees b. Total number of operations c. Net sales (for private organisations) or net revenues (for public sector organisations) d. Total capitalisation broken down in terms of debt and equity (for private sector organisations) e. Quantity of products or services provided	a. Our people b. Who we are c. Marketplace d. Who we are e. Who we are	Section 5.2 Section 3 Section 5.4 Section 3 Section 3
GRI 102	General disclosures	102-8	Information on employees and other workers a. Total number of employees by employment contract and gender b. Total number of permanent employees by employment type and gender c. Total workforce by employees and supervised workers and by gender d. Total workforce by region and gender e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	a. to f. Our people g. There are no seasonal variations in employment numbers during 2017	Section 5.2
GRI 102	General disclosures	102-41	% of employees covered by collective bargaining agreements	100% of Genworth Australia employees were covered by collective bargaining agreements	Section 5.2
GRI 102	General disclosures	102-9	Supply chain	Materiality and stakeholder engagement	Section 4
GRI 102	General disclosures	102-10	Significant changes to the organisation regarding size, structure, ownership and its supply chain	Not applicable, there were no significant changes to the organisation and its supply chain in 2017	–
GRI 102	General disclosures	102-11	Precautionary principle or approach	Governance and risk management	Section 6
GRI 102	General disclosures	102-12	External developed economic, environmental and social charters	CEO and MD's message, About this Report, Stakeholder engagement	Section 1, 2, 4.2
GRI 102	General disclosures	102-13	Membership of associations (industry) and national or international advocacy – hold position on governance body; provide funding or views membership as strategic	Stakeholder engagement	Section 4.2

7.2 GRI Index (continued)

GRI standard number	GRI standard title	Disclosure number	Standard disclosure title	2017 Genworth Australia Sustainability Report (Reference or response)	Section
Identified material aspects and boundaries					
GRI 102	General disclosures	102-45	Entities included in the consolidated financial statements	The Sustainability Report covers all entities included in Genworth's consolidated financial statements	
GRI 102	General disclosures	102-46	Defining report content and topic boundaries	Materiality	Section 4.1
GRI 102	General disclosures	102-47	List of material topics	Materiality	Section 4.1
GRI 103	Management approach	103-1	Explanation of the material topic and its boundary	Materiality	Section 4.1
GRI 102	General disclosures	102-48	Restatements of information	Not applicable, no restatement as no previous report	–
Stakeholder engagement					
GRI 102	General disclosures	102-40	List of stakeholder groups	Stakeholder engagement	Section 4.2
GRI 102	General disclosures	102-42	Identifying and selecting stakeholders	Stakeholder engagement	Section 4.2
GRI 102	General disclosures	102-43	Approach to stakeholder engagement	Stakeholder engagement	Section 4.2
GRI 102	General disclosures	102-44	Key topics and concerns raised	Sustainability pillars	Section 5
Report profile					
GRI 102	General disclosures	102-50	Reporting period	About this Report	Section 2
GRI 102	General disclosures	102-51	Date of most recent report	About this Report	Section 2
GRI 102	General disclosures	102-52	Reporting cycle	CEO and MD's message	Section 1
GRI 102	General disclosures	102-53	Contact point for questions regarding the report	Corporate directory	Section 8
GRI 102	General disclosures	102-54	Claims of reporting: a. in accordance with the GRI standards b. GRI content index for chosen option	About this Report This report contains standard disclosures from GRI Sustainability Reporting Guidelines	Section 2
GRI 102	General disclosures	102-55	GRI content index	GRI Index	Section 7.2
GRI 102	General disclosures	102-56	External assurance	About this Report The environmental data in this report has been subject to independent external assurance by Nova Consulting Group, Inc.	Section 2
Governance					
GRI 102	General disclosures	102-18	Governance structure	Governance and risk management	Section 6
Ethics and integrity					
GRI 102	General disclosures	102-16	Values, principles, standards, and norms of behaviour	Our people, Governance and risk management	Section 5.2, 6
Disclosures on management approach					
GRI 103	Management approach	103-1	Explanation of the material topic and its Boundary	Materiality	Section 4.1
GRI 103	Management approach	103-2	The management approach and its components	Materiality	Section 4.1
GRI 103	Management approach	103-3	Evaluation of the management approach	Materiality	Section 4.1

7.2 GRI Index (continued)

GRI standard number	GRI standard title	Disclosure number	Standard disclosure title	2017 Genworth Australia Sustainability Report (Reference or response)	Section
Economic performance					
GRI 201	Economic performance	201-1	Direct economic value generated and distributed	Marketplace	Section 5.4
Energy					
GRI 302	Energy	302-1	Energy consumption within the organisation	Environment	Section 5.1
Water					
GRI 303	Water	303-1	Water withdrawal by source	Environment	Section 5.1
Emissions					
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	Environment	Section 5.1
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	Environment	Section 5.1
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	Environment	Section 5.1
Effluent and waste					
GRI 306	Effluents and waste	306-2	Waste by type and disposal method	Environment	Section 5.1
Compliance					
GRI 307	Environmental compliance	307-1	Non-compliance with environmental laws and regulations	Not applicable, we have not identified any non-compliance with environmental laws and/or regulations	–
Employment					
GRI 401	Employment	401-1	New employee hires and employee turnover	Our people	Section 5.2
Occupational health and safety					
GRI 403	Occupational health and safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our people	Section 5.2
Diversity and equal opportunity					
GRI 405	Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	Our people	Section 5.2
Local communities					
GRI 413	Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	Community	Section 5.3
Socioeconomic compliance					
GRI 419	Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Not applicable, we have not identified any non-compliance with laws and regulations in the social and economic area	–

8. Corporate directory

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Prudence Milne, General Counsel
and Company Secretary

Assistant Company Secretary
Brady Weissel, Corporate Counsel
and Assistant Company Secretary

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Australian Securities Exchange

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Genworth ®